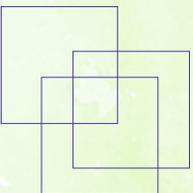




International Labour Organization

# Campinas 2014 Social and Solidarity Economy: Towards Inclusive and Sustainable Development





The Reader 2014

# Social and Solidarity Economy: Towards Inclusive and Sustainable Development

Social and Solidarity Economy Academy,  
28th July – 1st August 2014, Campinas, Brazil.

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# General introduction

The International Labour Organization (ILO) estimates that there were almost 202 million people in unemployment worldwide in 2013, an increase of almost 5 million compared with 2012. The Social and Solidarity Economy, which the ILO defines as a concept including organizations and enterprises producing goods, services and knowledge while pursuing social and economic objectives, emerges as a response to the need for innovation within the current model of production and consumption.

During recent years, a great deal of legislation has been adopted concerning the Social and Solidarity Economy (SSE) on a national and sub-national level in France, Mexico Spain and Quebec, for example, while this process is also underway in countries including Brazil, Italy and Cameroon. This legislative activity and institutional recognition of the SSE on an international level is characterized by efforts to incorporate economically dynamic and socially innovative aspects into the joint construction of public policies that aim to promote greater cohesion and inclusion.

This Reader, prepared for the fourth edition of the ILO's Academy on the Social and Solidarity Economy which is to be held in Campinas, Brazil in July 2014, offers you the opportunity to share SSE experiences from different parts of the world and learn about the contribution made by the SSE to inclusive and sustainable development.

The article by Marcelo Vieta, Professor at the Ontario Institute for Studies in Education (OISE) of the University of Toronto, examines the case of Argentine enterprises recuperated by their workers (*empresas recuperadas por sus trabajadores*, ERTs) which, since they first appeared in 1990, have had many positive benefits in terms of revitalization and wellbeing in the local communities around them.

In his article, Arildo Mota Lopes, President of the Union of Cooperatives and Solidarity Enterprises (Central de Cooperativas y Emprendimientos Solidarios, UNISOL), details the work carried out by UNISOL by means of an introduction to the concept of the solidarity economy, dialogue with other Mercosur countries and relations between trade unions and cooperation networks.

Nancy Neamtan, President and Director General of the social economy centre, Chantier de l'Economie Sociale, highlights the important role played by the SSE in the health care sector in Quebec, Canada, where a culture of collective entrepreneurship based on the principles of democracy and solidarity has been consolidated and developed

by means of dialogue with workers and the government to promote the wellbeing of the population.

The article by Leandro Morais, Professor at the Campinas Faculty (FACAMP), focuses on the discussion of the role and scope of public policies and experiences in the SSE in Latin America and the Caribbean, as well as presenting South-South Cooperation as a way of strengthening these experiences and policies in the region.

In another article, Augusto Togni de Almeida Abreu from the Brazilian Micro and Small Business Support Service (Servicio Brasileiro de Apoyo a la Micro y Pequeña Empresa, SEBRAE) sets out the importance of supply chains as a strategic element to stimulate the economy, social and productive inclusion, income and job creation, and their consequent contribution to processes of local development, in particular when solidarity enterprises are used to promote inclusion.

Roberto Marinho Alves da Silva, General Coordinator of Studies of the National Secretariat of Solidarity Economy in the Brazilian Ministry of Labour (Secretaria Nacional de Economia Solidária do Ministério do Trabalho e Emprego, SENAES-MTE), analyses the progress made, challenges faced and prospects for the development of public policies in the solidarity economy in Brazil with the mobilization of the forces of organized society and political conscience of citizens.

Leonardo Pamplona, SSE Coordinator at the Brazilian Development Bank (Banco Nacional de Desarrollo, BNDES), sets out a broad overview of the social action undertaken by the BNDES, and specifically the action taken on issues related to inclusion in production activities of marginalized population groups by means of solidarity enterprises.

Peter Utting, Deputy Director of the United Nations Research Institute for Social Development (UNRISD), explains the recent growing interest in the Social and Solidarity Economy in international political spheres, as well as the conditions that allowed the establishment of the UN's interagency taskforce in September 2013. He concludes by reflecting on the integration of the SSE into the development agenda post-2015 and the challenges faced in ensuring greater institutionalization of the SSE.

The article by Antonella Noya, Senior Policy Analysis and Manager of the Forum on Social Innovation of the Organisation for Economic Co-operation and Development (OECD) examines the role and capacity of social economy organizations to create and maintain jobs in the context of a selection of OCDE countries. She also assesses the importance of the various components of the political sphere in supporting social enterprises on the achievement of their goals.

Finally, the Annex to the Reader also includes the “Position Paper” drafted by the taskforce, made up of more than 20 agencies of the United Nations on the Social and Solidarity Economy, which analyses the SSE’s potential to promote inclusive, sustainable development by means of priority themes: the transition towards the formal economy, local economic development, gender, the green economy, sustainable cities, transformative finance, and universal coverage of health care and food security.

The need, driven by the crisis, to combat the market’s imperfections by means of mechanisms for participation that allow the promotion of social cohesion, strengthening bonds of trust and contributing to an increase in a territory’s social capital, seems to be the best route to take in order to create new, more inclusive and sustainable forms of social and economic interaction.

The ILO mandate with respect to the Social and Solidarity Economy is not just based on its Constitution, but also on the ILO Declaration on Social Justice for a Fair Globalization (2008), which states that in a globalized world “productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities”.

We wish you a good journey through this work.

The Academy Team





# Saving More than Jobs: Transforming Workers, Businesses and Communities through Argentina's Worker- Recuperated Enterprises

Marcelo Vieta<sup>1</sup>

*This article first introduces Argentina's worker-recuperated enterprises (ERTs) via political economic and sociological frameworks. It then assesses their place in the expansion of the social and solidarity economy in the country. Since their emergence in the late 1990s and early 2000, these firms have proven to be intensely transformative for their workers, faced as they are with having to quickly learn how to self-manage their new worker cooperatives that were the formerly crisis-riddled investor-owned firms or sole proprietorships that had previously employed them. More broadly, Argentina's worker-recuperated enterprises show how the creation of new worker-run firms has many positive externalities for the revitalization and wellbeing of surrounding communities.*

## 1. Setting the Stage

Rooted concurrently in the long and rich history of workers' self-activity, labour organizing, and cooperativism, conversions of investor-owned or proprietary companies into worker cooperatives and other types of labour-managed firms have existed throughout the world since the consolidation of the capitalist economic order in the early 19<sup>th</sup> century (Atzeni & Vieta, 2013; Ness & Azzellini, 2011). Today, conversions of businesses into labour-managed firms can be found primarily in regions that have experienced acute market failures or macro-economic crises, such as in contemporary Latin America, especially in Argentina, Brazil, Uruguay, and Venezuela; in Southern Europe, particularly in France, Spain, Italy, Greece, in smaller pockets in other European countries, such as Russia, Ireland, and the UK; and, to lesser degrees, in the US, Canada, and Australia. Workplace conversions may also occur in less-conflictive scenarios, such as worker buy-outs when investors or private business owners of sole proprietorships or partnerships have no obvious heirs or, for various

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reasons, decide to sell or bequeath their businesses to employees (e.g., the UK's John Lewis Partnership and Scott Bader Commonwealth, or the US's WW Norton & Company and New Belgium Brewing Company). What motivates workers to take over or buy-out their places of employment is usually most immediately rooted in the employees' desires to save their jobs and the businesses where they work, to avoid the fate of unwanted early retirement, precarious employment, or unemployment. This is all the more so in times of economic uncertainty or a company's imminent closure<sup>2</sup>.

The emergence of Argentina's *empresas recuperadas por sus trabajadores* (worker-recuperated enterprises, or ERTs), the business conversion model at the heart of this article, falls on the more dramatic side of the conversion spectrum; over the past two decades in Argentina, ERTs have become transformative experiences not only for the workers who have gone through these conversions, but also for the communities where these takeovers occur (Vieta, 2012a, 2012b, 2014b). The transformative nature of these experiences is, in part, due to workers and surrounding communities uniting in solidarity to collectively overcome business closures, community depletion, and micro- and macro-economic crises (Vieta, 2012a, 2014b).

The aim of this article is to introduce Argentina's *empresas recuperadas* through a political-economic and sociological overview of the rise and establishment of ERTs in Argentina over the past two decades. The article strives to put their emergence into context by answering the following four key questions: (1) Why have these firms emerged in Argentina in the past two decades? (2) What motivated workers in Argentina to take over their firms in this particular situation? (3) What are the paths and struggles that these workers must go through to win control of their firms? and (4) How do workers, work organizations, and communities transform in the process of converting formerly investor-owned or proprietary companies into worker cooperatives?

Section 2 provides a working definition of ERTs, based on my political-economic, sociological, and ethnographic research work on these companies in Argentina since 2005 (Vieta, 2012a, 2014b). Section 3 then explores the social and political-economic realities underpinning the rise of ERTs in Argentina. Here, I argue that the ERTs of the 1990s and 2000s first emerged as direct worker responses to acute forms of exploitation and crises emanating from one or a combination of: (1) macro-economic crises overflowing onto shop floors and spurred on by broader market failure; (2) administrative or owner ineptitude, mismanagement, or overt exploitation of workers (i.e., under- or un-remunerated work, increasing work demands, cutting

<sup>2</sup> The literature tends to identify five types of scenarios or circumstances for the conversion of businesses into labour-managed firms: (1) conflictive company takeovers by employees in circumstances of socio-economic distress; (2) employee buy-outs of investor-owned businesses in crises; (3) employee buy-outs of businesses when owners retire, leave the firm and are without heirs, where their heirs do not wish to own and manage the firm, or where owners bequeath the firm to employees (i.e., business succession plans); (4) nationalization schemes where employees partly or wholly control or co-own the firm with the state (i.e., self-management in the former Yugoslavia or co-management in Venezuela today); and (5) employees becoming part-owners of the firm via share purchases, as in US and Canadian ESOPs or worker shareholder cooperatives in Quebec (Clarke, 1984; Estrin, 1989; Estrin & Jones, 1992; Gherardi, 1993; Girard, 2008; Jensen, 2011; McCain, 1999; Paton, 1989; Vieta, 2012a; Zevi et al., 2011).

back on employee benefits, practices of asset stripping firms, etc.); (3) or as employees' collective responses to growing rates of under- and unemployment, labour flexibilization, and informality within a context of a collapsing neoliberal economic system. Section 4 assesses ERTs' radical social transformations. First, it examines the transformations that ERT workers themselves go through as they collectively and informally learn the ins and outs of self-management, and as their workers transition from managed employees to self-managed workers. Here, the article also explores the new cooperative organizational structures that emerge as a consequence of ERT workers' personal and collective transformations. Finally, Section 4 delves into the deep connections and practices of community economic development that subsequently arise with surrounding communities. The article concludes by underscoring how ERTs are *transformative organizations* for workers, work organizations, and communities, and how ERTs form an integral part of Latin America's broader movements that fall into what is commonly known in the region as *the social and solidarity economy*.

## 2. What are Argentina's *Empresas Recuperadas por sus Trabajadores*?

Argentina's *Empresas Recuperadas por sus Trabajadores* are formerly investor- or privately-owned (i.e., proprietary) businesses that were in trouble, had declared or were on the verge of declaring bankruptcy, and that are ultimately taken over by their employees and reopened by them as worker cooperatives, usually in situations of deep conflict on shop floors between workers and managers or owners. In the past 20 years or so, they have emerged as direct worker responses to the worst effects of structural reforms to small- and medium-sized enterprises (SMEs) in Argentina, the decline of traditional union power, and the subsequent rising tide of precarious living conditions and unemployment (Vieta, 2012a, pp. 533-535). Furthermore, they are closely connected to the country's long history of labour militancy and shop floor democracy, as well as the mass mobilizations of poorer and marginalized sectors in recent years (Ruggeri, 2010; Vieta, 2014b). Indeed, in Argentina, the takeover of workplaces by employees, or people occupying land or idle property, have a long tradition. Workplace takeovers, in particular, have emerged historically in Argentina during key periods of political turmoil, market failure, or as labour bargaining tactics at moments of particular tensions between employers, workers and their representatives, and the state (Atzeni, 2010; Atzeni & Vieta, 2013; Munk, Falcón, & Galitelli, 1987; Ruggeri, 2010; Vieta, 2012a)<sup>3</sup>.

<sup>3</sup> The ERT phenomenon, like most Argentine labour movements of the past 60 years, also retains tinges of Peronist imaginaries of the "dignity of labour" and the "right" of workers to be central players in the Argentine political economy. These were views strongly articulated by Perón and the Peronist-controlled union movement under the auspices of the CGT, Argentina's union central, in the 1940s, '50s, and '60s. These two common Argentine working-class notions are perhaps the two main imaginaries that remain ensconced in the social and cultural memories of Argentina's ERTs, further colouring their emergence (Munck et al., 1987, pp. 133, 238, 240; Vieta, 2010). Moreover, as Maurizio Atzeni (2010) contextualizes it, *peronismo* and the union bureaucracy it propagated brought with it new forms of "citizenship around workers' rights" as trade unions became de facto state organs "responsible for the administration of substantial financial resources" that would give the CGT, in particular, "tangible power" in the Argentine political economy (p. 55). When these worker-based "state organs" began to collapse during the neoliberal privatizations and anti-labour reforms of the 1990s, some workers, such as ERT protagonists, began to act outside of their unions in order to not only save their jobs but retain the benefits and rights Argentine workers had enjoyed since

Argentina's contemporary ERTs, however, while linked to the militant past of the labour movement and working-class sectors, mark a somewhat unique moment in the history of labour struggles. In recent decades they have emerged as mostly non-union aligned, "bottom-up," and worker-led responses *specifically to the crisis of neoliberal capitalism*. As a phenomenon, they have also lasted much longer than previous waves of workplace recuperations in the country; have, despite their small numbers, influenced the reform of labour, business, insolvency, and cooperative legislation; and have inspired new visions for social change and more egalitarian forms of working and production.

In a nutshell, Argentina's contemporary ERTs began to emerge in the early 1990s as direct worker responses to the anti-labour policies, structural reforms, and ultimate market failures of that decade. With most of Argentina's labour movement leaders co-opted into the neoliberal system that was sold to Argentines as a way to economic stability and prosperity (Felder & Patroni, 2011), and with an increasingly unresponsive state overwhelmed by increasing precariousness in everyday life, employees working in near-insolvent, insolvent, or otherwise failing firms began taking matters into their own hands by occupying and then attempting to self-manage them. The emergence of ERTs would hit its apex during the country's social, political, and financial crisis years of 2001 and 2004 as more and more SMEs began to fail, dismissed workers, or declared bankruptcy.

As of 2010, almost 9,500 workers were self-managing their working lives in 205 ERTs throughout most of the country's urban economic sectors (Ruggeri, 2010) (see Table 1). While representing a fraction of Argentina's broader cooperative sector (INAES, 2008; Vieta, 2009a), and while making up a small number of active participants in its urban-based economy (Ministerio de Trabajo, 2010), ERTs have nevertheless inspired the imaginaries of workers, cooperative practitioners, social justice activists, progressive social science researchers, policymakers, and grassroots groups in Argentina and the world over in the past 15 years or so. This is the case, as I will elaborate in the following pages, because of how ERTs have managed to save jobs and businesses, transcended economic crises, integrated new workers into their workforce, prevented social exclusion, returned control to workers, and saved communities from further socio-economic ruin. Many ERTs have contributed positively to the socio-economic needs of surrounding neighbourhoods by, for instance, allowing other cultural and economic initiatives to operate within the company, while some ERTs have invested part of their surpluses to community economic development and revitalization. Indeed, these new, converted worker cooperatives have punched well

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the mid-1940s. As such, these Peronist-tinged imaginaries around the dignity of labour and workers' rights have unsurprisingly flowed over into the ERT phenomenon's cultural, political, and discursive milieus via the memories and past experiences of ERT workers, the management of ERT leaders and umbrella organizations, and some of the phenomenon's most militant protagonists. Many ERT leaders and advocates, for instance, have come from some of the most militant sectors of Peronist and *clasista* (leftist Peronist and non-Peronist) trade unionism that advocated and fought for the institutionalization of these benefits and rights several decades before the neoliberal era. For more on these issues, see the discussion around Tables 1 and 2 below, and Vieta (2012a, Chapter 3).

above their numerical weight in Argentina, instilling “new expectations for [social] change” (Palomino, 2003, p. 71). More concretely, ERTs have been important in motivating Argentina’s federal governments since 2003 to return to more pro-labour and heterodox national economic policies (Vieta, 2012a).

ERTs are also said to be forging “new institutional relations” (Palomino, 2003, p. 71). Within the legal and organizational rubrics of a worker cooperative, Argentina’s ERTs are beginning to exemplify the innovative ways workers themselves can reorganize production, directly address the inevitable instability wrought by economic downturns and market failure and, move beyond a national economy’s over-reliance on the global financial system. Because of this, over the past decade or so, the process of creating ERTs has become increasingly *institutionalized* throughout the country<sup>4</sup>. For instance, today creating an ERT is now another legal option for troubled firms in the country, in addition to receivership, declaring bankruptcy, or permanent closure. The activism of ERT workers themselves, together with efforts by their representative organizations, have directly influenced the reform and creation of new business and cooperative laws that now more strongly favour employees that decide to take over troubled firms and reopen them as worker coops (CNCT, 2011; Feser & Lazarini, 2011; Magnani, 2003).

It is increasingly clear, then, that Argentina’s ERTs have not only saved jobs, but also helped to prevent the further depletion of the cities, municipalities, and neighbourhoods where they are located, and bring increased attention to the social decay caused by business closures. There are several reasons why ERTs have been good for local economies and surrounding communities.

Worker cooperatives such as ERTs have particularly shown the social and economic advantages of cooperatives in the face of recent economic crises stemming from the collapse of market liberalizations (Birchall & Hammond Kettilson, 2009); in becoming worker cooperatives, ERTs have tapped into what the cooperative studies literature calls “the cooperative advantage” (Birchall, 2003; MacPherson, 2002; Vieta & Lionais, 2014). Worker coops, for instance, have been shown to be counter-cyclical, growing in number throughout the regions most affected by crises (Birchall, 2012). Such is the case with the emergence of ERTs and other worker cooperatives in Argentina in recent years (see Figure 1), as well as in other national contexts. Worker cooperatives tend to survive economic crises better than investor-owned firms because, on the whole, they favour jobs over profits and wage flexibility over employment flexibility (Pérotin, 2012). ERTs, too, have failed much less than conventional businesses in Argentina, experiencing less than a 10% failure rate

<sup>4</sup> By the “institutionalization” of ERTs, I mean the consolidation and regularization of the social, political, and legal mechanisms, processes, and practices of converting failing private firms into cooperatives (Vieta, 2012a). Undoubtedly, ERTs still face many challenges, as I will show in this paper, and some policy makers and bankruptcy courts, judges, and trustees continue to contest the legality of ERTs because, it is mainly argued, they violate Argentine property law. Increasingly, however, ERTs are seen by the state and the legal system as viable alternatives to business closures, promulgating the legal regularization of these companies. I explore the institutionalization of ERTs in more detail in Vieta (2012a, especially Chapters 5 and 6).

over the past decade. This is an exceptionally low failure rate, especially compared to the extreme rates of business closures in Argentina throughout the 1990s and early 2000s (see Figure 1 and the discussion below)<sup>5</sup>. Also, worker-owners are more connected emotionally, psychologically, and locally to their businesses than dispersed shareholders (Penceval, Pistaferri, & Schivardi, 2006) Workers participate in the running of their companies (Oakeshott, 2000) and live in the same communities where their coops are located, thus having more “intrinsic” motivations for the success of their companies and communities than shareholders (Borzaga & Depedri, 2005, 2009; Navarra, 2010; Pérotin, 2006). Such is also the case with ERTs. As with other worker coops, ERTs also exhibit “positive externalities” for communities. For instance, economic democracy has been linked to workers’ improved wellbeing (Theorell, 2003; Wilkinson & Pickett, 2011), and they promote participation beyond the workplace as worker members learn citizenship by “doing” democracy (Daly, Schugurensky, & Lopes, 2008; Erdal, 2000, 2011; Pateman, 1970). Again, ERTs have shown ample evidence of worker-members’ growing awareness of community needs and their increased involvement in community participation, as I have shown elsewhere too (Vieta, Larrabure, & Schugurensky, 2011; Vieta, 2014a), and as I will describe in Section 4.

In brief, ERTs (as with other worker cooperatives that emerge during times of distress) are not only palliatives for crises, but also, as I and others have argued elsewhere, are *transformative organizations* for communities (Amulya, O’Campbell, Edoh, & McDowell, 2003; Vieta, 2012b; 2014a). ERTs, as converted workplaces in other contexts in Latin America and Europe, have also recently gone one step further and have been demonstrating (CECOP-CICOPA, 2012) how workers can even take the reigns of failing formerly proprietary firms and turn them around, preserving not only jobs but also sustaining a productive entity and helping to protect local communities from socio-economic ruin.

## 2.1 How many, where, and ERTs’ “symbolic” significance

Covering less than 1% of Argentina’s approximately 16.5 million active participants in the urban-based, formal and informal economies (Ministerio de Trabajo, 2010), the most conservative study suggests that, as of late 2009, 9,362 workers were self-managing their working lives in 205 ERTs across Argentina (Ruggeri et al., 2010, p. 9) (see Table 1)<sup>6</sup>. A testament to the extent of the neoliberal crisis of the

<sup>5</sup> Indeed, micro-economic studies of labour-managed firms (LMFs) have shown that they fail less within the first 10 years than conventional firms. Initial empirical evidence shows that Argentine ERTs are comparatively as resilient as, if not more so, than other LMFs in other contexts. For instance, Avner Ben-Ner (1988) found that, whether from “conversion into KMFs [capital-managed firms] [or] out-right dissolution,” the annual death rates of European LMFs in the 1970s and 1980s were: 6.9% for French LMFs, 28.6% for Dutch LMFs, 9.3% for Italian LMFs, UK LMFs were at 6.3%, and Swedish LMFs were at 29.5% (p. 208). In comparison, only 20 ERTs that were around during Ruggeri et al.’s (2005) 2004-2005 survey of all existing Argentine ERTs did not exist in the research team’s 2009-2010 survey, suggesting roughly, from 2009-2010 numbers, a death rate or non-survival rate of 9.75% among ERTs (Ruggeri et al., 2010, p. 39).

<sup>6</sup> More optimistic journalistic reports and the estimations of ERTs’ political lobby organizations suggest that 12,000 or even 15,000 workers currently self-manage 250 or even more than 300 ERTs (e.g., Murúa, 2006; Trigona, 2006; Dellatorre, 2013). There are political, ideological, financial, and psychological reasons for estimating larger numbers of ERTs for Argentine self-managed workers (i.e., the desire to have larger economic relevance, the wish for more

turn of the millennium on Argentina's national economy, Tables 1 and 2 show that ERTs are found in most of the country's regions and provinces and throughout its urban economy in sectors as diverse as printing and publishing, media, metallurgy, foodstuffs, construction, textiles, tourism, education, and health service provision. Indeed, the breadth of the ERT phenomenon, cutting across most of Argentina's economic sectors including heavier industries such as manufacturing, shipbuilding, and hydrocarbons and fuels, suggests that worker cooperatives, at least upon the conversion of a capital-managed firm (KMF) into a labour-managed firm (LMF), when most of its capital assets are still usable to some extent, *can* indeed function in capital-intensive sectors. In this regard, Argentina's ERTs seem to counter the assumption in the mainstream economic literature that worker coops are most adequate for labour-intensive and low-capital enterprises<sup>7</sup>.

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government subsidies, easier access to loans) and for ERT lobby groups (i.e., increased political legitimacy, gaining easier access to policy makers). Indeed, as Palomino et al. (2010) suggest, as the ERT phenomenon has gained recognition and legitimacy, some self-managed firms and worker coops that did not consider themselves "worker-recuperated" companies a few years ago, now do, thus further expanding the "universe" of ERTs.

<sup>7</sup> For discussions of these assumptions, see Ben-Ner (1984, 1988); Cornforth (1985); Bartlett, Cable, Estrin, Jones, & Smith (1992); Dow (2003); Drèze (1993); Fama & Jensen (1996); Furubotn & Pejovich (1970); Hansmann (1996); Vanek (1975, 1977).

**Table 1: Breakdown of ERTs per sector and number of workers per sector, as of 2009**

Sector	No. of ERTs	No. of Workers	% of ERTs	% of Workers
Metallurgic Products	48	1,971	23.41%	21.08%
Printing	16	503	7.80%	5.38%
Textiles	13	470	6.34%	5.03%
Gastronomy	4	72	1.95%	0.77%
Glass products	7	264	3.41%	2.82%
Chemicals	3	158	1.46%	1.69%
Plastics	5	85	2.43%	0.91%
Meatpacking and Refrigeration	13	1,353	6.34%	14.63%
Shipbuilding	2	62	0.98%	0.66%
Foodstuffs	26	640	12.86%	6.84%
Construction	12	748	5.85%	8.17%
Leather Products	5	481	2.44%	5.15%
Health	10	431	4.88%	4.61%
Education	4	118	1.95%	1.26%
Hostelry	5	243	2.44%	2.60%
Sport	1	13	0.49%	0.14%
Wood Products and Sawmills	4	74	1.95%	0.79%
Fuel and Hydrocarbons	5	95	2.44%	1.01%
Pulp and Paper	2	71	0.98%	0.76%
Footwear	4	520	1.95%	5.56%
Transportation	6	375	2.93%	4.01%
Maintenance and Logistics	3	316	1.46%	3.70%
Communication & Media	4	181	1.95%	1.83%
Commerce and Finance	2	95	0.98%	1.02%
Rubber	1	23	0.49%	0.25%
<b>Total</b>	<b>205</b>	<b>9,362</b>	<b>100%</b>	<b>100%</b>

Source: *Ruggeri et al., 2010, pp. 10-11*

Additionally, it is worth noting that the economic sectors with the largest conglomeration of ERTs tend to also be those that have come from militant union traditions, suggesting, as I did earlier, the strong connections between ERTs and the country's history of working-class activism. It is no coincidence then that, from Table 1, just over 56% of Argentina's ERTs are found in the metallurgy, printing, meatpacking, construction, and foodstuffs sectors, represented historically by some of the most militant private sector unions in Argentina. More radical ERT workers with past experiences in their unions are often part of an ERT's founding collective, and some of these workers subsequently go on to become leaders of their worker cooperatives. Their early development as radicalized workers often takes place within former union settings, as shop stewards, from having taken part in past strikes and other labour actions, or as workers beginning to learn the ins and outs of militancy from family members with histories of labour activism (Vieta, 2012a, 2014b).

It is also not coincidental that most ERTs, as Table 2 shows, are to be found in the city of Buenos Aires, the capital's greater conurbation, in pockets of the interior of the province of Buenos Aires, and in the provinces of Santa Fe, Córdoba, and Mendoza. These happen to be the country's six major industrial centres. Not surprisingly, they are also the places where most of its working-class struggles have taken place over the past 130 years or so.

**Table 2: Breakdown of ERTs and number of ERT workers per region, as of 2009**

Región	No. of ERTs	No. of Workers	% of ERTs	% of Workers
City of Buenos Aires	39	1,466	19.0%	15.7%
Greater Buenos Aires	76	3,243	37.1%	34.6%
Interior of Prov. of Buenos Aires	31	1,164	15.1%	12.4%
Chaco	3	182	1.5%	1.9%
Corrientes	4	376	1.9%	4.0%
Entre Rios	5	332	2.4%	3.5%
Santa Fe	20	945	9.8%	10.1%
Chubut	2	24	0.9%	0.3%
Córdoba	5	515	2.4%	5.5%
La Pampa	3	79	1.5%	0.8%
La Rioja	3	100	1.5%	1.1%
Mendoza	7	178	3.4%	1.9%
Neuquén	3	600	1.5%	6.4%
Río Negro	1	30	0.5%	0.3%
San Juan	2	48	0.9%	0.5%
Tierra del Fuego	1	80	0.5%	0.9%
<b>Argentina (Totals)</b>	<b>205</b>	<b>9,362</b>	<b>100%</b>	<b>100%</b>

Source: *Ruggeri et al., 2010, pp. 10-11*

Small in number but powerful in its suggestive force for workers experiencing moments of micro-economic difficulties and potential job loss, Argentina's ERT phenomenon, as Palomino (2003) has also suggested, is more "related to its symbolic dimension" than to the strength of its size or macro-economic force (p. 71). But this certainly does not lessen its significance, especially given, as I will show in Section 4, the social transformations that their worker protagonists have been forging (for instance, as I have already mentioned, in how workers convert a once-capitalist firm into a site for community socio-economic development); the phenomenon's relative longevity when compared to other labour-managed firms in other contexts (see above); and the increasing support for and legitimacy of ERT workers and their self-management projects by the state, legal sphere, and the wider public since the socioeconomic crisis years of 2001-2003 (Vieta, 2013; 2014a, b).

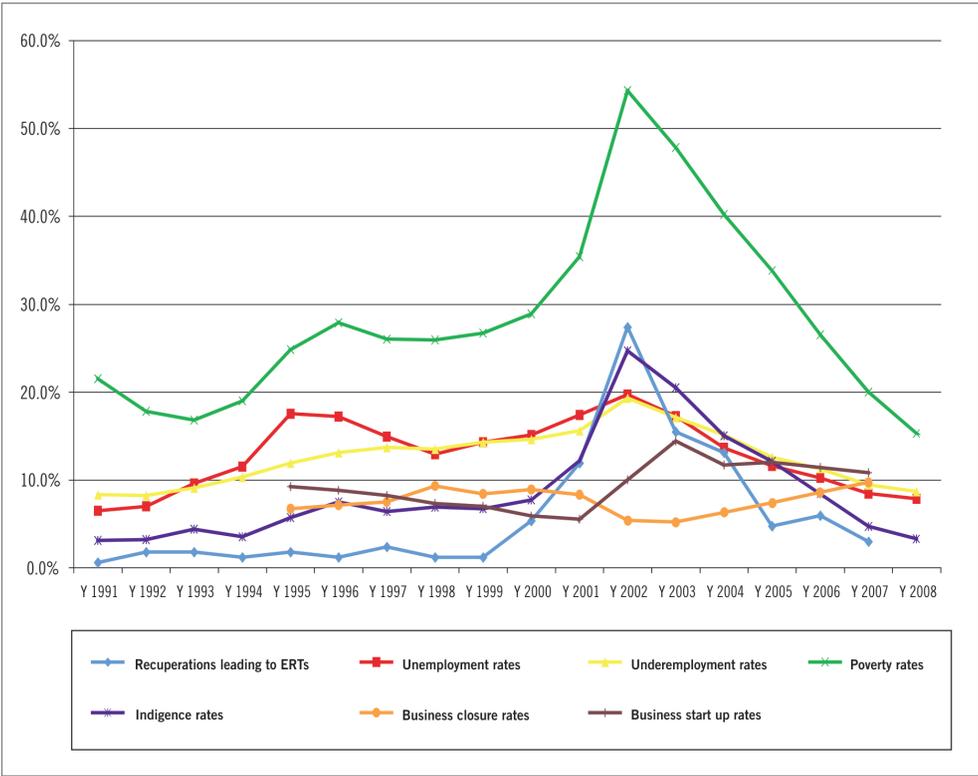
## 3. The Emergence of Argentina's ERTs

### 3.1 Political economic context

That ERTs have emerged over the past two decades as worker-led responses to the macro-economic crises of the neoliberal model in Argentina can be inferred from Figure 1, which situates the surge of ERTs with other major key socio-economic trends. Figure 1 clearly shows that the evolution of ERTs is parallel to the rising tide of unemployment, indigence, and business closure rates throughout the 1990s and early 2000s in Argentina. In particular, President Carlos Menem's regime's (1989-1999) IMF-sanctioned neoliberal policies of peso "convertibility" to the US dollar; its selloff of most of Argentina's public assets; the multinationalization of the economy; draconian labour law reforms consolidated further by Menem's successor, Fernando de la Rúa (1999-2001); and the massive trade deficit and rates of underemployment, unemployment, and poverty that subsequently resulted, all served to greatly compromise Argentina's macro-economic reality, organized labour's earlier victories dating back to the first two Peronist presidencies (1946-1955), and the competitive advantage of many of the country's small- and medium-sized enterprises (SMEs) (Atzeni & Vieta, 2014; Gambina & Campione, 2002; Olmedo & Murray, 2002; Palomino, 2003, 2005; Patroni, 2004). Tellingly, for example, Figure 1 also shows that the period between 1998 and 2002 was consistently marked by more business closures and bankruptcies than start-ups, ominously presaging the final implosion of the neoliberal model that was felt with force across all of Argentina's economic and social sectors between late 2001 and mid-2003. Figure 1's parallel trends in business closures, unemployment, poverty, and indigence further suggest that this socio-economic collapse was most strongly felt by the country's workers and the marginalized. It is no coincidence, then, that these years also saw the greatest surge of ERTs.

In short, research into the political economic context of ERTs to date suggests that they began to emerge within the following multifactor scenario: (1) A macro-economic situation of financial, political, and social crises that ultimately saw, as Patroni (2002, 2004) convincingly argues, the negative impacts of currency convertibility on employment security, real wages, and the overall viability of the Argentine economy; (2) The subsequent rise of severe micro-economic crises at the point-of-production or point-of-service delivery in many SMEs cutting across all urban economic sectors that could not compete against cheap foreign products and rising production costs; and, (3) the increasing precariousness of everyday life for most working- and middle-class Argentines that expressed itself in shared existential and actual experiences of fear and despair, as well as a general sense of loss of dignity amongst an increasing number of Argentine workers threatened by business closures, redundancies, and high structural unemployment.

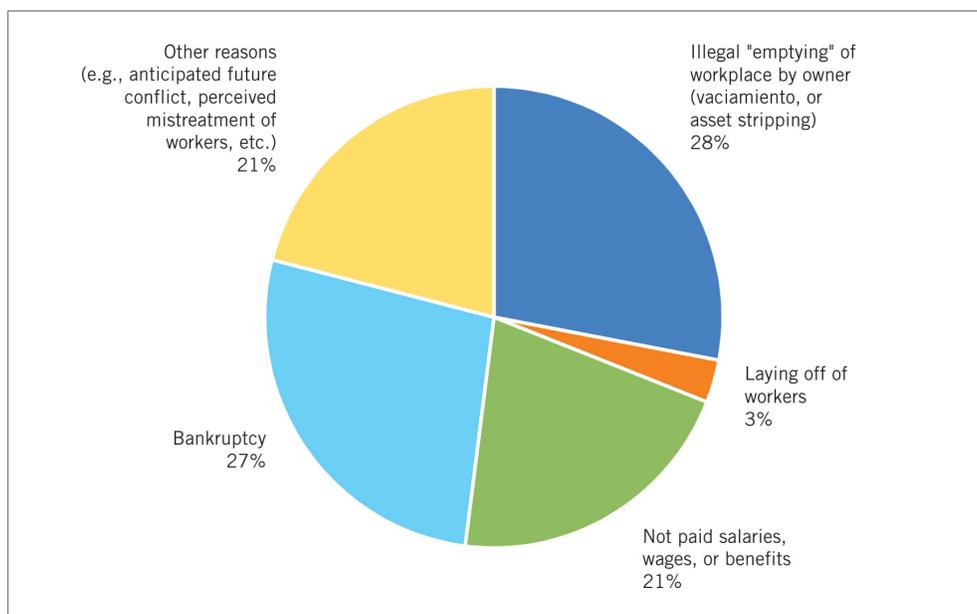
**Figure 1: ERT recuperations compared to key socioeconomic indicators in Argentina, 1991-2008**



Sources: INDEC (2011), Ministerio de Trabajo (2007, 2008a, 2008b, 2010), World Bank (2011).

### 3.2 Workers' reasons for workplace takeovers

Variously driven by owner or investor despair; by nefarious business dealings by managers who took advantage of lax labour laws, corrupt legal institutions, indifferent unions, and pro-business policies; or by simple managerial or owner ineptitude, the socio-economic crises of the neoliberal years in Argentina inevitably led to amplified rates of exploitation and the mistreatment of workers at more and more companies across the country (Ruggeri et al., 2005; Palomino, 2003; Patroni, 2004). ERT workers consistently mention five overlapping micro-economic and micro-political experiences that immediately motivated their workplace takeovers: owners' illegal *vaciamiento* (literally, "emptying" or asset stripping) of firms' machines and inventories just before or shortly after bankruptcy is declared, often in collusion with corrupt local officials and court officials; employees' perceived imminence of the bankruptcy or closure of their companies; not being paid salaries, wages, and benefits for weeks or months; actual layoffs and dismissals; and lockouts and other forms of maltreatment (Ruggeri et al., 2005, p. 66).

**Figure 2: Perceived reasons for workplace takeovers by ERT workers (N=72 ERTs)**

Source: *Ruggeri et al., 2005, p. 66*

Bottom-up and spontaneous workers' resistance would ultimately arise in more and more companies across Argentina as the rising exploitation workers experienced on shop floors became increasingly unbearable, labour contracts were explicitly violated by employers, and as the political economic system which had delivered workplace security and social benefits in the past evaporated with the neoliberal juggernaut (Atzeni, 2010). In addition, most unions, on the whole, were unresponsive or even hostile to the plight of ERT workers (Clarke & Antivero, 2009). Many of the country's major unions, as well as its central union the CGT, had been co-opted into Menem's neoliberal program (Olmedo & Murray, 2002; Palomino, 2005). This was coupled with the short-sightedness of Argentine organized labour as it failed to see, in the main, its role in these new worker coops without bosses (Fajn, 2003; Rebón, 2007). But, most practically, traditional union tactics proved toothless in these socio-economic circumstances. Slow-downs and soldiering, or putting down tools and strikes are useful methods of protest for demanding better working conditions or wage increases during more stable economic times. These options are less effective during severe economic downturns or crises (Hyman, 1975, 1989; Kelly, 1998). The latter was predominantly the case in Argentina in the years spanning the turn of the millennium, when companies were closing throughout the economy, micro-economic hardship was rampant, and the unemployment rate high (Atzeni, 2010; Atzeni & Vieta, 2014). During these moments of capitalist crises, employers can and often do, with increased impunity, engage in systematic lockouts, asset theft, and other blatant infringements of the standard employment contract. But it is also during these moments that the exploitative social relations of the capitalist labour process

are made visible to workers as employment contracts are broken, work intensified, salaries cut, and redundancies increased. In turn-of-the-millennium Argentina, at a time when the so-called “class compromise” between workers, employers, and the state ruptured, the solution for more and more workers was to partake of spontaneous acts of workplace occupations, relying on the solidarity that workers had already been forging over the years on shop floors, and that had been solidifying during the period of acute economic crisis (Rebón, 2007; Ruggeri, 2006).

By the early 2000s these political-economic and living conditions increasingly motivated some workers with no other options left other than to: (1) *occupy and takeover their firms*, (2) *resist repression*, and subsequently (3) *self-manage* their failed or failing firms as worker cooperatives. This three-staged path of struggle on the road to self-management has come to be known among ERT protagonists by the slogan “*ocupar, resistir, producir*” (“occupy, resist, produce”) (Murúa, 2005a). Next, I delve into the consequences of this three-staged process of workplace recuperation for workers, work organizations, and communities.

#### 4. The Social Transformations of Argentina’s ERT

ERTs show workers’ innovative capacities for saving jobs and adeptly self-managing their work without the need for bosses. Unlike other cooperative sectors in other contexts, or state-sanctioned workers’ control within nationalization schemes, Argentina’s ERT worker cooperatives are the result of spontaneous activity from below as workers first turned to taking over the failing firms that had employed them as defensive measures to save their jobs in the context of massive rates of unemployment and poverty. Moreover, with little support from the state or favourable labour policies, ERT protagonists have taken it mostly upon themselves to restructure their enterprises, resist state repression in some cases, negotiate the legal status of their new cooperatives with bankruptcy courts, restart production, and make these firms economically viable again. Gradually, as these workers live out the daily challenges of self-management, they begin to replace the values of individualism, competitiveness and profit maximization with a new ethos based on cooperativism, equal compensation, and solidarity. By privileging the right to work while not shying away from market interaction, ERTs are also expanding Argentina’s burgeoning social and solidarity economy (Fajn, 2003; Coraggio & Arroyo, 2009; Vieta & Ruggeri, 2009; Palomino et al., 2010). Furthermore, many ERTs participate in community economic development projects and open their workplaces to community centres, free health clinics, public schools, or alternative media and art projects (Vieta, 2013a, b; 2014a).

The ethnographic and sociological component of my research in Argentina since 2005 has included almost 60 in-depth interviews with ERT workers, social movement and labour movement participants and leaders, academics, and state officials. My

study also included participant observation in several ERTs, including four extended case studies in the city of Buenos Aires, the greater Buenos Aires region, and the city of Córdoba: the print shop Artés Gráficas Chilavert, the waste disposal and parks maintenance cooperative Unión Solidaria de Trabajadores (UST), the newspaper *Comercio y Justicia*, and the medical clinic Clínica Junín.

Most participants in the ERTs I visited reported positive changes in their values, skills, and practices related to community participation, economic cooperation, collective decision-making, knowledge of their community's needs, and myriad connections to the broader community. The informal and collective learning that occurred among members of the four case studies—gauging the changes that had occurred in workers' perceptions in the process of transitioning their firms from investor-ownership to worker self-management and control—can be organized into two main categories: the *inward-focused transformation of workers and work organizations* (i.e., cooperative attitudes and skills) and the *outward-focused transformation of communities* (i.e., community participation and community economic development).

#### 4.1 The transformation of workers and work organizations

The collective struggle of taking over a bankrupt company and the challenges faced in transforming it into a self-managed space is an important source of learning for ERT workers. This shared experience generates deep transformations, pushing many workers to move away from being individualistic and competitive employees into *socios*, or associate members of a cooperative with a stronger sense of community and common bonds with co-workers. This learning happens informally, by trial and error, and in the actual working out of the processes of self-management. As one worker at UST told me: “*Aprendimos cooperativismo sobre la marcha*” (“We learned cooperativism on the job.”)

Their learning within collective struggles tends to also be closely associated by workers themselves to their working-class past. Indeed, most ERT members I spoke to still perceive themselves as *laburantes* (workers) rather than *cooperativistas*: “We became cooperativists out of necessity, not because we wanted to be.” Indeed, ERTs did not emerge from Argentina's traditional cooperative movement but mainly from unionized workplaces identifying with Argentina's labour movement. For example, only three of the ERT workers I interviewed had had previous experiences with cooperativism, while a larger number had had previous union organizing experiences. Tellingly, ERT workers who have gone through these previous coop or union organizing experiences are often considered key people within the firm, holding formal or informal positions of importance to teach the rest of their *compañeros* (comrades, or workmates) how to actually go about organizing workers' assemblies and how to carry out democratic decision-making<sup>8</sup>.

<sup>8</sup> Argentine syndicalism has a long tradition of shop-floor *asambleas* (assemblies) and a high turnout rate amongst unionized workers when electing shop stewards and local union delegates that then vote on key national union issues in one of Argentina's two union centrals. While union support for ERTs has been sketchy at best, many ERTs were

The informal means of acquiring cooperativism and self-management skills solidifies within the recuperated workplace in a process the ERT workers themselves call *compañerismo* (a strong attitude of camaraderie). Practically, *compañerismo* is reflected in how ERT workers learn or expand their skills and how they acquire the values of cooperativism together. In the transition to the new organizational structure, workers learn that the cooperative form affords them both a sound business model from which to continue to produce or deliver their services and a viable path for countering the most negative aspects of working under bosses. In this regard, ERT workers have to learn to avoid replicating the management hierarchy and exploitative practices of the former company, and adopt extremely flat self-management structures and democratic practices (e.g. situational decision-making on shop floors, flexible labour processes, workers' assemblies, etc.). At first, these cooperative transformations and work processes are not intentionally planned, but are born out of necessity.

Subsequently, ERT workers are now much more likely to help their workmates in situations when in the past they would have stuck to their own tasks and worried primarily about their own individual interests. As a founding member of Chilavert emphatically told me:

*Before, under owner management, there was always someone marking out the rhythm of your work. You would work because you got paid. Things are now different.... Before we were "workmates" but today we aren't workmates anymore. We're now more like socios (partners, or associates), where the problem of one member affects us all.... Before, if something happened to someone it was the owner's responsibility, but now, what binds us together is the fact that we're all responsible for this cooperative.*

In the everyday activity of the ERT, most new workers are trained informally and "on-the-job" through apprenticeships. Shadowing more senior members for a period of time on the job or on actual shop floors, I observed, is the key way that ERT workers tend to learn new job tasks and skills. This is not unusual. These practices can be observed in many workplaces, and they were certainly present in the previous private ownership era of each company. In the words of a founding member of UST (the expert bulldozer operator at the plant):

*I started as an apprentice here twenty years ago. I wanted to learn how to use the machines here and the old guys taught me as jobs came up. And I do the same with my apprentice now. If a job comes up I try to go but sometimes I can't [because of the other duties I have to do here] so I send [my apprentice]...and he replaces me also during my vacations or when I have meetings. When we have to attend political rallies to support other social movements, we take turns in who goes to the rally and who stays and works.... He's already starting to replace me! Just like the old guys*

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former union shop stewards and most ERT workers still belong to their unions in order to, at a minimum, retain pension plans and other union-negotiated benefits. ERTs' current practices of holding regular workers' assemblies and electing administrative positions have deep roots in these trade union shop floor practices (Clark & Antivero, 2009).

*gave me a chance, I've also been teaching many of the young guys here and giving them a chance.*

As we can observe, there are continuities between the old mentor-apprentice relations and the new ones, but it is possible to notice at least two differences from previous shop floor learning. First, in the ERT, the apprentice and the mentor take turns not only in cases of illness or vacation, but also when they need to attend a workers' meeting or participate in a political rally to support other social movements. Secondly, the mentoring process is not only about instrumental knowledge and skills acquisition, but also about learning cooperativist values. Indeed, training on the job is more important to most ERTs than hiring someone just for specific skillsets. Skills can be learned on the job, many of them told me, but guaranteeing the longevity of the ERT is much more difficult. The mentor-apprentice relationship, then, also includes training new members to appreciate and uphold cooperative values, in effect working towards securing the longevity of the ERT after the founders retire.

The specific form that cooperation takes tends to be worked out within each ERT pragmatically as it matures and experiences the intricacies of self-management within its particular economic sector. Informal learning and communication flows are usually mitigated by consensus-based decision making and communication structures that relate to the second and third Rochdale principles of cooperativism: "democratic member control" and "member economic participation" (ICA, 2014). As with other bottom-up worker coops and collectives from around the world, most ERTs tend to be administered by workers' councils made up of at least a president, a treasurer, and a secretary with a mandate of one or two years. Most ERTs also hold regular workers' assemblies that meet either on a regular basis (sometimes weekly, usually monthly) or when major issues arise, or both. Generally, smaller ERTs tend to administer themselves more loosely, relegating minor day-to-day decisions to those most skilled in a particular task.

Moreover, in most ERTs, revenue capitalization, salary amounts, salary adjustments due to ebbs and flows of the firm's business cycles, and the social dividend each member is given at the end of the fiscal year are regularly debated, voted on, and amended by the workers' council or the general assembly. There is no defining trend across ERTs concerning what percentage of revenues should return to the cooperative as capital, how much should be allocated to salaries and benefits, and whether a percentage of revenues should go to local community needs. More financially challenging months, for example, are usually bridged with consensus-based cuts to, most often, salaries and community contributions for those companies that engage in community work. This underscores the wage flexibility, rather than job flexibility, characteristic of worker coops that I addressed in Paragraph 2. In sum, strong cultures of collective planning and organization, and active member participation in policy setting and decision-making predominate in most ERTs.

Last but not least, in the new cooperative organizational model ERT workers learn the importance of accountability. As a founding member of Salud Junín noted, “*recuperated enterprises have managed to sustain themselves most fundamentally because they have a much more honest and transparent administration.*” The horizontal reconstruction of their work processes were intimately intertwined with shared stories of intense *compañerismo*, common recollections of the harrowing early days of occupation or political resistance, and many anecdotes of perseverance and resilience in the face of myriad challenges in self-management.

## 4.2 The transformation of local communities and community economic development

Inter-cooperative learning especially occurs during an ERT’s first high-conflict months, when other ERTs and myriad social movement organizations come to support workers occupying a company. During these moments of high political tension and turmoil, these affinity groups help to transfer their knowledge of political and judicial systems and through their actions disseminate solidarity values and cooperativist attitudes among the new ERT workers. Another founding member of Salud Junín remembered the learning that took place in those initial turbulent days:

*What continued to strengthen the processes [of workplace takeovers] was the unity and solidarity of other sectors helping out: students, sympathetic unions, neighbourhood groups, human rights organizations. That’s what permitted all of these processes to sustain themselves over time. We developed close relations with other ERTs. There is a common saying among ERTs: ‘if they touch one of us, they touch us all.’ If there was another ERT experience that was being threatened with eviction, many of us would also go to support them. Since then there’s been a permanent exchange between many of us.*

Most ERT members, I need to underscore again, have had no previous experience with community organizing or activism. It was the specific involvement with the ERT, including their connections with other ERTs during the first period of high conflict that fundamentally sparked the transformations in these workers, in many cases leading to processes of deep political radicalization. This was particularly noticeable in ERTs where doing community work and supporting social movements is part of the daily routine.

### 4.2.1. Bringing the community into the ERT

Jobs, labour processes, decision-making structures, and surpluses are thus not the only things recuperated and transformed by ERT workers. Like other social economy businesses, many ERTs tend to also have strong social objectives (Vieta, Larrabure, & Schugurensky, 2011). ERTs’ new forms of *social production* extend to include provisions for the social, cultural, and economic needs of surrounding communities. Hosting such cultural and community spaces and involving themselves intimately with

the needs of local communities is not just a way of giving back to the neighbourhood out of self-interest or corporate social responsibility. Instead, ERT workers that host community projects tend to see their workspaces as continuations of and integral players in the neighbourhoods they are located in. Again, they gain these values informally and over time, as they enjoy rich experiences of solidarity with workmates, groups in solidarity with them, and the community at large, during the stage of occupation and beyond it as they consolidate their worker cooperative.

For instance, the print shop Chilavert hosts the ERT Documentation Centre, run by activist student volunteers associated with the University of Buenos Aires and used frequently by national and international researchers. A vibrant community centre called Chilavert Recupera (Chilavert Recuperates) also operates on its mezzanine level, hosting plays, art classes, music concerts, and community events often linked to Argentina's social justice movements. Furthermore, Chilavert houses an adult high school equivalency program focused on a popular education curriculum that is heavily used by local marginalized communities. During one of my weekend visits, volunteers from the print shop were giving a class on the dying *porteño*<sup>9</sup> signage art called *fileto*, while workers and visitors from the community were playing table tennis in the cultural centre. On another occasion, I witnessed a community play about the ERT movement whereby Chilavert itself became a living theatre as the play was performed in the midst of stacks of papers and printing machinery. Another emblematic ERT, IMPA, a large metallurgic ERT in the Caballito *barrio* of Buenos Aires, is also known as "The Cultural Factory" because it dedicates a large portion of its space to an art school, silk-screen shop, free health clinic, community theatre, and an adult education high school program. Artes Gráficas Patricios, in the southern Buenos Aires neighbourhood of Barracas, also hosts a popular education school, plus a community radio station and a dental and medical clinic, all run by workers, neighbours, social movement groups, and health practitioners volunteering their time. Vividly capturing the community involvement of ERTs, in August 2007, I attended a community fundraising concert on the blocked-off streets outside of Patricios, where several thousand spectators listened to numerous bands playing on a temporary stage improvised from the print shop's flatbed truck as local musicians donated their time and equipment to the occasion.

All of this is of course is, again, a marked difference to the possessive individualism that tends to emerge on proprietary shop floors owned by shareholders or managed by bosses. For many workers, there is a tangible sense of the importance of their community projects for a different, less individualistic and more communitarian kind of social and economic project for Argentina. As a nurse member of the health clinic Salud Junín related to me:

<sup>9</sup> "*Porteño*," literally "one from the port" or "of the port," is the Argentine-Spanish name for a native of the city of Buenos Aires, also applied as an adjective for anything from the "port city" of Buenos Aires.

*No, I was never involved in a community project of any sort before helping to start this coop.... I'd like to do more work in a disadvantaged neighbourhood, for example, or some such thing. But time is limited! For us, it's about doing as much as we can for the community from here, our coop.*

My data also suggests that, after having worked at the ERT, some workers also experience a strong desire to personally take up community practices beyond the ERT, such as speaking to neighbours about community issues and attending community meetings. As a young and novice 21-year old member of the waste management coop UST told me:

*I never worried about community problems or problems in my neighbourhood before coming to work here. I just couldn't see them before, in reality. Now, from here, you start to see these problems and you start to work [to alleviate them].*

Save for five of the workers I interviewed that had community activist or union activist backgrounds, most of my key informants did not have previous experiences with community organizing or activism. It was the specific involvement with the ERT project, the overcoming of challenges together, the richer level of association with workmates (i.e., *compañerismo*), and the help received from the communities that surround ERTs from the company's early days, that fundamentally begin to transform these workers into more community-minded individuals, and their workshops into transformative community organizations. A nurse member of Salud Junín emotively related this transformational aspect of community involvement to me:

*When we took the clinic none of us had a single cent in our pockets. And suddenly, these young people from several left political parties, social movements, and from the university would come and help us with our strike fund. It was really not much money but, at the time it seemed like lots of money for us, do you know what I mean? From having nothing for more than a year to then having the community come in droves to help you out, to give you a hand, to give you a few pesos to help you out...no, no, really, it is what kept us going, what gave us the energy in those early days to keep on fighting for this.... It was a very precarious time for us all and this also served to bring us together as a group, to look out for each other.*

#### 4.2.2. Taking the ERT outwards into the community

While some ERTs open up their doors to the community, the changes in community values and attitudes experienced by workers have encouraged a few ERTs to integrate into their very business practices social missions that see them *sharing* portions of their revenues with the community, which essentially extends their productive efforts out into the surrounding neighbourhoods territorially. Some of the most celebrated ERTs such as Zanón/FaSinPat, UST, and the Hotel BAUEN, for example, have expanded their business focus to include community economic development projects right into their *raison d'être*. As I co-wrote in 2011:

*FaSinPat, for instance, frequently donates tiles to community centres and hospitals, organizes cultural activities for the community on its premises, and built a community health clinic in three months in an impoverished neighbourhood that had been demanding such a clinic from the provincial government for two decades without success. (Vieta, Larrabure, & Schugurensky, 2011, pp. 143-144)*

Similarly, the waste management cooperative in my study, UST, has not only taken on and trained another 60 cooperative members that were formerly unemployed residents from surrounding *barrios* since its founding as an ERT in 2004, it has also deeply involved itself in numerous neighbourhood development and resident empowerment projects. The UST coop, for example, has already built 100 attractive town homes to replace precarious housing for its own members and other neighbourhood residents. In addition, the coop built and continues to support a youth sports complex in the local neighbourhood, an alternative media workshop and radio program, while also heading a unique plastic recycling initiative for the large low-income housing project located near its plant.

UST's community interventions also tightly interlace its community economic development model (CED) with cultural production, Argentine cultural practices, and popular memory, witnessed in its promotion of traditional Argentine festivals and music; youth education, sports, and theatre; and its workers' daily narratives, which consistently identify their community initiatives with past Argentine workers' struggles and even with the image of Eva Peron. Grounding its CED projects within cultural imaginaries and popular social memories has deeply engrained UST into the heart of the surrounding neighbourhood, becoming one of the most important social and cultural hubs of the *barrio*. The popular social memories and working class imaginaries suffusing the cooperative's CED projects, in sum, seem to play a vital role in mobilizing and sustaining its community projects, measurably improving the quality of life of the neighbourhood. This is especially promising in Argentina given the depleted and neglected reality of many working class neighbourhoods that, unfortunately, still remain far from the reach of government development programs.

In sum, ERT's community practices, acquired over time from having to overcome challenges collectively between workers and between ERTs and communities, in effect return the practices of work and the workplace to the neighbourhoods and communities that surround them. ERTs are transforming the lives of not only its workers, but also the communities they touch, both symbolically and practically breaking down the walls that divide work inside a factory from the rest of life outside of it in the process. Confirmed by my own observations during the time I spent in several Argentine ERTs, these community projects point to the communal values that many ERT protagonists have managed to fuse with work life, further collapsing the paradigm that encloses labour within capitalist logics and work within proprietary walls. That is, they extend *compañerismo* to the communities outside of the walls of the company, and begin to engage in myriad non-marketized forms of social production with surrounding neighbourhoods and groups. Evocatively, such creative fusions being fashioned by ERTs has been said to penetrate and rupture the capitalist "secret" (Ruggeri, 2009, p. 79), the proprietary nature of the capitalistic paradigm enclosing the production and work that occurs within the walls of a company from the community outside. These community-enterprise fusions, it has been further argued, point to productive practices that extend beyond competition. In Argentina, this has been called "*la fabrica abierta*," "the open factory" (Vieta, 2012a, p. 483).

Symbolically tearing down the walls that, in the strictly for-profit economic model, divide the business inside a workplace from the community outside of it is, I have argued elsewhere, among one of Argentina's ERTs most powerful innovations. Summarizing the discussion in this section, this is an innovation that markedly separates these new worker coops from solely for-profit business interests, reclaiming the social wealth and surpluses produced in a socialized business not only for the benefit of a cooperative's members, but also for the myriad communities it touches. In short, this social innovation serves to clearly work through and develop the seventh cooperative principle—"concern for community"—in ways that more traditional cooperatives in other situations have not yet been able to do.

## 5. Conclusions: ERTs as Transformative Organizations and their Potential for the Social and Solidarity Economy

On first observation, ERTs save jobs. They emerged as workers' bottom-up solutions to the worst effects of neoliberalism in Argentina, reaching their peak during the socio-economic crisis years of 2001-2003. But, subsequently, ERTs have facilitated three broad social transformations for Argentina's workers and communities, inspiring other instances of workers' control, self-activity, and the creation of new bottom-up social and solidarity economy organizations the world over (Vieta, 2010a).

Firstly, ERTs *transform workers*. At times of macro- and micro-economic crises, most poignantly felt by these workers as crises at the point of production, ERT protagonists change from being employees to defensive workers set on saving their jobs, to, ultimately, proactive agents of social change that go on to found cooperatives with positive impacts for surrounding communities. In essence, ERT protagonists' transformed subjectivities first arise out of collective actions in response to situations of micro-economic crises. Their transformations continue to unfold collectively in striving to consolidate their companies and learn the intricacies of self-management. These subjective —“*sobre la marcha*” (“on the job”) transformations in the act of collectively taking over a failing company and in the process of learning and carrying out self-management underscore the intimate connections between the myriad challenges ERT workers collectively tackle and the collaborative and informal learning that takes place within each ERT.

Secondly, ERTs *transform work organizations*. With ERTs, hierarchical capitalist workplaces become horizontal and cooperative work arrangements. These transformations evolve as ERT workers engage in working out challenges and learn self-management together. Practically, they can be seen in the regular meeting of workers' assemblies and the transparent and rotating membership of workers' councils, in shop floor practices where workers collaborate to learn new skills and actively practice on-the-job mentoring, in the use of ad hoc work groups specially catering to production needs, in their flexible production processes moving beyond alienating capitalist specialization, in their more humanized work environments, and most radically, in opening up companies to the community. Here, my study's qualitative findings coincide with heterodox economic research that explores the increase in worker wellbeing that comes with democratic governance structures and workplace participation (Erdal, 2011; Pérotin, 2012), and the higher degrees of worker satisfaction, motivation, and even productivity in self-managed companies (Becchetti et al., 2012; Erdal, 2000, 2011; Oakeshott, 2000; Pérotin, 2006, 2012).

Thirdly, ERTs *transform communities*. ERTs have, as cooperatives tend to show, positive externalities for community wellbeing and local development (Erdal, 2011; Pérotin, 2012; Wilkinson & Pickett, 2011). ERTs both symbolically and practically break down

the walls that divide work inside a factory from the rest of life outside of it. That is, ERT workers extend their *compañerismo* to the communities outside of the firm and begin to engage in myriad non-marketized, solidarity-based forms of social production with surrounding neighbourhoods and community groups. This is because, firstly, ERT workers have a vested interest in surrounding communities; ERT workers tend to live in the very communities where ERTs are located. Secondly, most ERTs emerged in times of deep socio-economic crises, which were hard times shared by most working people in Argentina. Emerging from out of the firmament of radicalized, anti-systemic and anti-neoliberal social movements of turn-of-the-millennium Argentina, ERTs, on the whole, give back to the myriad communities that assisted workers in transforming companies into worker coops during their most precarious moments of occupation and resistance. Thirdly, and perhaps most profoundly, overcoming injustices within the workplace, and transforming companies into directly democratic workplaces, gradually translates, for many ERT protagonists, into additional projects that assist in overcoming injustices outside of the company. As such, recuperated workshops and workplaces tend to share their spaces of productive activity with solidarity-based community programs such as free health clinics, public instructional schools, youth centres, local arts and culture projects, community media initiatives, and the like, bringing the community into the worker-recuperated firm. In some ERTs, the firm is extended into the community as they begin to share surpluses, capacities, and skills with surrounding *barrios* by engaging in neighbourhood revitalization projects, and beyond the *barrio* in solidarity-based political initiatives with other ERTs and transformative social movements. As with other experiments in locally-rooted community economic development and bottom-up and solidarity-based democracy, ERTs thus help forge “more cohesive communities” (Wilkinson & Pickett, 2010, p. 259). Coraggio & Arroyo (2009) suggestively describe these strong ERT-community links as merged “time-space distances of factory, neighbourhood, home, and work” that begin to “replace the heteronomy of the capitalist production line and its distance from the life-world” (p. 146).

In Latin America, especially as responses to the entrenchment of neoliberalism over the past four decades, social economic practices and values that both challenge the status quo and create alternatives to it have returned with dynamism in recent years. These practices and values make up what is called throughout the region *the social and solidarity economy* (Coraggio, 2004; Singer, 2004). ERTs form a part of this broader alternative economic movement. As neoliberalism has expanded, entered crises, adapted, and reasserted itself throughout the region in recent years, social and solidarity economy responses such as ERTs continuously strive to work against the tide of neoliberal practices and values. Social and solidarity economy organisations such as Argentina’s ERTs engage in a two-pronged *resistive* (negative) and *proactive* (positive) movement against neoliberal enclosures of life *from below*, led by those people—actual socio-economic protagonists such as workers—most affected by

neoliberal reforms and that, at the same time, most directly benefit from controlling their own economic destinies.

In sum, social and solidarity economy organizations such as ERTs are grounded in practices of self-reliance, self-direction, self-control, and directly democratic decision-making structures and peoples' assemblies known as *horizontalidad* (horizontalism). Centrally, these organizations are made up of groups of individuals from those communities directly engaged in the actual production of goods and services. While not doing away with efforts to reform the system or lobby the state for more recognition and assistance, however, organisations operating within social and solidarity economies focus first on the equitable redistribution of surpluses among direct producers and the otherwise marginalised. Moreover, as with Argentina's ERTs, social economies of *solidarity* also include aspects of explicitly non-capitalist economic or organizational practices such as bartering, participative and inclusive democracy, cooperativism, and camaraderie and mutual aid—what ERT protagonists call *compañerismo*. Furthermore, these organisations are saturated by values that desire viable yet sustainable exodus from conditions of perpetual marginality and social exclusion. Organizations operating within economies of solidarity do this by creating and engaging in economic practices that are consciously not a central part of the state-capitalist system, that emerge despite and in many ways apart from the continued presence of competitive markets, and that prefigure other modes of non-commodified economic and productive life. As I have shown in this article, Argentina's ERTs in many ways fall within this broad Latin American movement.

ERTs' three social transformations—the transformation of *workers, organizations, and communities*—underscore the potential for alternative economic arrangements of production rooted in social and solidarity economy organizations and enterprises. They highlight how social transformation can emerge from workers' recuperations of formerly investor-owned workplaces in crisis, and from workers' inherent processes of informal learning catalyzed by struggles to overcome macro- and micro-economic crises collectively. From out of the tensions and challenges ERT workers face in the struggle to secure jobs, take over workplaces, and self-determine their working lives in Argentina, these workers eventually go on to learn about, co-invent, and collaboratively implement new cooperative organizational arrangements and more socialized economies.

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# Solidarity-Based Economy and Social Inclusion: Unisol Brazil, a New Kind of Brazilian Cooperatives

Arildo Mota Lopes<sup>1</sup>

*The article looks to explain the work of UNISOL Brazil, and of the thousands of Brazilian men and women who struggle for a fairer and more solidaristic society. We present the concept of solidarity economy, its origin and the historical context from which it arises, and what the ideas and influences are that the new Brazilian cooperative movement provides to male and female workers. In order to clarify the new cooperativism – formed on the bases of rights and social inclusion, with a focus on the millennium challenges – we contribute the case of UNISOL Brazil, which engages in a dialogue with the other Mercosul countries, specifically on the relationship between trade unions and networks of cooperatives.*

## 1. Introduction

This article is an expanded version of the text published by NEXUS CGIL Emilia Romagna (2012): *Unisol, un nuovo modello cooperativo per il Brasile (NEXUS, 2012)*.<sup>2</sup> It has as its objective to explain the work of UNISOL Brazil and of the thousands of Brazilian men and women who struggle for a fairer society, based on greater solidarity.

We will begin the article by explaining the concept of solidarity-based economy, where it originated, and the historical context from which it emerged. Afterward we will present the ideas and influences that the new Brazilian cooperative movement offers to (male and female) workers.

In order to exemplify this new cooperative movement, founded on the bases of rights and social inclusion, we present the case of UNISOL Brazil and its challenges for the millennium. We seek to produce a dynamic and diverse work, with the participation

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<sup>2</sup> <http://www.inchiestaonline.it/dossier/le-sfide-del-brasile/nexus-cgil-emilia-romagna-unisol-un-nuovo-modello-cooperativo-per-il-brasile-prima-parte/>

of the actors involved in this process. Note the richness of the interviews, research sources, quotations and references.

## 2. The Solidarity-Based Economy in Brazil

The solidarity-based economy has been disseminated within the social movements in Brazil as an economic and political strategy, in reaction to the crisis that began in the eighties, which worsened with the opening up of the domestic market to imports starting in 1990. It became a response to increased unemployment, job insecurity and social exclusion.

In Brazil the solidarity-based economy has been built by a wide variety of groups of (male and female) workers: waged manual workers who bought the failed company from their former employers, farmers who obtained the land at the time of agrarian reform, craftspersons, indigenous communities and communities of people of African descent.

It was Paul Israel Singer<sup>3</sup> who coined the theory of the solidarity-based economy, understood as a way of organizing production, distribution, consumption and finance, in which all of the economic units are owned collectively. According to Singer,<sup>4</sup> the solidarity-based economy represents a model for inclusion in the labour market of people with socio-economic disadvantages, moving away from a welfarist logic and moving in the direction of social, economic and cultural integration.

Its fundamental principles are as follows: collective power and/or oversight of the means of production, distribution, marketing and credit; democratic, transparent and participative management of economic and/or social investments; and egalitarian distribution of economic returns and returns on investment (profits or losses).

We may say that the community enterprises present on Brazilian territory arose originally as alternative income-generation sources for all those who were excluded from the formal labour market. In an interview in 2012, Singer himself explains the concrete importance of this economy, which led to two outcomes: (1) thanks to the solidarity-based economy, millions of people were taken out of poverty and social isolation; (2) despite certain shortcomings, like the lack of capital, scarce market access and an initial lack of technical and management knowledge, solidarity-based economic enterprises were shown to be capable of working and of lasting over time. (Pulcinelli, 2010)

<sup>3</sup> National Secretary of Solidarity-Based Economy in the governments of Lula (2002–2010) and Dilma (2010–2014).

<sup>4</sup> In Valery, FD - "O Fator Humano na Economia Solidária: Avaliando o Doce Remédio fazer Relacionamento Colaborativo de Uma Matriz de Cooperação. Anais do SIMPOI Simpósio de Administração de Produção, Logística e Operações Internacionais", São Paulo, 2009. Oliveira, C. M.

Enterprises in the solidarity-based economy have no private owners who invest in it for profit, nor waged workers, except for those who go through a probationary period of waged work prior to becoming full members (Pulcinelli, 2010).

These new forms of production and consumption put the priority on fair prices and the association of workers, putting at the centre equity, justice, mutual aid, respect for the environment, democracy and self-management. In practice, this kind of economy is undertaken by cooperatives and associations, and is governed by aid between workers and consumers (Singer, 2001). The solidarity-based economy thus encompasses a large number of formal and informal enterprises and activities. They are enterprises with numerous owners, even when they are small. Nevertheless, only in a few isolated cases does ownership take in the means or instruments of production, more frequently with a limitation to the democratic and collective distribution of the income, which is the fruit of the labour (Galanti, 2001). One infers that the solidarity-based economy is a democratic and egalitarian form of organization of a variety of economic activities.

One of the derivatives of this socio-economic model is the development in Brazil of a new cooperative movement, defined as “authentic” by the Unified Workers’ Central (CUT),<sup>5</sup> its main promoter.

### 3. The case of UNISOL Brazil<sup>6</sup>

*“The ABC Metalworkers Union, the ABC Chemical Workers Union<sup>7</sup> and a group of workers’ cooperatives, in their majority linked to industrial production, are forming UNISOL Cooperatives, a social association that seeks to unite, organize, encourage and defend labour cooperatives in the State of São Paulo. This involves bringing about a union between CUT trade unionism and authentic cooperativism. (...) With the purpose of expanding knowledge concerning cooperative systems, in 1998 the trade union established a protocol of intent for the exchange of information based on the experiences that had taken place in the Emilia Romagna region of Italy.” (Oda, Secoli, in NEXUS 2012).*

Starting in 1990, with the adoption of the so-called Industrial and Foreign Trade Policy (PICE), in its insertion into the so-called *globalization of the economy*, Brazil began to face competition from imported products on the domestic market. One of the most devastating effects of this process was growth in the unemployment index.

The ABC region of São Paulo State, an urban and industrial strip around São Paulo (Translator’s note: “ABC” refers to the municipalities of Santo André, São Bernardo do Campo and São Caetano do Sul), had always occupied a place of relevance as

<sup>5</sup> <http://www.cut.org.br/>

<sup>6</sup> <http://www.unisolbrasil.org.br/>

<sup>7</sup> <http://www.quimicosabc.org.br/>



UNISOL Brazil during the launch of the programme “Terra Forte”, which encourages agroindustrialization in rural settlements.

the location of a major industrial complex, established in the fifties, which had its most dynamic core in the metalworking sector, particularly automobiles.<sup>8</sup> This was an economic dynamism that, in combination with the strong trade-union presence, allowed the region to have a political and economic role of great prominence at national level.

Between the end of the eighties and the beginning of the nineties, this enormous economic/industrial hub – which over the years had attracted millions of people in search of work and a better life – became “stereotypical of the economic and social crisis” (Galanti, 2001). The opening up of the Brazilian market to imports, and the various economic measures adopted by the governments of Fernando Collor de Mello and Fernando Henrique Cardoso,<sup>9</sup> led to the closing of companies, the movement of production facilities to other regions of the country, the restructuring of production models, the reduction of manpower in industry, expansion of the service sector, and accordingly, a new profile for the labour market. One of the reasons for the depth of this crisis in the region resides in the “ABC cost” – the remarkable cost of land, saturated infrastructures, the high regional tax load, and the high cost of manpower.

Due to this serious crisis, Lula, the Workers’ Party (PT),<sup>10</sup> and CUT began to get interested in European models of welfare, trade unionism, employment and – above all – in experiences with cooperation in Europe, which they considered might

<sup>8</sup> Volkswagen, Ford, GM, Mercedes-Benz, Toyota, Scania, and – more recently – Land Rover and the auto component firms TRW, Dana, Mahle Metal Leve, Nakata, Cofap, Ardeb, Sachs, and others.

<sup>9</sup> Fernando Collor de Melo was President of Brazil from March 15, 1990 to October 2, 1992. Fernando Henrique Cardoso was twice President, from January 1, 1995 to January 1, 2003.

<sup>10</sup> <http://www.pt.org.br/>

represent an opportunity for Brazil. What impressed the Brazilian trade unionists in the Italian and Spanish experiences, was the autonomy of the social, trade-union and cooperative organizations in relation to the state. Indeed, what people were acquainted with in Brazil, were trade-union and cooperatives experiences bound to institutions. As in Italy, Brazilians aspired to models based on self-management and participative democracy. This ambition is intertwined with the need to respond to the deep crisis in employment, through the rescuing of failed enterprises via the cooperative route, with the support of CUT. The government of Emilia Romagna in Italy was shown to be the exemplary intermediary for this action.<sup>11</sup>

With the automobile crisis and the processes of reorganization of the multinationals that had headquarters in the ABC region, which brought with them in a devastating way the topic of redundancies and closings, CUT – and in particular the ABC metalworkers – initiated a reflection as to how to address the topics of employment and occupation. The cooperative form became one potential option for rescuing failed enterprises in court.

In this phase of crisis in employment in the ABC, due to the reorganization and restructuring of entire productive sectors and with massive redundancies, Lula proposed to rescue the productive entities, occupational capacities and markets, through the model of cooperative management, as an alternative to the capitalist enterprise. In Italy – in particular in Emilia Romagna – this was a well-disseminated and “winning” model.

In Brazil there were problems at legislative level, and these continue to exist up to the present time. Up till the extremely recent approval of the law of June 28, 2012 on production and labour cooperatives, the general law that regulates cooperation continued to be that approved in 1971. Law 5.764/71 indeed contains various specificities on agricultural and livestock-raising cooperatives, and continues to grant sole legitimacy to represent the cooperative movement to the Organisation of Brazilian Cooperatives (OCB).<sup>12</sup> With a scenario in flux, this law increasingly demonstrated its outdatedness.

In a context like the Brazilian one, in which associational life and self-management as such had had strong growth and affirmation, the trade union decided to become the sponsor of a new experience. It was nevertheless necessary to have competence in order to know how to govern work cooperatives democratically, starting with their articles of association, and interacting with the public system and the credit system.<sup>13</sup>

For the CUT the nineties represented a period of development of knowledge, of intuition and of preparation of the ground through training. This was an experiment

<sup>11</sup> Interview with D. Campagnoli: São Bernardo do Campo - The interviews were carried out by Chiara Parisi in the spring of 2012.

<sup>12</sup> <http://www.ocb.org.br/SITE/ocb/index.asp>

<sup>13</sup> Interview with F. de Giangirolamo. The interviews were carried out by Chiara Parisi in the spring of 2012.

that would be undertaken through international interchanges and seminars, and that would lead to development in cooperativism in the ABC area.

Starting with the Brazilian cooperative experience from the eighties and nineties, many workers showed resistance in relation to a model that to date had been equivalent in their eyes to corporatism. Precisely in order to support this new experience, the project of a new and authentic cooperative movement was backed by the vigorous ABC Metalworkers Union.

Without the ABC Metalworkers Union, it would have been impossible to introduce the new approach.<sup>14</sup>

The retelling of this phase is narrated by Tarcísio Secoli:<sup>15</sup>

*“At the beginning of nineties, Brazil was suffering from the indiscriminate and irresponsible opening up of its economy, established by the then President Collor de Mello. Enterprises that were not prepared to face international competition went under one after the other. In various parts of the country, workers organized and assumed production, trying to ensure their jobs and the sustenance of their families. It is there that a recent and useful history begins of a role as protagonist by the Brazilian working class.*

*In the ABC region, within the base of the Metalworkers Union, led by the astute Luiz Marinho, the biggest metalworks in Latin America went into administration. Following various attempts that included co-management, it went into bankruptcy proceedings. One part of the workers, with the support of the union, assumed management of*



Uniforja is an example of a recovered company in the metal mechanical sector. It has 279 cooperative members, it operates in the metal mechanical sector and it is located in Diadema, in the Grande ABC region of São Paulo.

<sup>14</sup> Interview with G. Giovannini. The interviews were carried out by Chiara Parisi in the spring of 2012.

<sup>15</sup> Tarcísio Secoli: General-Secretary of the Metalworkers Union of the ABC Area from 1993 to 1996, Administrative Secretary from 1996 to 1999, Director of Organisation from 1999 to 2002, General-Secretary from 2002 to 2005, and Secretary of Administration and Finance from 2005 to 2008. After that he was adviser to Lula, and today he is adviser to Luiz Marinho, mayor of São Bernardo do Campo (State of São Paulo).

*the firm as a cooperative. To that end they even needed to convince one part of the workers to take their destiny into their own hands.*

*In a short period of time Uniforja Cooperative Central was established, bringing together the four cooperatives created out of the old enterprise.<sup>16</sup>*

*The union faced up to the new challenge, and helped, guided and seconded its technical staff in order to help the process succeed. Various other initiatives took place throughout Brazil, in a scattered and atomized way. In the same period Professor Paul Singer – based on a talk by the economist Aloizio Mercadante – coined the term solidarity-based economy, which began to signify a form of political sustenance given to these enterprises.*

*Political elections took place in Italy in 1996, with the Ulivo coalition emerging victorious at the polls, leading to the leaders of the centre left assuming the government of the country, with Romano Prodi as President of the Council of Ministers. Invited by Prodi, and by reason of ties of friendship, Luiz Inácio Lula da Silva decided to visit Italy during this period.*

*From amongst the various activities carried out in Italy, one left an impression on Lula's shrewd sensibility: a dinner with various Italian cooperatives. Since all of the cooperatives were doing very well economically, in a conversation with the then President of the ABC Metalworkers Union on his return to Brazil, Lula asked brother Luiz Marinho to monitor Uniforja's development, to go to Italy, and to find out about the success achieved by the cooperative movement." (NEXUS, 2012).*

Cooperation therefore became an instrument of action for combating the crisis, within the context of a strategy that envisaged an extremely strong and determined trade union body. This combination would therefore favour development in Brazilian society, which with the Presidency of Lula led to reinforcement to the development of a true solidarity-based economy and of the third sector, of which the cooperative movement was only one part.

The concrete decision to work on the topic of cooperatives in Brazil came in 1996, when the ABC Metalworkers Union put forward during its Second Congress the cooperative experience – that of self-management, co-management and other creative forms of ensuring jobs – as actions to combat unemployment (Galanti, 2001).

Arildo Mota Lopes, President of UNISOL Brazil, was at the time one of the Uniforja workers:

<sup>16</sup> At first four separate co-operatives were established, based on the cost centres/business units of the former Conforja, namely: Coopercon (tubes and connectors), Cooperfor (small forgings and laminates), Cooperlafe (large laminates and forgings), and Coopertratt (heat treating).

*“I have been a metalworker for 25 years, and participated as a rank-and-file member in the second plant committee at the former Conforja, in 1995. At that time, in the nineties, there was already a crisis in industry. One of the first institutions to support us during this difficult period was the ABC Metalworkers Union. From that time I began to understand the importance of the union and of the Unified Workers’ Central as such, and began to be an actor within trade union life. Up till then we had not yet heard cooperatives being spoken about. (...) In 1996 we chose another path. At that time, former President Lula met the trade union centrals of Italy, and saw that there was a possibility of rescuing the enterprises, based on the cooperative process. It was possible to work within a self-management process that was brand new in Brazil (...).*

*The ABC Metalworkers Union, CUT, the Chemical Workers Union of São Paulo and the Metalworkers Union of the cities of Salto and Sorocaba, had a fundamental role throughout the whole process. In 1997 we set up the first cooperative, Coopertratt, and rented all of the production facilities from the former owner. We had neither raw materials nor money. It wasn’t feasible to start a cooperative with around 300 people. So we decided to begin the first cooperative with 20 people, and while that was happening the other workers continued working as regular employees, however without paid-up wages, with no indemnity fund and without social security. We saw that a cooperative with 300 people was not going to work out, due to the lack of training of the workers, and that it would have to be a stepwise process. In 1998 we set up three cooperatives: Cooperlafe, Cooperfor and Coopercon. In 2000 it was decided to create one single cooperative, Uniforja, to bring together the four cooperatives and thus get a loan from BNDES (Brazilian Development Bank) for acquisition of the bankruptcy estate.*

*At that time we heard a great deal about the Italian model of cooperatives. There was great concern to keep families employed and not close enterprises, that historically had been established in the region with a strong market potential. We in Uniforja went four months without receiving any salary during this entire process. During the Second Congress of the ABC Metalworkers Union, a debate arose on self-management and cooperativism. At the Third Congress of the ABC Metalworkers Union, in 1999, an international seminar was set up to which were invited unions from Italy and Spain (Comisiones Obreras – Workers’ Commissions) (...) The idea arose on that occasion to create a representative body, a Cooperative League, that could respond to the demands of the cooperative enterprises, based on the experience with self-management of the rescued enterprises.*

*Thus UNISOL was created in 2000, at first with 13 cooperatives from the ABC region and from some of the cities of the State of São Paulo. Starting from that point interchanges began with Italy, with the Italian cooperative and trade union movement, in particular from the Emilia Romagna Region, strengthening cooperation ties through the contribution of the NEXUS and ISCOS trade union NGOs, and of the metalworkers union.*



METALCOOP is an example of a recovered company in the metal mechanical sector. It is located in Salto close to the city of Campinas and it has 150 cooperative members.

*Following the establishment of UNISOL São Paulo, similar requests began to arrive from other states, like Paraná, Rio Grande do Sul, Bahia and others. Through the ADS (CUT's Solidarity-Based Development Agency), UNISOL got expanded to be able to admit other cooperatives and producers' associations at national level. (...)*

*In 2004 we held the first national meeting of the EESs (Solidarity-Based Economy Enterprises), and we established UNISOL Brazil, which became operational in 2006. At the beginning UNISOL Brazil had 82 companies organized. (...)*

*Starting in 2005, I carried out interchanges and had the opportunity to meet the Italian unions (CGIL and CISL) and Spanish unions (CC.OO.), and made countless visits to cooperatives supported by these trade union centrals. (...)*

*Today, the cooperative movement in Brazil represents 6% of GDP" (NEXUS, 2012).*

At the same time, contacts intensified between metalworkers from the ABC, affiliated to CUT, and the Italian trade union and cooperative world, for them to collaborate in a purposeful way in dissemination of a new model of cooperativism in Brazil.

At the end of 1999, the Third Congress of the ABC Metalworkers Union was held, with the subtitle of "Alternatives for generation of work and income, and social development". One part of the program was dedicated to the cooperative movement, with the holding of

an international seminar on the topic as well, in which representatives participated from Italian and Spanish trade union and cooperative bodies.

At that Congress the discussion on cooperatives occupied a prominent place, with it being one of the eight “priorities” set out by the union for its future action. The following emerged within the union’s resolutions, amongst considerations in reference to the cooperatives:

*“- in the international history of the working class, cooperatives emerged (...) as twin organizations of the trade unions, representing an instrument for the exercise of solidarity, mutual protection and learning in the management of economic activities;*

*- on the Brazilian stage, marked by a profound economic and social crisis and by growing unemployment – the fruit both of the neoliberal policy in effect, and of worldwide trends in reorganization of production – the struggle against unemployment and for the generation of employment emerges as a central axis in trade union mobilizations. It demands firmness, boldness, creativity and courage in order to blaze new paths, including experiences of solidarity-based economy and cooperatives, which are not limited to the sphere of consumption, housing or services, but also include production and oversight within our labour force;*

*- the experiences of cooperativism already under way in our midst, even if positive, continue to bring problems with them, due to the lack of a well defined strategic project on the part of the workers, as well as the fact that the majority of the experiences began in failed enterprises, or those in the process of failing. This has created additional difficulties for their ultimate success, generating doubts and insecurity amongst many brothers and sisters, and many areas of the trade union movement, in relation to the prospects for a really combative and left-wing cooperative movement” (Galanti, 2001).*

The union closed its Third Congress in November 1999 with the decision to create the Union and Solidarity of Cooperatives of the State of São Paulo (currently UNISOL Brazil). That decision would be legally sanctioned in February 2000, with the approval of its articles of association.<sup>17</sup>

This association – founded by the Metalworkers Union, the ABC Chemical Workers Union, the Metalworkers Union of Sorocaba and by 13 cooperatives – had the objective of promoting a cooperative system in the region and in the State of São Paulo, through the linking of the interests of its affiliated cooperatives. UNISOL Brazil therefore represents a true “prototype” for a cooperative league within the trade union movement, and of a more solidarity-based economy in general (Galanti, 2001).<sup>18</sup>

<sup>17</sup> In the same year, CUT approved the creation of the Agency for Solidarity-Based Development (ADS).

<sup>18</sup> ABC Metalworkers Union. Record of final resolutions (of the Third Congress of the ABC Metalworkers). São Bernardo do Campo (State of São Paulo): ABC Metalworkers Union, 1999, page 101. In Galanti, 2001.

The political project that emerges from the text provided to the participants in the “Course for training of trainers in cooperativism” that was organized by UNISOL, the ABC Metalworkers Union and the Municipality of São Paulo (2001), is as follows:

*“We have as our political project, the development of a society without exclusions, solidarity-based, fraternal, egalitarian, in pursuit of social, political and economic democracy. We take on as our mission, the promotion and organizing of authentic and democratic cooperatives, seeking the social, political and economic inclusion of the workers. UNISOL Cooperatives thus seeks to differentiate itself from the other existing associations, which are characterized by centralist and controlling structures that acted to oversee the work of the cooperatives. Our basis of action is the reciprocal collaboration of our affiliates, and the seeking of consolidation of unity of action, having as its central objective the strengthening and development of our affiliates” (Galanti, 2001).*

Thanks to an expansion to national scale, the strengthening of this first experience linked to the São Paulo area would lead to the creation in July 2004 of UNISOL Brazil, the “Union and Solidarity of the Cooperatives and Social Economy Enterprises of Brazil, the central organization of cooperatives promoted by the trade union organizations. It proclaims itself to be an alternative to the OCB (Organization of Brazilian Cooperatives), and to be oriented to increasingly strengthening within the national territory the principles of a cooperative movement defined as “authentic”, while based on the democratic participation of the workers, on self-management and on sustainable and integrated growth.



COPASUB is in Victoria da Conquista, Bahia State. It operates in the Agricultural Smallholding sector. It has 2,306 cooperative members.

The agreement signed on December 14, 2010 between UNISOL Brazil, NEXUS and ISCOS<sup>19</sup> underlines the shared appreciation amongst all of the signatories of the importance of promotion of a solidarity-based economy and of the strengthening of the cooperative movement, in order to improve the economic conditions of Brazilian families, identifying UNISOL as a technical and political actor. As a premise the agreement makes reference to the long relationship of confidence that has existed since the visit of President Lula to Italy in 1997. Perhaps it was on that visit that the path began of a more concrete building of UNISOL Brazil, which today represents more than 750 cooperatives and solidarity-based

<sup>19</sup> <http://www.nexusemiliaromagna.org/> and <http://www.iscosemiliaromagna.org/index.php?id=7>

economic enterprises, with 65 thousand (male and female) workers, established throughout the entire Brazilian territory. Following the founding of UNISOL Brazil, and the first rescues by the workers of enterprises in crisis, new needs emerged: access to funds and services so as to encourage growth and stabilization of the cooperatives. (NEXUS, 2012)

## 4. The Millennium Challenges and UNISOL Brazil

The commitments and obligations that UNISOL Brazil and its affiliates take on are as follows:

- I. Sustainable and solidarity-based development of the enterprises and of the region where it is established;
- II. Action oriented toward the economic, educational and environmental areas;
- III. Improvement in the quality of life of the population groups of workers involved in the various enterprises and related activities;
- IV. Incentives and support to the organizing of workers and of needy groups in the population, the unemployed, or groups at risk of unemployment;
- V. Economic efficiency and excellence in the making and marketing of products and services, as the fundamental mechanism for ensuring the longevity and advance of the enterprises;
- VI. Respect for workplace safety and health standards, seeking ongoing improvement in working conditions;
- VII. Provision of technical assistance to the solidarity-based economic enterprises, and as well providing or implementing technical assistance and rural extension services – centring directly on farmers in family farming. To that end, it may sign agreements or enter into partnerships with public or private entities (UNISOL, 2012).

These obligations and commitments on the part of UNISOL Brazil and its affiliates are in direct dialogue with the lines of action of sustainable and inclusive development found in the UN's Millennium Goals, particularly those that aim to “end hunger and misery ... (for) equality between the sexes, and valuation of women, decrease of children's mortality, improvement of ... quality of life and respect for the environment, and everybody working for development”.<sup>20</sup>

<sup>20</sup> UN. 8 Jeitos de Mudar o Mundo: o voluntariado e os objetivos do milênio da ONU. Available at: <http://www.objetivo-sdomilenio.org.br/meioambiente/> .

In order to illustrate this statement, we can cite international partnerships, the promotion of technical assistance, incentives to marketing, intermediation in the development of market flow and niches, support for the establishment of production networks and chains, participation in the discussions for drawing up laws and public policies (on the thematic areas of cooperativism, mental health, culture, recycling, violence against women and fighting racism), and the leading role of UNISOL in the dialogue with Parliament (parliamentary front) and executive branches (municipal, state and federal councils).

International partnerships, like the Solidarity-Based Investment Program (PIS), developed by UNISOL with the support of the *Red del Sur* in South America, benefit enterprises from five states affiliated to UNISOL Brazil, with infrastructure that adds value to production, improves working conditions, creates other segments within production and expands the diversity of products. Another example is the project for partnership with the government of Cabo Verde (Africa), which the ABC (Brazilian International Cooperation Agency) and the Ministry of Foreign Affairs requested from UNISOL Brazil. After fostering interchange between the cooperative members and technical staff from the central body, this project presented two economic viability plans to the Government of Cabo Verde for the sectors of recycling and handicrafts, thus contributing to territorial development, improvement in quality of life and growth in the human dignity of the workers of Cabo Verde.

In addition, work is being undertaken with other development partners, for development of management tools for strengthening of the enterprises. One example is development of the Brazilian Point of Reference for Analysis of Solidarity-Based Economic Enterprises,<sup>21</sup> which presents a methodology for analysis of solidarity-based enterprises and which has as its main objective to guide a process of analysis that is more appropriate to solidarity-based enterprises, so as to make possible the capture of resources and to aid in the economic structuring of the enterprises.

The primacy of marketing as promoted by UNISOL Brazil presupposes a process divided into four stages: organizing of the group; organizing of production; technical assistance; and getting the product to market. In organizing for production, training changes the mode of production of the enterprise, in seeking a role for women as protagonists, raising the income of the cooperative members and broadening the quality of life. Work is still being undertaken at this time on raising the awareness of workers as to generational (youth and old age), cultural and environmental diversity.

The organizing of the cooperative and/or association emphasizes incorporation of the principles of authentic cooperativism, and establishment of social cooperatives, composed of ex-convicts released from the prison system, HIV carriers, relatives of

<sup>21</sup> The Brazilian Framework is the result of collaboration between the Inter-Union Department of Statistics and Socio-Economic Studies (DIEESE), UNISOL Brazil, the International Solidarity-Based Development Network (DSI) (Quebec/Canada) and the Bank of Brazil Foundation. <http://www.fbb.org.br/home.htm>



© Casa Apis

Casa Apis operates in the Agricultural Smallholding sector and brings together 970 beekeeper families. It is located in Picos, Piauí State.

detainees, mental health patients, and alcohol and drug users. UNISOL Brazil has been decisive in establishing social cooperativism in Brazil. It participated in and was part of the organizing of the First Thematic Conference on Social Cooperativism, was the organizer in 2012 of the First Meeting of Social Cooperatives of the Mercosul (Southern Common Market), and was also fundamental in the signing by President Dilma Rousseff of the decree that instituted the National Program for Support to the Social Cooperative Movement (Social PRONACOOOP).

The technical assistance efforts are outlines for areas to make the competitiveness of the products on the markets possible. We classify them into advisory work in the legal and accounting areas, and specialized consultancies in marketing, design, feasibility studies and management training. Lastly is getting the product to market, by means of the creation of market niches, for example projects with governmental and international financing for local trade fairs, public procurement carried out by the governments through the Foodstuff Procurement Program (PPA) and the National Program for School Feeding (PNAE), and removal to the international market.

In this context, UNISOL has collaborated for improvement of the quality of life of the Brazilian population, seeking the rescue of the environmental structure and sustainable development, and fighting poverty. Obviously UNISOL engages in dialogue with the federal government's guidelines for fighting hunger and poverty. The biggest example is the family farming sector, which dialogues with six of the institution's departments: fruit growing, bee-keeping, foodstuffs, handicrafts, family farming and rural tourism, to the purpose of effecting actions for building public policies and laws.

In recent years, in accompanying the policies adopted by the leadership of UNISOL Brazil, the trade union cooperation institutes supported not only the second-level structure, but as well the productive sectors, each one of the affiliated cooperatives, and projects for strengthening of the networks of production.<sup>22</sup> Training was undertaken for managers and leaders, along with vocational training; equipment was purchased, the UNISOL Finance credit fund supported, and – as already cited – international interchanges have been carried out, while avoiding the dissipation of the most political part of trade union relations.

## 5. Concluding Comments

The challenges, advances and gains are many, and are far from coming to an end. In the final analysis, despite solidarity-based practices having been present in Latin American cultures since the origins of the indigenous peoples and descendants of slaves (*quilombolas*), their recognition is extremely recent. As already explained above, it is just 11 years ago that the Brazilian state initiated development of the public policies of solidarity-based economy, demonstrating this to be a field for promising growth. Despite the experiences undertaken between the trade unions and cooperative centrals in Latin America being significant, the initiatives on the part of national states are still very timid in the building of public policies. This indicates to us the need to maintain and improve public policies for the promotion of a solidarity-based economy. It is thus necessary to expand partnerships with other countries of Latin America, to the purpose of empowering solidarity-based exchanges in the development of state policies.

In the most recent decades, this feeling of solidarity has spread to the countries of Mercosul – in specific terms, in the relationship between the trade unions and the networks of cooperatives. We may thus say that through the cooperatives we are seeing greater expression by workers as masters of their work. Intrinsic to all of the economic sectors of society, the cooperatives and rescued factories share a collective project for collaboration without exploitation of the labour force. Their actions permeate everything from funds to credits, business networks and various other solidarity-based actions. In turn, the centrals act to provide advice when technological obsolescence arises, to promote the elevating of knowledge management, ongoing training and cultural change in work relations – all of this to the purpose of ensuring that this associational entrepreneurship outpaces traditional capitalist enterprises.

It is essential to observe the difficulties encountered by the cooperatives, with the objective of addressing the neoliberal crisis that undermines retirement and the right to worker health, and weakens incentives, technological innovation and investments. We

<sup>22</sup> Justa Trama (“Fair Weft”) – organic cotton chain; Cocajupi - network of cashew nut producers; Casa Apis - network of honey producers; Redesol - network of street rubbish scavengers and recycling co-operatives; Coopasub – cassava production chain.

have confidence, and are struggling for the establishment of alliances amongst those who want a world with living conditions with dignity for all, so as to strengthen these gains.

In this context, we can highlight the building of some effective alliances within Mercosul between trade unions, universities, research institutes, cooperative centrals, and democratic and popular governments. A common project gets embodied in the establishment of decent work, and in improvement in the lives of worker cooperative members.

Nevertheless, it is fundamental to raise our awareness as to the importance of the solidarity-based economy in Brazil and in the world, since it is the fruit of the resistance of (male and female) workers to exploitation, and enshrines the extension of social rights. Which is to say, it is our mission to decisively promote the democratization of knowledge, self-management, conscientious consumption, respect for the environment, and other practices fundamental to a solidarity-based economy.

At international level, we are in alignment with Recommendation 193 of the ILO,<sup>23</sup> which addresses a cooperative movement that creates jobs with dignity, and is active in the building of sustainable economic development, promotes fair opportunities, is sensitive to social diversity, and is an actor in the establishment of a fairer and more solidaristic society.

Lastly, we highlight the unending work of UNISOL Brazil in the holding of seminars, debates and conferences on cooperativism in the social, cultural, recycling, gender, ethnicity, generational etc. areas, with the purpose of strengthening the solidarity-based economy and the role as citizen protagonists of the (male and female) workers in pursuit of human dignity.

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<sup>23</sup> <http://www.oitbrasil.org.br/content/sobre-promo%C3%A7%C3%A3o-de-cooperativas>







# Working Together to Improve People's Wellbeing: The Social Economy, The Labour Movement and The Health Sector in Quebec

Nancy Neamtan<sup>1</sup>

*A culture of collective entrepreneurship based on the principles of democracy and solidarity has taken root throughout Quebec. It is supported by innovative infrastructure and networks of actors, including social movements, that have worked together to foster its development. This article presents an important new development, the framework legislation adopted by the National Assembly in 2013. It then focuses on the key role the labour union play in fostering the development of the social economy. Finally, looking at the social economy's contribution in healthcare, the article illustrates how the concept of a plural economy has evolved through dialogue with labour and government and how this arrangement best ensures the wellbeing of the population.*

## 1. Introduction

For over a hundred years, the social economy has left its mark on the development of Quebec. Cooperative organizations and enterprises of various shapes and denominations have contributed to the development of a more humane society and economy over the generations. A new generation of social economy organizations has met with remarkable success in recent years. The list of new projects and their impact on our communities is impressive: early childhood centres, homecare services, recycling centres, alternative agriculture, new technologies, community-based housing, social tourism and recreation initiatives, culture, communications, and more. A culture of collective entrepreneurship based on principles of democracy and solidarity has taken root throughout Quebec. The social economy is supported by an innovative infrastructure of solidarity finance, local, regional and national

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government, development organizations and networks of actors, including social movements, that have worked together to foster its development.

Today, over 7,000 social economy enterprises in Quebec of different sizes operate in over twenty different activity sectors (arts and culture, agriculture and food, retail, environment, collective housing, leisure and tourism, information technology and communications, media, manufacturing, services to people, etc.). Collectively, they cover over 150,000 employees, generate over 17 billion dollars in revenue, and account for around 8% of Quebec's GDP, an essential piece of a plural economy alongside the public and private sectors<sup>2</sup>.

This article presents the most important new development for the social economy in Quebec: the framework legislation adopted by the National Assembly in 2013. It then focuses on the important role the labour union has played in fostering the development of the social economy. Finally, by looking at the contribution of the social economy to a specific sector, that of healthcare, the article illustrates how the concept of a plural economy has evolved in constant dialogue with labour and government and how this arrangement best responds to the needs of the community.

## 2. Framework legislation for the social economy

On October 10, 2013, the Quebec National Assembly unanimously adopted the Social Economy Act, framework legislation on the social economy<sup>3</sup>. The new law recognizes the contribution of the social economy to the socioeconomic development of Quebec. Social economy enterprises and organizations are defined by certain basic criteria including collective ownership, democratic control, the primacy of people over capital and a mission to serve community needs and/or create local jobs<sup>4</sup>. Framework legislation in Quebec is a tool used by government to ensure that a cross-sector issue is taken into account in all policy initiatives. The legislation on the social economy thus commits government to supporting the social economy through a wide range of actions by different ministries and agencies, including better access to policy instruments, capital and other forms of support. It includes an obligation for government to produce regular five-year action plans and to report back to the National Assembly on the results of its action.

This legislation is the result of a long process in which a wide range of social economy stakeholders and actors have networked and worked in close collaboration with government to maximise the capacity of social economy enterprises to grow and flourish. Based on a shared vision of a plural economy, in which the public sector, private enterprises and the social economy each play a role in creating wealth,

<sup>2</sup> <http://www.chantier.qc.ca/?module=document&uid=871>

<sup>3</sup> <http://www.reliess.org/centredoc/upload/SocialEconomyAct.pdf>

<sup>4</sup> Ibid.

offering employment and producing goods and services to respond to the needs and aspirations of communities across Quebec, government and social economy actors have collaborated in certain crucial social sectors.

## WORKING IN FAVOUR OF A FRAMEWORK LAW

### Actors Involved

The Ministry of Municipal Affairs, Regions and the Occupation of Territories (MAMROT), responsible for drafting the law, held a consultation with its partners in civil society and other ministries, as is usual in such processes.

The Committee on Planning and the Public Domain, officially responsible for the consultation process following the submission of the bill, collected the briefings produced by stakeholders and held hearings in May 2013. Around 40 briefings were received; 20 groups addressed the Committee and only one dissenting opinion was recorded, that of the Federation of Chambers of Commerce, which feared that social enterprises might enter lucrative markets it feels should be reserved for private for-profit companies.

Regional Social Economy Centres that bring together actors in each region of Quebec participated in the drafting of briefings, advocacy work, the consultation process and Committee hearings up until the adoption of the law.

The Chantier de l'économie sociale and the Québec Council of Cooperation and Mutuality, two civil society representatives recognized by law, actively participated in the process of drafting the law and drumming up support for it.

### How It Happened

As part of preparations to submit the bill on the social economy, the Chantier de l'économie sociale called on its board of directors, which includes sectoral and territorial networks as well as other social movements close to the social economy, to create an ad hoc committee (researchers, partners) to discuss the main issues to be addressed by the law and gather its members' views.

The submission of the bill took place on March 19, 2013; briefings were received during the month of April and stakeholder networks were consulted by the Commission in May. The adoption of the principle by the National Assembly took place on June 6 and the detailed study (amendment period) of the bill by the Commission followed (June to October). The law was passed unanimously by the National Assembly on October 10.

Significant mobilization took place in parallel to this legislative process:

- Regional and sectoral networks mobilized in order to inform local MPs of the existence of this bill and to underscore its importance;
- Information sessions were organized to discuss the law and present its structural potential; civil society actors from across the province participated in person and remotely;
- A media campaign supported mobilization efforts;
- The Chantier followed the legislative process closely and was present during the four days that the Commission proceeded to study the bill.

### 3. Broad support for the development of Quebec's social economy: the role of trade unions

Various historical and contextual factors contribute to advances in the recognition of the social economy. One of the key success factors has been the support of social movements in Quebec, and particularly a long-standing alliance with the Quebec labour movement. This alliance has been built over the years on the basis of common values and concrete projects.

Quebec has a strong union movement representing approximately 40% of the labour force (Labrosse, 2013). In addition to fulfilling its central role of defending workers' rights in the workplace and in the political arena, Quebec unions<sup>5</sup> have been deeply involved in local and regional development and job creation for over 30 years. A key plank of this involvement has been through the creation of labour-sponsored funds, a unique development through which labour has become a major economic actor in Quebec's economy.

In 1983 the *Fédération des travailleurs et travailleuses du Québec* (Federation of Quebec Workers) (FTQ)<sup>6</sup> created the *Fonds de Solidarité FTQ* (FTQ Solidarity Fund) (FSTQ), an independent labour-sponsored pension fund that invests in job creation in Quebec while offering retirement security for over a half million shareholders. Funded exclusively by worker contributions, the Fund's core mission is to further Quebec's economic growth by creating and protecting jobs through investments in local businesses across all sectors of the economy, including social economy enterprises. Part of its mission is also to encourage its owner-shareholders to save for retirement and provide them with a reasonable return. They are supported in this by tax benefits granted by the two levels of government. In 2012, the FSTQ held \$8.5 billion in net assets, had over 585,000 owner-shareholders, and had helped to create, maintain and protect 168,577 jobs through investments of \$5.7 billion in 2,239 enterprises<sup>7</sup>.

In 1996, the second largest union federation, the *Confédération des syndicats nationaux* (CSN)<sup>8</sup> created its own investment fund, *Fondaction*, whose assets were worth \$1.03 billion in 2013<sup>9</sup>. *Fondaction* has a similar mission to the FSTQ, although it has chosen to focus particularly on the environmental sector, enterprises that promote participatory management and social economy enterprises.

Since its creation in 1996, the FTQ and the CSN have been active members of the Board of Directors of the *Chantier de l'économie sociale*<sup>10</sup>, an umbrella organization

<sup>5</sup> The four largest federations of Quebec labour unions are the *Fédération des travailleurs et travailleuses du Québec* (FTQ), the *Confédération des syndicats nationaux* (CSN), the *Centrale des syndicats du Québec* (CSQ) and the *Centrale des syndicats démocratiques* (CSD).

<sup>6</sup> <http://www.ftq.qc.ca/>

<sup>7</sup> [http://www.fondsftq.com/rapport2012/download/RADD\\_2012\\_FR.pdf](http://www.fondsftq.com/rapport2012/download/RADD_2012_FR.pdf)

<sup>8</sup> <http://www.csn.qc.ca/>

<sup>9</sup> [http://www.fondaction.com/pdf/rap\\_financiers/Etats\\_financiers\\_au\\_31mai2013.pdf](http://www.fondaction.com/pdf/rap_financiers/Etats_financiers_au_31mai2013.pdf)

<sup>10</sup> <http://www.chantier.qc.ca/>

representing the social economy at a national level in Quebec. At local level, union representatives participate actively in regional social economy structures and in local development organizations, particularly in urban areas. They are also active partners in the development of the labour force within the social economy and have been successful in recent years in unionizing certain sectors of the social economy.

Through its investment funds, the labour movement has also been a key player in social finance, and the *Fonds de solidarité* and *Fondaction* have become active investors in the social economy. In 2006, they invested \$20 million in the *Chantier de l'économie sociale* Trust, a \$53 million investment fund<sup>11</sup> offering patient capital to collective enterprises (cooperatives and associations), and are on its Board of Directors. They have also been involved, in collaboration with other partners, in setting up local and regional funds that invest in social economy enterprises, in the creation of several financial tools for cooperative and non-profit housing, and in the creation of specialized funds including investment tools dedicated to women entrepreneurs and minority groups, in partnership with the Quebec government and municipalities. In addition to this, the *Fonds de Solidarité* initiated the creation of a fund to sponsor summer work experience for students in labour and social economy organizations.

Last year, inspired by the International Year of Cooperatives<sup>12</sup>, the three major Quebec labour unions became actively involved in promoting cooperatives in the workplace (worker cooperatives, worker-shareholders cooperatives and multi-stakeholder cooperatives) and jointly published a promotional brochure entitled “Cooperatives In The Workplace: A Development Choice? Yes!” (Lamarche, 2013) to promote this option among members.

#### 4. A plural economy to best serve the community: public-community partnerships in healthcare services

To understand the role of the social economy in Quebec's economy and the support it receives from key community actors, this section illustrates its contribution in a specific sector, namely the role of the social economy in Quebec's healthcare system.

Firstly, it is essential to understand the overall context. Quebec residents benefit from a public healthcare system that ensures universal access to basic healthcare. The system is funded mainly through tax revenues, with a small, dedicated health tax introduced in 2010<sup>13</sup>. Access to certain complementary health services, including dental care and medication, is more limited, though a large percentage of the population contribute to private health insurance plans in their workplaces. A public

<sup>11</sup> Fiducie du Chantier de l'économie sociale Annual Report 2007 [http://fiducieduchantier.qc.ca/user/mgs/documents/root/fiducie/RA-Fiducie-fr\\_final.pdf](http://fiducieduchantier.qc.ca/user/mgs/documents/root/fiducie/RA-Fiducie-fr_final.pdf)

<sup>12</sup> <http://www.un.org/fr/events/coopsyear/>

<sup>13</sup> <http://www.budget.finances.gouv.qc.ca/Budget/2010-2011/fr/documents/VersSystemeSante.pdf>

drug insurance program exists to ensure universal access to prescribed drugs at a limited cost, including at zero cost for the most disadvantaged.

Though the funding of healthcare is public, the service delivery system is mixed. Hospitals are para-public institutions but many frontline services are offered by private clinics owned by doctors but financed by government. However, over the years community-based initiatives have begun to play an increasingly important role in responding to unmet or emerging needs, particularly as the aging population poses new medical, social and financial challenges<sup>14</sup>.

The evolution of the social economy within the health and social service sector has been based on a shared vision of a plural economy and a belief that the profit motive should not play a determining role in how and to whom services are made accessible. The Quebec labour movement has been a strong defender of government services and has fought hard against the privatization of public services. As public policy has opened up to the development of the social economy, it has been very concerned about the danger of this option being developed in order to cover the withdrawal of the state and the replacement of public sector jobs and services. The respective roles of the public sector, the private for-profit sector and the social economy have been an on-going subject of constructive discussion within Quebec society for many years. The best illustration of this debate has been within the healthcare sector, where public, private and collective enterprises each play a key role in an evolving context. The success of the social economy has been based on a common desire by local communities, social economy actors and worker organizations to address the needs of the community and to create and maintain decent jobs. Over time, this shared agenda has allowed practices to evolve and a better mutual understanding between all stakeholders.

Four different cases that have evolved over time and particularly in the last two decades illustrate these developments.

#### 4.1 Healthcare coops

Faced with the disappearance of first line medical services and access to family doctors, and inspired by the Japanese experience, citizens and communities decided to organize to meet this need. The first healthcare cooperative was created in 1995 in a community in rural Quebec.

The number of cooperatives has risen quickly in recent years as communities, faced with a lack of local doctors, either take over the activities of an existing clinic following a doctor's departure or set up a new clinic. In 2009, there were 40 healthcare cooperatives throughout the province providing for 9,200 members (Brassard, Leblanc, Etienne, 2009).

<sup>14</sup> <http://www.fqsc.gouv.qc.ca/fr/recherche-expertise/actualite/fiche-equipe.php?id=37&refresh=1>

Healthcare cooperatives are collectively owned by local citizens/members. Their objective is above all to ensure the provision of local healthcare services; this is understood as an essential element to ensure the long-term vitality of the local community. These cooperatives do not seek to replace the provision of state services but rather to complement them and foster the self-reliance of the community.

In addition to the services of a family doctor (covered by public healthcare), healthcare coops rent spaces to other healthcare professionals offering services such as rehabilitation, alternative medicine, pharmacology and fitness centres, etc. Healthcare coops also start up public health programs (for example, meetings about diabetes), groups to get people involved in physical activity (ex: walking clubs), according to the particular needs of the community. These activities contribute to the financial viability of the cooperative.

Healthcare cooperatives are generally multi-stakeholder cooperatives (labelled “solidarity cooperatives” in Quebec), meaning that users, employees and other local actors can be members. In addition to membership dues, the financial viability of the cooperative is ensured through revenues from fees for services that are not covered by the state, both medical and administrative. These tend to be less costly than those charged by private clinics. The coop manages the business aspects of a medical office, i.e. the management of the building, the reception area, the operation of complementary programs and activities, relationships with other organizations and institutions in the healthcare sector and the community, etc. Doctors, who continue to be paid by the state, benefit from being able to delegate administrative tasks and through better collaboration with other healthcare organizations and are thus able to focus on their medical practice, making their professional activity more satisfying. 50% of doctors live in the same area as the coop and 2/3 have a standing agreement with them (Brassard, LeBlanc, Etienne, 2009).

Indeed, health coops are tied to their local area not only through their membership but also through different partnerships with associations, community organizations, hospitals and other public health and social services centres. These ties facilitate cohesion among actors working together to improve the health of the local community. Municipal intermediaries and credit unions contribute to the start-up costs of half of existing cooperatives, followed by private grants and the support of local development agencies. However, only municipalities continue to financially support the coops once they are operational, and three quarters of existing coops are primarily financed through membership fees. A 2009 survey identified the contribution made by cooperatives most valued by their communities was their effect on maintaining community cohesion and slowing the exodus of residents to larger cities (Brassard, LeBlanc, Etienne, 2009).

## 4.2 Homecare services

One of the fastest growing service sectors in Quebec includes all the services aimed at an aging population. Quebec's demographic curve has exacerbated this need: in 2011, 16% of the population was over 65 years old, but by 2031, 26% of the population will be over 65 (Quebec Government, 2013). The social economy has taken up the challenge of responding to emerging needs that result from this reality in innovative ways that have mobilized communities, created thousands of jobs for the unemployed - particularly women - and most importantly, allowed the elderly to remain safely within their homes as their autonomy declines.

Today, there are 102 social economy enterprises offering homecare services<sup>15</sup> (EÉSAD is their French acronym) in Quebec (EESAD, 2013). Most were created around 1996 with the objective of taking workers out of the informal economy while contributing to supporting people in their homes, particularly elderly people. The impetus came from a proposal by a working group on the social economy (now the Chantier de l'économie sociale) and was the result of a consensus reached between unions, government and the private sector. This consensus established the roles and responsibilities of these new social economy enterprises as being complementary to existing public services. It also underlined the importance of close collaboration between the public sector and community-based initiatives.

Today, this network of homecare enterprises is an essential part of the Quebec health and social services system. In 2012, 6800 workers catered to 87,000 users, mainly elderly people (71%) (EESAD, 2013). These numbers are expected to rise dramatically in coming years due to the aging population.

EÉSADs are financed both by users, who contribute according to their revenue, and by the provincial government which subsidizes a part of their costs. EÉSAD provide complementary services to those offered by the public sector such as cleaning, washing, snow shovelling, grocery shopping, cooking, respite for family caregivers, etc. depending on the needs of the community. Their services can be used for a set period of time or indefinitely. Users call upon them mostly in order to compensate for a loss in autonomy and EÉSAD services may also be recommended by the local Health and Social Service Centre. The typical client is a woman (73% of users) living alone (64%) and living on a low income (66%) (EESAD, 2013). The services provided enable users to live in their homes longer, which implies considerable savings for society (vs. institutionalization) and most of all, a better quality of life for the people concerned.

<sup>15</sup> Les Entreprises d'économie sociale en aide à domicile, un pilier du soutien à domicile (2013) Available at [https://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&ved=0CDQQFjAB&url=http%3A%2F%2Fww.assnat.qc.ca%2FMedia%2FProcess.aspx%3FMediald%3DANQ.Vigie.Bll.DocumentGenerique\\_77043%26proce ss%3DDefault%26token%3DZyMoxNwUn8ikQ%2BTRKYwPCjWrKwg%2BvLv9rjj7p3xLGTZDmLVSmJLQe%2FvG7 %2FYWzz&ei=Kh8WU8uCJ4HjOgH3xIHQBA&usg=AFQjCNEhJaV9yq\\_5bxOYXXJy2x5piamUxw&sig2=Hy3GH7qqVRp su-VxG72NGg&bvm=bv.62286460,d.dmQ](https://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&ved=0CDQQFjAB&url=http%3A%2F%2Fww.assnat.qc.ca%2FMedia%2FProcess.aspx%3FMediald%3DANQ.Vigie.Bll.DocumentGenerique_77043%26proce ss%3DDefault%26token%3DZyMoxNwUn8ikQ%2BTRKYwPCjWrKwg%2BvLv9rjj7p3xLGTZDmLVSmJLQe%2FvG7 %2FYWzz&ei=Kh8WU8uCJ4HjOgH3xIHQBA&usg=AFQjCNEhJaV9yq_5bxOYXXJy2x5piamUxw&sig2=Hy3GH7qqVRp su-VxG72NGg&bvm=bv.62286460,d.dmQ) (accessed 04/04/14)

The workers of EÉSADs are mostly women (93%) between 46 and 55 years of age (MAMROT 2012). These companies offer their employees working conditions and benefits slightly above those recommended by the Commission on Labour Standards and almost all companies have procedures to integrate and train new and existing employees. Approximately half the EÉSADs are set up as cooperatives and the other half as non-profit organizations. Around 45% have local partners on their Boards of Directors.

The labour movement has worked collaboratively with social economy actors to improve working conditions in EÉSADs and 21% of workers are unionized (Corbin, 1996). Unions worked hand in hand with the sector to implement a workplace apprenticeship program in 2010 that is now the most successful of all workplace apprenticeship programs<sup>16</sup> in Quebec. The professional norm it establishes and the training program to achieve it have been shown to meet identified training needs that were not being met by other institutions, standardizing training for employees, thereby ensuring a better service and enhancing the value placed on this work both by employees and clients. For workers, this has meant greater motivation at work, more competencies in health and security and better work habits<sup>17</sup>. This publicly-funded program allows unskilled workers to access training in the workplace in order to improve their skills and receive formal recognition of their expertise, thereby increasing their mobility within the labour market. In 2014, over one thousand workers will have completed this program<sup>18</sup>. In addition, the labour movement has allied with social economy organizations to pressure the government to improve wages and working conditions through increased funding.

Recently, the Quebec government proposed legislation to create a new public insurance scheme called assurance autonomie (“autonomy insurance”). This proposal entails the creation of a fund that will guarantee access to proper homecare services for the elderly as their autonomy declines and it follows that social economy enterprises will be called upon to play an even greater role in the future. The terms and implementation of the scheme are presently subject to discussions between public authorities, trade unions and other stakeholders.

### 4.3 Ambulance services

Ambulance cooperatives have existed in Quebec since the 1980s, when several organizations changed their legal form from private enterprises to cooperatives. The change was mostly brought about by workers interested in having more of a say within their workplace and their labour union, the Confédération des syndicats nationaux (CSN), which supported this transition<sup>19</sup>. Today, 75% of ambulance services outside of Montreal (where services are operated by a public corporation) are operated by

<sup>16</sup> From internal documents of the Conseil sectoriel de la main d’œuvre - Économie sociale et action communautaire (CSMO-ESAC).

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> [http://www.csn.qc.ca/ap/content/d/d/workspace/SpacesStore/c7187abd-a255-45be-aac6-74afa749f5d2/1A4\\_8\\_01\\_24.pdf](http://www.csn.qc.ca/ap/content/d/d/workspace/SpacesStore/c7187abd-a255-45be-aac6-74afa749f5d2/1A4_8_01_24.pdf)

worker cooperatives<sup>20</sup>. Members of the cooperative remained unionized and this has been a long-standing exemplary case of successful collaboration between the social economy and labour unions. Currently there are 8 cooperatives in Quebec that service a vast territory and generate 90 million dollars in revenue per year.

Partnership agreements are negotiated directly with the government based on the needs established by regional Health and Social Service agencies. The cooperatives have been found to be more flexible in adjusting to new government norms, procuring new equipment and establishing suitable work schedules for employees.

Ambulance coops invest in their communities where they carry out local education programs. Most importantly, they contribute to creating and maintaining stimulating jobs in the community.

#### 4.4 Senior housing

Since the early '70s a network of social economy homes for the elderly has developed in parallel with the public network. While the public network has gradually specialized in providing accommodation for people with a considerable loss of autonomy, the social economy sector has concentrated on catering to autonomous or semi-autonomous individuals.

Today there are about 500 social economy enterprises dedicated to housing for the elderly<sup>21</sup>. The vast majority are associations, although in the last 10 years there has been a rise in multi-stakeholder cooperatives. Together they provide nearly 20,000 housing units to seniors, slightly less than a quarter of what is offered by the private for-profit sector<sup>22</sup>. Social economy residences are smaller on average than their private counterparts. They are found in urban areas, particularly in disadvantaged neighbourhoods, as well as in rural areas.

These enterprises are the result of collective mobilization in communities to address needs that are not being met by the private sector. By offering elderly residents the chance to stay locally rooted, they preserve the economic and social vitality of communities and the wellbeing of residents. As a result, they benefit from the support of local actors, both institutions and individuals.

Because of the aging population, the demand for residences for the elderly is growing rapidly. The social economy approach is widely recognized for its potential in responding to this demand. Today labour unions and social economy stakeholders are working together to identify new strategies and new financial tools to allow more of these collective initiatives to emerge in all regions of Quebec.

<sup>20</sup> [http://www.cdrslsj.coop/uploads/media/CLAUDE\\_JOURDAIN\\_Forum\\_NDQ\\_2012.pdf](http://www.cdrslsj.coop/uploads/media/CLAUDE_JOURDAIN_Forum_NDQ_2012.pdf)

<sup>21</sup> [http://www.frqsc.gouv.qc.ca/upload/editeur/RF-YvesVaillancourt\(1\).pdf](http://www.frqsc.gouv.qc.ca/upload/editeur/RF-YvesVaillancourt(1).pdf)

<sup>22</sup> Ibid.

## 5. The social economy: a key player for the future of healthcare services

Across the world, societies are struggling to find efficient and humane ways to respond to the healthcare needs of the population. In many places, public services are absent, inadequate or inaccessible. Private for-profit responses have proven to be costly and exclude those who do not have the financial means to pay for them or those living, for example, in small rural communities. Even in highly-industrialized countries with public healthcare systems, the cost of public healthcare and the rigidities of certain bureaucracies have created a need for more community-based solutions.

In this context, the role of the social economy in healthcare delivery systems is more important than ever. At the international level, experiences are varied. The historical role of private health insurance schemes in France and their growing presence in Africa and Latin America are an indication of their growing importance. In Africa, where health conditions and life expectancy are amongst the least favourable on the planet, communities have created micro-health insurance systems, most of which are in private health insurance form. The African Union of Private Health Insurance Schemes is made up of a network of schemes from 17 countries with the purpose of supporting the work of its members. In Latin America as well, private health insurance schemes have been instrumental in providing healthcare cover for those who do not have access to public healthcare and offer health-related information and services. ODEMA brings together Latin American private health insurance networks to promote equity and social inclusion on the continent. Even in the United States, cooperatives have emerged offering health insurance and health services. The World Health Organization has advocated a model that includes users and favours a health system involving stakeholders, including patients. Within this framework, patients are not only clients or service users but are active participants in governance structures. Social economy organizations, whether private health insurance schemes, cooperatives or associations are essential tools for this type of participation.

## 6. Conclusion

The Quebec experience in developing the social economy is of particular interest for its capacity to bring together a wide array of actors interested in promoting a more equitable economic development and creating effective policies to support this. The framework legislation adopted in 2012 underscores the varied impact that the social economy has on communities. Most importantly, it creates permanent spaces for dialogue between social economy actors and the government, and commits the government to support its development through all its agencies. This watershed legislation would not have been possible without the broad coalition that exists in favour of the social economy, of which the labour movement is a key figure. Thanks to the financial tools it has invested in social economy enterprises and research and advocacy work that has underlined the potential of the social economy to promote a more equitable and community-based economic development, the labour movement has been a partner in the development of the social economy in Quebec. The focus on healthcare services illustrates the benefits for communities of a plural economy where the social economy exists alongside the private and public sectors. Indeed, in Quebec, the social economy plays an essential and complementary role to public services in responding to a variety of needs. Through their capacity to adapt to local needs and to involve users and communities in the definition and delivery of services, social economy initiatives contribute to creating accessible, efficient and humane health services for the greater good of society. With healthcare services rapidly becoming a growing concern for communities and state budgets in many countries in the world, enabling communities to tackle a part of these needs themselves is undoubtedly part of the solution.

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# Social and Solidarity Economy and South–South and Triangular Cooperation in Latin America and the Caribbean: Contributions to Inclusive and Sustainable Development

Leandro Pereira Morais<sup>1</sup>

*The Social and Solidarity Economy (SSE) is a phenomenon that has gained growing economic, social and political visibility in recent times, and that in practice allows us to think about actions that envisage the aspects making up the integrated approach to development, along the path to a sustainable and inclusive development. Accordingly, it is a relevant and pertinent topic, particularly in these times in which uncertainty and storm clouds hover menacingly over the global economic environment. Thus this article looks to discuss the role and scope of public policies and experiences with the SSE in Latin America and the Caribbean, as well as presenting South-South cooperation as a possibility for strengthening these experiences and policies in the region.*

## 1. Introduction and background

The social and solidarity economy is a phenomenon that has been gaining growing economic, social and political visibility in recent times. At present – in various countries and under different names – one notes the growth of initiatives in production and provision of social and personal services, organized on the basis of free association and of the principles of cooperation and self-management. For Faria and Sanchez (2011, page 413), the social and solidarity economy “became very significant and gained a place in society in recent decades, giving rise to a vast area of experiments

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and initiatives in production and reproduction of livelihoods”, based on collective ownership of the means of production, on self-management, on solidarity and on collective action.<sup>2</sup>

Indeed, the presence and gradual expansion of this field of practices<sup>3</sup> have brought out programmes and actions – from various organizations of the public and private sectors – toward their promotion as an alternative for work, employment and income (Schiochet, 2011). Accordingly it is a relevant and pertinent topic, particularly in these times in which uncertainty and storm clouds hover menacingly over the global economic environment.

In order to get a better view: according to the study *“Latin American Economic Outlook 2014: Logistics and Competitiveness for Development”* (OECD, ECLAC, CAF, 2013),<sup>4</sup> macroeconomic conditions are less favourable for the region, bearing in mind the fact that, following a decade of solid growth (2000–2010), current economic prospects for Latin America and the Caribbean display a greater degree of complexity, as a consequence of three factors: (a) reduction in the global level of trade; (b) moderation of commodity prices; and (c) uncertainties in relation to global financial and monetary conditions. Those factors flow from the slow growth in the Eurozone, from the reduced dynamism of the Chinese economy, and from the impact of a potential alteration in American monetary policy.<sup>5</sup>

On the other hand, the recent transformations in the emerging economies (BRICS – Brazil, Russia, India, China and South Africa) – mainly in China, which over the last two decades has displayed intense economic growth and strong demand for natural resources – have meant support to the growth of various countries in Latin America and the Caribbean. In order to get an idea of these transformations, one has only to see that in 2000 the relative weight of the non-OECD economies was 40% of world GDP, whereas in 2010 this figure went to 49%, with the expectation that it reach 57% by 2030.<sup>6</sup> In a similar fashion, trade and financial flows also recorded an increased share amongst the emerging economies. Data from this same source show

<sup>2</sup> In the view of the authors: *“that recent development was driven by the crises of capitalism experienced in an unequal and combined way, both in the centre as well as in the periphery of the system, and which affected with varying intensity and pace the whole of the working class, with growth in unemployment, job insecurity and attacks on the hard-won social and labour rights. Within this conjuncture, the “solidarity economy” came forward as an alternative based on a set of isolated experiences, but which came together into national linkages, initiatives for formation of networks and production chains, second-level associations,, representational entities and public policies at the three levels of government.”* (Faria & Sanchez, 2011, page 413).

<sup>3</sup> Field of concrete economic practices, such as the occupation of closed factories by unemployed workers, who activate their production by means of collective and self-managed organization; the organizing of credit, production and service cooperatives by the family farmers and settlers under the agrarian reform; collective organization of groups for production, collective purchases, solidaristic rotating funds, and solidarity-based credit by the urban and rural communities; organizing of activities of collection and recycling through associations and cooperatives, by former “rubbish scavengers”, now “recycling agents”.

<sup>4</sup> Organisation for Economic Cooperation and Development (OECD); Economic Commission for Latin America and the Caribbean (ECLAC); Development Bank of Latin America (CAF), 2013. Available at: [http://www.oecd-ilibrary.org/development/latin-american-economic-outlook-2014\\_leo-2014-en](http://www.oecd-ilibrary.org/development/latin-american-economic-outlook-2014_leo-2014-en)

<sup>5</sup> The latter has even already been announced in a ceremony of the Central American Bank for Economic Integration in January 2014.

<sup>6</sup> Information available in the already-referenced document: *“Latin American Economic Outlook 2014: Logistics and Competitiveness for Development”*.

that South–South trade went from 25% of world trade in 1990, to 41% in 2011 (OECD, ECLAC, CAF, 2013).

However, in spite of these transformations, the region continues to lack the integration into the international economy as might encourage more inclusive growth and a more sustainable development model, with solid improvements in the infrastructure and in human resources. Which is to say that, in spite of the economic growth observed – especially in the last decade – the region continues to present a structural framework of dependence in technological, production and financial terms on the more advanced countries.

As well, in the region it is fundamental to discuss possibilities of generation of work, employment and income for young people, taking into account for example the increase in what the International Labour Organization considers the **NLEET generation** (“Neither in the labour force nor in education, employment or training”).<sup>7</sup> According to the ILO study (2013) entitled “*Global Employment Trends for Youth 2013*”,<sup>8</sup> despite the economic progress registered in the region in recent years, youth (particularly women) have not benefited. According to the institution, unemployment among people between 15 and 24 years of age may rise in Latin America and the Caribbean over the next five years; this is something that represents a “risk of social and labour market exclusion”.

In addition, from the socio-economic viewpoint, the study of the Economic Commission for Latin America and the Caribbean (ECLAC, 2012), entitled “*Structural Change for Equality: An Integrated Approach to Development*”<sup>9</sup> raises essential issues for discussing the situation of the region. According to the study, it continues to be necessary to advance in the generation of better-quality jobs, with better salaries and social protection: “*the labour market and its institutions are a point of connection between production structure heterogeneity and sharp household income inequality. Access to employment and access to labour income are the basic determinants of income inequality*” (ECLAC, 2012, page 204).

In recent years, income inequality has declined in the majority of the countries of the region, as a reflection of political motivations derived from citizen demands for greater equality, and likewise due to socio-economic factors like cash transfer programmes and the dynamic of the labour market, including with the increase in the minimum wage.<sup>10</sup> However, the study in reference indicates the need for “structural changes”,

<sup>7</sup> In reference to the term used to characterize the Spanish crisis and one of its main disastrous consequences: the lack of prospects for youth in relation to the labour market and obtaining their first job. Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_222658.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_222658.pdf)

<sup>8</sup> Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_222658.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_222658.pdf)

<sup>9</sup> Available at: [http://www.eclac.org/pses34/noticias/documentosdetrabajo/4/47424/2012-SES-34-Cambio\\_estructural.pdf](http://www.eclac.org/pses34/noticias/documentosdetrabajo/4/47424/2012-SES-34-Cambio_estructural.pdf)

<sup>10</sup> The Brazilian case is cited by way of example. In 2014 it recorded an increase of close to 7% in relation to the value for 2013. The minimum wage, of BRL 724 (around 360 USD) – even if relatively low when compared to other countries – is the fruit of a policy of gradual increase in the national minimum wage that was begun in 2002.

which means the development of policies based on an “integrated approach to development”.

### Box 1 – Policies for an integrated approach to development

Structural change for equality is a long-term vision, where the role of policy is to prioritize, direct and create consensus, and where the development of efficient and democratic institutions forms a bridge between the vision and its effective implementation. It is a truly forward-looking approach intended to ensure that future generations are fully able to realize their rights and potential. For ECLAC, employment is the main route to social inclusion and for guaranteeing rights and satisfactory levels of social welfare.

(ECLAC, 2012).

In involving policies based on an integrated approach to inclusive and sustainable development, certain aspects should be taken into account for the development of economic and social policies that are consistent with the objectives of development of the region. This therefore involves “endogenous” development, based on cooperation, learning, tacit knowledge, specific technical cultures and synergetic inter-relationships (Ortega, 2008). The idea of endogenous development is based on the view that productive systems consist of a set of material and intangible factors that allow the local and regional economies to adopt paths to economic growth and social development. The trajectories to be followed by those economies depend both on internal resources, as well as on their adaptation to and/or taking advantage of the stimuli of policies at macro-economic, regional and industry levels, and other sector policies, in addition to social policies.

Within this perspective – in reference to an integrated approach to development – it is necessary to consider the importance of the following dimensions: (a) economic: related to the creation, accumulation and distribution of wealth; (b) social and cultural: implying quality of life, equity and social integration; (c) environmental: in reference to natural resources and the sustainability of the models in the medium and long term; and (d) political: involving aspects related to territorial governance, as well as to a sustainable collective project.

In addition to which, as ECLAC (2012) suggests to us, an integrated approach that is constituted starting from these far-reaching proposals requires protagonists that do indeed participate, commit themselves and aid in the coordination of the process. Which is to say that the broad participation of the social actors involved in the building of the development project for their respective territories and regions, is of fundamental importance.

In practice, this “new” basis for action for inclusive and sustainable development has as its basis the inter-relationship between three main fronts for action: (a) sectoral: having in view ongoing improvements in the efficiency and productivity

of the productive sectors, starting from actions for skilling, training, technological innovations, etc.; (b) territorial: ways of administrating and managing the endogenous resources (manpower, natural resources and infrastructure), aiming at the creation of an enabling environment; and (c) environmental: starting from actions for conservation of the natural resources and of respect for the ecology, taken as a strategic value in issues of the development of localities.

The relationship between integrated policies and the need for greater social participation finds its field of activity in the area of social and solidarity economy, given its cross-cutting nature. Which is to say that it can mobilize various areas of public and social action, since in its actions it can contemplate economic objectives (generation of work and income), social objectives (improvement in the conditions of social integration and strengthening of territorial ties), political objectives (creation of public spaces for analyzing, discussing and resolving problems), cultural objectives (new patterns of production and consumption) and environmental objectives (environmental re-education on behalf of sustainability).

This article has as its objective discussion of these issues, as well as the presentation of South–South cooperation as a possibility for strengthening of the experiences of the social and solidarity economy in Latin America and the Caribbean. Along those lines, the work is structured in the following way: following this introduction, topic 1 will discuss the contribution of the social and solidarity economy to sustainable and inclusive development. Afterward, topic 2 will deal with certain theoretical–conceptual aspects of the social and solidarity economy in Latin America and the Caribbean, based on four authors who constitute points of reference in the region. Next, in topic 3 some experiences will be presented, along with some social and solidarity economy networks. Lastly, in topic 4 this work will discuss the harmonious and necessary relationship that exists between South–South cooperation and the social and solidarity economy.

## **2. Social and solidarity economy and its contribution to an integrated approach to development**

As enunciated above, in practice the social and solidarity economy allows one to think about actions that contemplate the aspects making up the integrated approach to development, along the road to sustainable and inclusive development. This is what Morais (2013) indicated as the “cross-cutting” nature of the social and solidarity economy. In other terms, the social and solidarity economy relates not only to an economic issue – since it may also involve other issues, such as territorial social integration, people’s political participation, the degree of membership-based organization, environmental conservation, the affirmation of cultural identities, etc. This is also pointed out by Souza (2012), who upholds the “multi-dimensional” and

“multi-territorial” character of the actions in the field of the social and solidarity economy.

## Box 2 – The social and solidarity economy and its cross-cutting nature

*“(…) Conceptually, within the social and solidarity economy, the economy – understood as the activities associated with work – becomes a means for achieving other non-economic objectives, like social objectives – through improvement in the conditions for social integration between people, as well as the strengthening of their ties within the territory; or political objectives, through viewing those spaces of socio-productive organization as likewise public spaces in which individuals discuss their problems in common, linked to living conditions in the neighbourhood, for example – setting in motion solutions in the form even of economic initiatives aimed at resolving concrete public problems. In addition to that, this involves political initiatives as well, in the sense that the endeavours are thought of as membership-based forms, inciting a dynamic of public action that combines with those more socio-productive actions. In addition to the social and political, the initiatives of the social and solidarity economy may also mobilize a strong cultural and environmental dimension, in investing in initiatives that contribute to the recovery and affirmation of cultural/territorial identities and for conservation of the environment.” (França Filho, 2006, page 43).*

Further in reference to this author, it is along these lines that the projects of the social and solidarity economy may be and are being undertaken within various government ministries, since they involve different thematic areas, like for example environmental education, transport, leisure, housing, food security, etc. This “cross-cutting orientation” accordingly demands “complexity” in its treatment.

## Box 3 – The cross-cutting nature of the social and solidarity economy

According to a study by the Spanish Business Confederation of Social Economy (CEPES, 2011),<sup>11</sup> which analysed 47 programs and projects executed in 27 countries (amongst which countries of Europe, North Africa and Latin America):

*“the activity of the social and solidarity economy is not limited to addressing aspects in relation to economic growth. The impact of the activities of the social and solidarity economy is cross-cutting in nature, generating projects with an impact in various sectors, like: democratic governability; basic social services of education, health, culture and development; and rural development and the struggle against hunger – in addition to dealing with topics like environmental sustainability, science, technology and innovation for human development” (page 15).*

Along those lines – as a development policy directed to a large extent to a historically excluded public, or one that has gradually been seeing its status of poverty and social exclusion expanded – the social and solidarity economy demands not just specific sectoral actions, but also cross-cutting actions that link together instruments from the various areas of the government and state (education, health, environment, labour, housing, economic development, technology, and credit and finance, amongst others) to create a context that drives emancipation and sustainability.<sup>12</sup>

<sup>11</sup> Spanish Business Confederation of Social Economy (CEPES). Report: *La Economía Social española en la cooperación al desarrollo*. Spain, 2011.

<sup>12</sup> For a practical view of this issue, it is suggested that you watch the video that portrays the experience of the PET Bi-national Solidarity Network between Brazil and Uruguay, at the following link: [https://www.youtube.com/watch?v=Nf\\_e8uBz-YI](https://www.youtube.com/watch?v=Nf_e8uBz-YI)

However, in the current reality this cross-cutting nature appears to us still not fully taken advantage of, bearing in mind the challenge of greater linkage between the bodies of the government, at their various levels. This shows the need to move forward in this direction, if indeed the aim exists of conceiving of development in an integrated way.

Within this perspective, it is believed that the social and solidarity economy – as well as its actions and ramifications – indicate new paths and real opportunities for building new forms of linkage of innovative experiences (some already under way) of development in local, territorial, regional and national contexts (Morais, Borges and Bacic, 2010).

Meanwhile, it will be necessary to strengthen new ways of managing public policies, as well as their relationship with the actors involved, in the sense of acquiring greater transparency and popular and democratic participation. This will be in addition to capacity for adoption of combined and articulated actions for generation of work and income, with initiatives permitting impacts on housing and urban and rural infrastructure issues, also including measures for family health and the raising of school enrolment and cultural levels, in addition to coming to terms with poverty, exclusion and inequality.

With the purpose of getting to know those potentials better, there is a need to address conceptual and practical aspects related to the social and solidarity economy in Latin America and the Caribbean – given that there are certain specificities in the region in this field of activity – as well as to subsequently find out how the South-South contribution can strengthen those experiences, in the direction of the regional construction of an integrated approach to development.

### **3. The social and solidarity economy in Latin America and the Caribbean: brief theoretical–conceptual contributions**

Before setting out the contributions of the main authors who take up the topic in Latin America and the Caribbean, we need to bear in mind that *“dissemination of the experiences of the social and solidarity economy cannot be pondered without taking care to place them within the framework of the set of transformations that have been reconfiguring the social”* (Leite, 2008, page 2). This is to say, the phenomenon of unemployment, as well as the destructuring of the labour market, which began with the crisis initiated in the nineteen-eighties and deepened in 1990, and the need for survival on the part of those who lost their jobs and who weren't able to place themselves in the labour market, and/or of those who were in the informal sector.

In the region – likewise marked by contradictions and by the lack of consensus around the concept and delimitation of the social and solidarity economy – the experiences of this “sector” are associated with the response to the social crisis and crisis of work, as well as serving as an instrument for social transformation.

It is in this region, together with France, that some scholars claim the origin of the term “*solidarity economy*”. Poirier (2010), after consulting various sources, believes that “*the concept was used for the first time in South America and France, more or less at the same time, in 1985 or 1986*” (page 2).

From amongst the authors who deal with the topic in the region, in this article we will make use of four authors of recognized importance: Coraggio, Razeto, Quijano and Singer.

The first is the Argentine **José Luis Coraggio**, who described three kinds of economy: business, public and of the people. Starting from this classification, he proposes that an “*economy of the people*” be developed, up to the reaching of an “*economy of work*” that brings collective responsibilities. As a way of building the economy of work from the economy of the people, the author advocates the **values of solidarity** and of **bottom-up reciprocity**, based on local initiatives. However the author recognizes the need to address issues on the macro and micro scales, like political participation and more general economic decisions, linked to the market and to competitiveness (Coraggio, 2000).

For this author, the economy of the people also contemplates non-economic activities, which is to say, those that do not seek production or consumption of goods and services, but that take into account factors related to the broader reproduction of life, such as educational, cultural and leisure activities. In his vision, “*undertakings [are contemplated within this sector] not only that produce commodities, but also that produce society or the social (social forms, institutions, behaviours)*” (Coraggio, 2000, page 102).

His development ideal, revolving upon the people’s and work economy, is not directed to the radical transformation of the capitalist system. It takes on for itself a substantial redistributive role, although it recognizes the possibility – even if remote – of a “different kind of economy”. The redistributive role has to do with the possibility of meeting part of the social needs of the majorities at local level, including with a capacity for generating the occupations and monetary revenues needed for sustenance and widening of its “*bases of interdependence*”.

For this to happen, the construction of this organicity “*requires that significant energies get invested in the development, consolidation and nourishment of networks that link together, communicate and provide dynamism to the multiplicity of popular*

*enterprises and micro-networks*” (Coraggio, 2003, page 66). Which is to say, socio-political action is of fundamental importance, on the basis of audacious and responsible programmes capable of transforming the economy of the popular sectors into a system of economy of work.

In Coraggio’s view (1997, page 38), looking to attain all of these changes presupposes a *“political-cultural project and a broad movement that sustains it in a coherent way in the political scene and in the collective seeking of solutions to the urgent problems of each locality or group, linking the efforts for local development within a macro-social development perspective”*. In defending the need for greater social cohesion, Coraggio’s understanding of this project of transformation is as a possibility for a real alternative not only to unemployment and job insecurity, but also to the current development project, which is far from inclusive and sustainable.

The second author is the Chilean **Luis Razeto**. This author upholds the idea of an *“economy of solidarity”*, as a civilizing project. This is to say that, beyond presenting a scientific analysis, the author presents a societal project. In his view, faced with the crisis of modern civilization, the **economy of solidarity** would mean *“the seeking of a new structure of society that were capable of establishing a new structural relationship between economy, politics and culture, in which solidarity were the founding and preponderant ethical element”* (Razeto, 1997, page 35).

In conceiving of the forms of survival in response to the crisis and lack of opportunities and income, Razeto (1997) drew up a typology based on individual, family and membership-based forms of action. As regards membership-based forms, the author coined the term *“popular economic organizations”* to designate activities and initiatives directed to the integral (economic and non-economic) needs of the members of the group, so as to create favourable conditions for a *“consciousness of solidarity”*. Such organizations would operate like small units for production and marketing of goods and services; organizations of the unemployed that would function as employment agencies; organizations for obtaining and preparing food and other basic resources (community kitchens and committees for getting supplies); organizations active in housing issues and organizations for educational, health and leisure services, amongst others.

In addition to solving the problems of *“reproduction of life”*, these organizations should incorporate political dimensions, so as to bind the economy of solidarity to the collective forms of struggle for social transformations, human rights and ecological issues, thus proposing an *“alternative development”*. According to Razeto, development of a *“new ethics”* and of a *“new society”* that would be constituted from it would be key. He upholds the proposition that fundamentally the paths depend on the protagonists being able to *“articulate their utopias”* around an alternative civilizing project that reflects a *“bottom-up”* structural change.

The Peruvian **Anibal Quijano**, the third Latin American exponent on the topic, also provided important contributions for thinking about the social and solidarity economy in the region. This author was one of those responsible in the 1960s for taking up the issue of “*marginality*” within the social sciences. Two concepts are fundamental in his analyses and studies: that of “*reciprocity*” (establishment of economic relationships outside of the market, between socially equal subjects), and that of “*community*” (understood as a “*mode of collective organization and management in which individually all of the members consider themselves socially equal*”) (Quijano, 2002).

Acknowledging the specificities of the Latin American labour market, and above all – this being one of its main characteristics – its heterogeneity, Quijano shows us that, given the inability of the capitalist system to absorb one part of the manpower, non-wage forms tend to get reproduced as in the past, but linked to “*big business*”. The author acknowledges the existence of a relatively broad sector of the economy that does not work within the forms of the capitalist system (exchange of labour power for wages in the market) and that is organized within community forms of oversight and management of the means of production.

Lastly, and not least important, in Brazil **Paul Singer** is one of the most well recognized and respected names within the area of the social and solidarity economy. The author upholds “*authentic*” cooperatives as a way of combating unemployment, and advocates the idea of the social and solidarity economy as a form of income generation starting from alternative spaces in the market, and that contemplates a project being built not only as a means of “*earning one’s living*” and rejoining the division of labour, but as a project for social transformation and revolution.

In his view, the social and solidarity economy “*is not a prescription that gets applied and works, and the subject may then forget*”, but is rather an “*ongoing struggle*” against the “*inclination to degeneration*”. Another fundamental aspect resides in the issue of self-management of enterprises, which should be based on equality and democracy. For Singer (1997) it is possible to organise production without it necessarily being through the “*big business model*” (page 9). To this end, he upholds production and consumption cooperatives, and other forms of economic organization that contemplate the social and solidarity economy, where the “*basic idea is – by means of solidarity between autonomous producers of all shapes and sizes – to ensure for each a market for their products, and a variety of external economies ranging from those for financing to those for technical, legal and accounting advice*” (page 10).

In Brazil Paul Singer was one of the people most responsible for the creation of the National Secretariat of Solidarity-Based Economy (SENAES),<sup>13</sup> which is presently located – within the federal government – in the Ministry of Labour and Employment.<sup>14</sup>

<sup>13</sup> <http://portal.mte.gov.br/ecosolidaria/a-economia-solidaria/>

<sup>14</sup> This topic will be taken up again below.

The following box sums up the main contributions of the authors presented above.

#### Box 4 – The social and solidarity economy and the contributions of the Latin American authors

**Coraggio:** connection of the social and solidarity economy to the importance of creation of networks that link together, communicate and provide dynamism to the multiplicity of popular enterprises and micro networks;

**Razeto:** connection of the social and solidarity economy to the possibility of the emergence of a new society based on solidarity (the latter being a founding and preponderant ethical element) and on a bottom-up structural change;

**Quijano:** connection of the social and solidarity economy to the idea of reciprocity and community;

**Singer:** connection of the social and solidarity economy to the need for an ongoing struggle and the importance of authentic cooperatives, directed coming out of the self-management of the enterprises, of equality and democracy.

Following this presentation of the four authors that are exponents of the social and solidarity economy in Latin America and the Caribbean, as well as of their theoretical–conceptual contributions, it is useful to set out some practical information on some experiences of social and solidarity economy in the region.

## 4. The social and solidarity economy in Latin America and the Caribbean in practice

### 4.1 Some experiences and the state of the art

In Latin America and the Caribbean,<sup>15</sup> according to Coraggio (2008), we are in the midst of a process of creation of a plurality of forms of the social and solidarity economy, based on our history and socio-economic specificities. Indeed, in this region there is a growing number of works that address the existence and importance of the social and solidarity economy, as well as its various practical actions. More recently, one part of this literature draws our attention to the role that the social and solidarity economy has been acquiring as an issue of public policy, developed as a mechanism for facing up to unemployment, poverty, social exclusion and inequality, with these being structural characteristics of the region.

In **Argentina** policies as regards the social and solidarity economy, as well as the instruments developed, reflect the transformations noted in the scope and performance of the bodies that regulate the sector.<sup>16</sup> To get a better view: starting from 2003

<sup>15</sup> Obviously only a few experiences will be presented, because of knowledge of or access to information. Many experiences underway in the region are not even systematized or recorded.

<sup>16</sup> This fact is confirmed by the phrase of Dr. Alicia Kirchner, Minister of Social Development (2014): “We promote social economy because it generates genuine work, greater social inclusion and better quality of life. We are convinced that fair trade and another economy are possible. Available at: [http://www.desarrollosocial.gob.ar/Uploads/i1/Econom%C3%ADa%20Social%20\(folleto\).pdf](http://www.desarrollosocial.gob.ar/Uploads/i1/Econom%C3%ADa%20Social%20(folleto).pdf)

one notes a growing number of programmes for stimulating the social and solidarity economy, and also initiatives on the part of the public sector for strengthening of the structures representing their movements (Vuotto, 2010).

In 2000 the *National Institute of Associational Life and Social Economy* (INAES) was created. This is a decentralized body of the Ministry of Social Development (MDS), with the goal of strengthening development of the cooperatives and friendly societies throughout the entire country. Each province has a local body that constitutes the principal territorial basis for development of the policies of promotion and oversight of cooperatives accredited by the INAES.

From amongst the main support activities framed as a “*Commitment to the Social Economy*”, and taken as sectoral social and solidarity economy policies, are the following: (a) territorial system of technical assistance: national in scope, offering support and technical assistance (capacity-building plans and promotion of activities) seeking the sustainability of the projects and putting in order of the legal status of the pre-cooperative groups, looking to facilitate and put into practice entry into the sector; (b) financial aid programme: instrument of promotion directed to the financing of cooperative or friendly society development projects based on the granting of subsidies or loans at rates that are subsidized in accordance with their purposes; (c) education and training programme: seeks to disseminate the cooperative and friendly society system amongst the population at large, and to skill the leaders of these local institutions, as well as staff of the competent local bodies and municipal authorities. This programme is also directed to the training of instructors, presenting them with conceptual and practical tools for the development of participation and collaboration within their organizations (Vuotto, 2010).

It is worthwhile mentioning that, in addition to these support programmes and activities, the government actions extend out from the resources made available by “*Law N° 23.427*”, of creation of a fund for cooperative education and promotion, to the promotion of the solidarity economy, prioritizing execution of programmes with the greatest impact on vulnerable individuals. For this group the creation of worker cooperatives is suggested, as an instrument of social inclusion and response to unemployment, informal work and job insecurity. From amongst the main actions may be cited the programmes for granting of special lines of credit, negotiated with financial entities and contemplated within the programme to “*Buy from the Solidarity Economy*”.

Amongst the territorial policies of social and solidarity economy, it is interesting to cite the “*National Plan for Local Development and the Social Economy*”, known as “*Let’s get to work*”, the implementation, coordination and supervision of which are under the responsibility of the Secretariat for Social Policies of the MDS. This programme has as its objective to support initiatives for the local socio-economic development

of sectors with few resources, aiming at improvement in the income of this group in the population. From amongst the main tools are economic and financial support for the productive and community undertakings that display viability and sustainability; institutional strengthening for consultative councils, membership-based spaces and civil society organizations, and technical assistance and capacity-building for their participants.

In **Bolivia** the forces for local initiatives may offer alternatives to the conventional forms of poverty alleviation. Since Evo Morales' Constitutional Reform (2009) in this country, the social and solidarity economy has been gaining strength and facilitating the participation of people normally excluded due to their age, gender or physical disability. In that sense the social and solidarity economy offers advantages and opportunities, especially to these groups, and promotes work in association – collaborative and community work that is also remunerated, through the establishment of social networks.

The activities, programmes and projects of the social and solidarity economy in Bolivia are under the responsibility of its Ministry of Productive Development and Plural Economy. The country's *Movement for the Solidarity Economy and Fair Trade* relates that in recent years it has been pushing forward with its work, because at present the new plurinational state is undertaking a “*profound process of structural economic, social, political and cultural transformation, directed to eliminating all forms of discrimination and poverty*” (Berdam, 2010, page 1). For this author, the changes registered in Bolivia are the result of a long struggle on the part of the social movements, with highlight to the work driven by the organizations of female and male producers throughout the country. Within this scenario, the Movement for the Solidarity Economy and Fair Trade has been driving a strategy that is allowing impacts on this kind of policies. In this way, since 2010-2011 the Ministry of Productive Development and Plural Economy is working to establish an agreement for the creation of a Unit or Vice-Ministry of Solidarity Economy and Fair Trade.

In **Brazil**, public policies for the social and solidarity economy gained ground with the creation of the already-mentioned *National Secretariat of the Solidarity Economy* (SENAES) in 2003, as a body linked to the Ministry of Labour and Employment of the federal government. However, it is worth highlighting that SENAES has its genesis in the history of mobilization and linkage of the solidarity economy movement that has existed in the country since 1980, but that was came together out of the space for discussion and national linkage that began to form during the activities of the *1st World Social Forum*, held in 2001 in the Brazilian city of Porto Alegre.

During the organizing of the activities of the *3rd World Social Forum*, and in light of a situation that pointed to the election of the candidate of the Workers' Party to the Office of the President of the Republic, a working group associated with the

movement planned the holding of an expanded national meeting to discuss the role of the solidarity economy in the future government. That meeting was held in November 2002, and at it, it was decided to draw up a Charter for the President-Elect, suggesting the creation of a National Secretariat of the Solidarity Economy.

Another important occasion has to do with the creation of a *Brazilian Solidarity Economy Forum* (FBES),<sup>17</sup> which made possible the commencement of the discussion and deepening of a political platform for strengthening of the solidarity economy in Brazil. This involves a set of priorities related to solidarity-based finance, to the legal framework for solidarity-based economic enterprises, to training and education, to networks for production, marketing and consumption, to the democratization of knowledge and technology and to the social organization of solidarity economy. The FBES came to have the role of counterpart to SENAES in the sense of presenting demands, suggesting policies and monitoring implementation of public policies for the solidarity economy.

Within this scenario, the “*Developing Solidarity Economy Programme*” gained strength. It marked the introduction of specific public policies for the solidarity economy that were national in scope.<sup>18</sup>

Within this perspective, it is interesting to cite the “*Brazil Local*” programme, directed to generating work and income by means of the social and solidarity economy, starting from the promotion of organizations of enterprises managed by the workers themselves, facilitating access to public policies for incentives, like for training, community credit, equipment, etc. The programme is directed to the most vulnerable sectors of the rural and urban areas, with a focus on women, young people, traditional peoples and beneficiaries of cash transfer programmes.

Presently SENAES is struggling to institutionalize the social and solidarity economy,<sup>19</sup> this being seen as one of the main strategies for consolidating the topic on the political agenda of the three levels of government, in such a way as to ensure its permanence as policies of the state, not just as policies of the government. This strategy is also understood as a coming together of governmental efforts, the multiplier effect of which

<sup>17</sup> <http://www.fb.es.org.br/>

<sup>18</sup> At present SENAES prioritizes the following areas of activity as public policies within the sector: Promotion and Technical Assistance for Solidarity-Based Economic Enterprises and Solidarity Economy Cooperation Networks through the Activity of Solidarity Development Agents; Promotion of Solidarity Finance based on Community Banks and Solidarity Funds; Training of Trainers, Educators and Public Managers for Action in the Solidarity Economy; Centres for Training in Solidarity Economy; National Organization for the Marketing of Products and Services of Solidarity-Based Economic Enterprises; Trade Fairs within the Network of Solidarity Economy and Family Farming; National System of Fair and Solidarity-Based Trade; Public Solidarity Economy Centres; Registry of Enterprises and Entities of Support for the Maintenance and Expansion of the System of Information on Solidarity Economy; Recovery of Enterprises by Workers Organized in Self-Management; Development and Dissemination of Knowledge and Social Technologies appropriate to the Solidarity Economy; and Promotion of Incubators for Solidarity-Based Economic Enterprises.

<sup>19</sup> It is important to mention on this topic that there exists at the time (2014) within the country the *Campaign for the Solidarity Economy Law*. The objective of the Campaign is to achieve the creation of the first Brazilian law recognizing the right to work in association and supporting solidarity economy initiatives, providing a space for people to be able to organize themselves cooperatively, in justice and environmental conservation. Also moving through the process is Draft Law 4685 of 2012, which institutes the National Solidarity Economy Policy, in addition to creating the National Solidarity Economy Fund in Brazil. Additional information at: <http://cirandas.net/leidaecosol>

– in the establishment of specific public policies for the social and solidarity economy, including the promulgation of municipal and state-level laws and the creation of bodies within the local and state-level governments – is quite relevant.

Institutionalization is key for ensuring and broadening the resources for financing of its policies. As one finds in the *Annual Management Reports of SENAES-MTE (Federal Government of Brazil, 2011)*,<sup>20</sup> which analysed eight years of SENAES actions, the resources are still insufficient (even in relation to the size and complexity that the social and solidarity economy has acquired in the country), in addition to the fact of the high “bureaucratization” imposed, coming out of adoption of a new Resource Transfer Agreements and Contracts System (SICONV) in the federal sphere, which has made access to public resources complex.<sup>21</sup>

At present the “*Programme for Sustainable Regional and Territorial Development and the Solidarity Economy*”<sup>22</sup> has goals and initiatives for the period from 2012 to 2015. Its objectives are directed to two fields, namely: (a) promoting and strengthening solidarity-based economic enterprises and their cooperation networks in chains for production, marketing and consumption, by means of access to knowledge and solidarity-based finance, and organizing of trade that is fair and solidarity-based; and (b) strengthening the institutions of the National Policy for the Social and Solidarity Economy, as well as linkage between the constituent elements of the federation, and the inclusion of promotion of solidarity-based economic initiatives in the sustainable and solidarity-based territorial development processes.

For the period under review (2012 to 2015), there is also a specific Programme for the solid wastes segment,<sup>23</sup> with the objective of expanding the organizational and productive capacity of the rubbish scavenger segment, conferring greater technical and management capacity on the already-existing solidarity-based economic enterprises, and making available technical and financial resources for promoting the organizing and formalizing of new enterprises, through training, technical assistance and setting up of units for collection, sorting, processing and marketing of solid wastes. The targets for this programme are as follows: (a) skilling and strengthening of the participation in selective collection of 60 thousand rubbish scavengers; (b) promotion and strengthening of 500 cooperatives/associations and cooperation networks of recyclable material scavengers to act in selective collection and in the recycling chains; (c) addition of 100 networks of marketing of recyclable materials collected by the associations of scavengers; and (e) effecting infrastructure for 280 thousand scavengers.

<sup>20</sup> Brazil. MTE/SENAES. *Avanços e Desafios para as Políticas Públicas de Economia Solidária no Governo Federal: 2003–2010*. Interim Report. Brasília, National Solidarity Economy Secretariat, October 2011.

<sup>21</sup> For a more detailed analysis, see: Moraes (2013), Chapter 5.

<sup>22</sup> <http://portal.mte.gov.br/ecosolidaria/programa-economia-solidaria-em-desenvolvimento/>

<sup>23</sup> <http://portal.mte.gov.br/ecosolidaria/programa-economia-solidaria-em-desenvolvimento/>

In **Colombia**, *Law 454 of 1998* introduced notable transformations in the relations between the state and the social and solidarity economy, particularly as regards the duties of the new “*Solidarity Economy Bureau*” as regulator of the various activities carried out by the organizations that make it up (Davila and Medina, 2010).

Within the context of work in worker cooperatives, it is valid to mention that starting in 2006, *Decree 4588* regulated the organization and operation of the worker cooperatives and pre-cooperatives, as well as amending Decree 468 of 1990. This meant some alterations in the organizations representing the cooperative sector, which came to operate jointly with the Office of the President of the Republic, with the Ministry of Social Protection and with the *Solidarity Economy Bureau*,<sup>24</sup> looking to greater precision in the face of aspects that the new regulations contemplate, acknowledging and facing up to some practical difficulties, in addition to getting closer to the reality of these cooperatives.

It is useful as well to mention that a process has developed in the country of “*harmonization of positions*” between the cooperative sector and the government, toward reactivating “*Coopdesarrollo*”, a cooperative body of a financial character that merged with “*Coopcentral*”, another financial cooperative body. This merger, which created a new financial cooperative body, provide services as the “*Central Fund*” (*Caja Central*) for liquidity, financial intermediation, advice and management consulting. It operates based on a technological network of its own that brought together the cooperative financial system, aiming at positive impacts in terms of the competitiveness of the sector.

Another tool of public policy that deserves to be mentioned in the Colombian case, involves the “*Opportunity Bank*” programme.<sup>25</sup> The programme aims to promote access to credit for citizens with scarce financial resources, seeking to promote social equity. This programme has reached particular regions of the country that did not possess financial institutions. In December of 2013 in Bogota, the Bank held the First Latin American Forum of Local Savings and Credit Groups, with the participation of more than 300 people from the region.<sup>26</sup>

It is worthwhile recording as well the “*Ten-year Education Plan*”, which in relation to the cooperative sector upholds the topic of “*Education in and for peace, coexistence and citizenship*”. Mechanisms for participation were established within this programme, in which the productive and solidarity-based sectors commit to the building, development and monitoring of processes of training of citizens who are in a situation of social exclusion, plus interested self-employed workers.

<sup>24</sup> <http://www.supersolidaria.gov.co/es/normativa>

<sup>25</sup> <http://www.bancadelasoportunidades.gov.co/>

<sup>26</sup> For additional information, consult: <http://www.bancadelasoportunidades.gov.co/contenido/contenido.aspx?catID=1&conID=1101>

In **Cuba** the first law in reference to the social and solidarity economy is from 1982, the date of approval of the Agro-Livestock Co-Operatives Law, although cooperatives existed without proper legal recognition, like credit and service cooperatives and producer consumption cooperatives (Harnecker, 2012). More recently, the process of reducing employment in the state sector, begun in 2010, generated opportunities for development of the social and solidarity economy, especially in cooperatives. A significant change occurred for the latter, from the legal viewpoint, in the legal recognition of cooperatives in other sectors of economic activity, not only agro-livestock (like the goods and services cooperatives, including professionals). These transformations are present in the “*Draft Economic and Social Policy Guidelines*”,<sup>27</sup> a document that will guide the updating of the Cuban economic model. This document mentions cooperatives as one of the non-state business forms of importance for the new model, including as a means of increasing production and productivity in the country.

According to the National Statistics Office of Cuba, in 2010 there were more than six thousand cooperatives in the country, with 580 thousand members, which represented nearly 12% of total employment and 75% of total arable land. In addition, it is estimated that cooperatives accounted for 77% of agricultural production of the country. Although they present some challenges, the cooperatives offer stable jobs to their members, meet their basic needs and contribute to the development of the localities in which they are present, since they aid in the building of houses and networks of provision of services and social goods. In addition to which – as recognised by the government authorities – the cooperatives and associations of workers should get differential treatment (taxes, access to credit, subsidies, etc.), since they constitute forms of labour and production that are more “socialized”, and that contribute to reduction in the concentration of wealth (Harnecker, 2012).

In **Ecuador**, the 1998 Constitution bound the economy to the principles of efficiency, solidarity, sustainability and quality. Part of the public resources made available is directed to ensuring the protection of the peasants and small farmers.

For José Luis Coraggio, in an interview with the programme “*The power of the word*” in the online newspaper *Ecuadorinmediato* in the year 2010:<sup>28</sup> “*Ecuador is an exemplary place, because the social movements obtained success in inserting these topics into the Constitution; it is the only Constitution that mentions something so strong as the principle that the economic system has to be social and solidarity-based.*”

Within this perspective, a new Constitution was adopted in Ecuador in September 2008, with a people’s communitarian base, where the people and life occupy an even more important place in the conducting of the policies of the country. Accordingly,

<sup>27</sup> This document may be accessed at: <http://www.granma.cubaweb.cu>

<sup>28</sup> Interview accessed at: <http://www.ecuadorinmediato.com>

the idea was established of “living well”, emphasizing the principles of equality, democracy, diversity and national, food, energy and financial sovereignty.

In the country the *Ministry of Economic and Social Inclusion* (MIES<sup>29</sup>), with the mission of fostering and promoting the economic and social inclusion of the population, carries out activities, programmes and actions in the area of the social and solidarity economy, as a mechanism for citizens to participate in the social, political, economic and cultural life of their communities. More specifically, within the Ministry, the *National Institute of the People's and Solidarity Economy*<sup>30</sup> carries out projects for generating opportunities and strengthening of capacities for economic and social inclusion of people, groups and social organizations.

In 2011 the programme “*Weaving Development*” was launched, with the purpose of including small- and medium-scale craftspersons in the making of school uniforms for the public schools of the Province of Chimborazo. The programme was thought up and organized, in addition to also being accompanied by the *National Institute of the People's and Solidarity Economy*, which also facilitates access to credit for these enterprises.

In **Mexico**, the social and solidarity economy is known as the “*social sector*” and refers to the workers who undertake activities in a membership-based, community, collective or cooperative way, be they formalized or not. In this country progress in the social and solidarity economy came about starting from a Federal Law of 2004 that encompasses the promotion of activities conducted by those civil society organizations that have the country's development as their objective.

The existence should be highlighted as well of the “*Union Integrating Solidarity-Based and Social Economy Organizations*” (UNIMOSS),<sup>31</sup> which is composed of organizations of the social and solidarity economy and in which participation is of a voluntary and collaborative character. All of the actions are guided by the idea of an “*overall economic and social development strategy*”, with networks distributed throughout the entire country.

Some of the objectives of UNIMOSS are to: support and undertake actions contributing to the development of the human, social, material and cultural capital of the communities; work for the inclusion of more vulnerable sectors; promote the social and productive economy as an economic alternative; promote training, capacity-building and technical assistance; advise, promote and implement technology transfer; promote and drive social and community organization; and promote and establish a social network of financial intermediaries, amongst others.

<sup>29</sup> <http://www.mies.gov.ec>

<sup>30</sup> <http://www.ieps.gov.ec>

<sup>31</sup> <http://www.unimoss.org>

As its main gains, UNIMOSS highlights: the more than five thousand affiliated rural enterprises; the creation of 200 integrating enterprises of a regional character that are increasing the value added of their products; formation of a social enterprise with national capital, with more than 150 rural enterprises, with branches in all of the states of the federation, and the creation of a national marketing network.

From the viewpoint of public policies and of activities for stimulating the social and solidarity economy, it is worth mentioning that these are more directed to the rural sphere, undertaken by the *Mexican Council for Sustainable Rural Development*. The most recent reform of the *Sustainable Rural Development Law* was approved in 2007,<sup>32</sup> and advocates rural development with sustainability, including the planning and organizing of agro-livestock production and its industrialization and marketing. The objective of this law is to incorporate and permit access to the communities and their organizations or associations of a national, state, regional, district, municipal and community character, on the part of small-scale producers in the rural environment.

In **Venezuela** one may find a series of community and grassroots initiatives, with their foundations in “*endogenous development*”. These initiatives are supported by legislation that strengthens the social transformations in the country. This legislation is referred to as the “*People’s Economy Law*”, and is based on principles of the grassroots and solidarity economy, local governance and public institutions that provide support to the development of cooperatives and small-scale firms. This legislation upholds the idea of the integration of economic, social and cultural potential for local autonomy and the generation of collaboration networks between the productive activities and those of consumption.

In fact, the Bolivarian Constitution of 1999, in its Article 236, introduced new forms of socio-productive organizations that could emerge from community initiatives and receive financial and technical support from the state. However, up to 2008 there was no specific law, with legal definitions (regulatory and legal frameworks) for these socio-productive organizations. Thus, one of the main objectives of this law has been to regulate the activities of the people’s economy, offering tools to the participants for the development of these initiatives, and social practices on behalf of economic development as an integrating system, in addition to strengthening the social and productive projects of the various communities of the country (Ullrich 2010).

Based on *Endogenous Development Committees* (NUDES), the basic idea is the creation of new cooperatives, founded with the support of government programmes and the possibility of integration between them, in a network of local, regional and national producers, based on the *Solidaristic Exchange Groups*. These cooperatives are provided with incentives to obtain profits, as long as they are reinvested in the communities and/or in the cooperative and social businesses (Azzelini, 2012).

<sup>32</sup> [www.cmdrs.gov/marcolegal/ldr.pdf](http://www.cmdrs.gov/marcolegal/ldr.pdf)

The practical actions coming out of implementation of this law are the creation of “*Banmujer*”,<sup>33</sup> of the Institute for Rural Development, and of the Institute for Co-Operative Education. All of the governmental support for the formation of cooperatives centres on the idea of integration and of collaboration networks, as well as on the integration of the most vulnerable groups in terms of income, work and education. By way of an example, the “*Village Shepherds*” cooperative may be cited, which connects with the new cooperatives for small-scale production of clothing and transport that organize everything in a collective way from production to distribution of their products.

To the purpose of systematizing the information described above in summary fashion, the table below mentions the main social and solidarity economy experiences dealt with above.

### Box 5 - Systematization of experiences of the social and solidarity economy in Latin America and the Caribbean

Regions/Countries	Programmes/Public and private organizations / Programmes / Experiences
<b>Argentina</b>	National Institute of Associational Life and Social Economy Ministry of Social Development Commitment to the Social and Solidarity Economy Buy from the Solidarity Economy <i>Let's Get to Work</i>
<b>Bolivia</b>	Ministry of Productive Development and Plural Economy Movement for the Solidarity Economy and Fair Trade
<b>Brazil</b>	National Secretariat of the Solidarity Economy – SENAES World Social Forum Brazilian Solidarity Economy Forum Developing Solidarity Economy Programme “Brazil Local” Programme Sustainable Regional and Territorial Development Programme and the Solidarity Economy
<b>Colombia</b>	Solidarity Economy Bureau <i>Coopdesarrollo</i> <i>Coopcentral</i> Opportunity Bank
<b>Cuba</b>	Draft Economic and Social Policy Guidelines
<b>Ecuador</b>	Constitution of 1998 and 2008 Ministry of Economic and Social Inclusion National Institute of People's and Solidarity Economy
<b>Mexico</b>	Union Integrating Solidarity-Based Organizations and Social Economy Mexican Council for Sustainable Rural Development Sustainable Rural Development Law
<b>Venezuela</b>	People's Economy Law Endogenous Development Committees (NUDES) <i>Banmujer</i> Institute for Cooperative Education <i>Village Shepherds</i> Solidaristic Exchange Groups

<sup>33</sup> Women Development Bank, <http://www.minmujer.gob.ve/banmujer/>

## 4.2 Social and solidarity economy networks in the region

In addition to the experiences mentioned, it is worthwhile to record the existence of some networks created in the region. These networks prove that operating in a participative and reciprocal way can contribute to facing up to day-to-day difficulties and to strengthening of the activities of the solidarity-based economic enterprises. The exchange of experiences and/or support to the protagonists of the social and solidarity economy (financing structure, legal support, connection to markets, etc.), within the context of the cooperation between the countries of the region, is a trail is being blazed and already points to some positive results, as well as to the importance of strengthening them.

One example from amongst many is the *PET Bi-national Solidarity Network*, involving Brazil and Uruguay, which began from the interchange between these countries, supported by the government of the State of Rio Grande do Sul (*Secretariat for the Solidarity Economy and Support to Micro and Small-Scale Enterprise*).<sup>34</sup> in Brazil, and by the Ministry of Foreign Affairs of Uruguay. The agreement is the fruit of a proposal for formalizing the **first international cooperation agreement** between the two countries, and involves the processing of waste plastic (PET bottles) and its transformation into fabrics. This is based on Uruguayan and Brazilian cooperatives, which address different parts of the production process. This permits a connection between production, distribution and consumption amongst the cooperatives, ensuring a market, on the basis of the ideals of fair trade and of solidarity-based exchanges. In that way, many people benefit, due to producing, feeling that they are useful and obtaining an income. This contributes to inclusive and sustainable development of the territories where these experiences take place.

It is within this scenario that South–South cooperation, within the framework of the social and solidarity economy, presents itself as an important instrument for strengthening of these practices, as is upheld in this work and as we will take up again later.

The networks that were mapped were:

**Mercosul in Solidarity:**<sup>35</sup> a platform of civil society organizations made up of 17 NGOs from Argentina, Brazil, Chile, Paraguay and Uruguay, with close to three thousand representatives who, since 2003, are developing strategies at local, national and regional level in favour of the political, economic and social rights of the most vulnerable sectors of society. This network has as one of its main objectives, the strengthening of the social dimension in the process of integration into Mercosul, recovering the historical ties in common, the cultural diversity, and the capacity for mobilization of the social organizations and movements of the region.

<sup>34</sup> <http://www.sesampe.rs.gov.br/?model=conteudo&menu=284>

<sup>35</sup> <http://mercosursocialsolidario.org/>

**Latin American Social and Solidarity Economy Network (LASES<sup>36</sup>):** an open space for reflection, training and exchange of experiences, which was born in 1999 as an initiative of a group of drivers from the Solidarity-Based Exchange Network of Argentina, which considered that: (1) in its four first years of existence, the barter clubs were not able to solve either the technical problem of production at scale, nor the political problem of the management of an open and participative network; (2) the community currency is a quite powerful strategy, which can be used by other solidarity economy initiatives, and out of this combination may come very creative and efficient responses to address social exclusion.

**Network of Latin American Social and Solidarity Economy Researchers (RILESS<sup>37</sup>):** a joint initiative of the UNESCO Chair (in Work and Solidaristic Society, of the University of the Vale do Rio dos Sinos (UNISINOS) in Brazil, and of the General Sarmiento National University, of Argentina, with the support of the Latin American School of Social Sciences (FLACSO) of Ecuador, and of the Michoacan University of Mexico. This network sets itself the task of providing scientific grounds and empirical bases for reflection and actions in reference to development of the forms of alternative economy that have been emerging in the last two decades in Latin America. Its objective is to stimulate integration between researchers working within a plural framework, contributing to the development of projects, interchanges and various forms of scientific cooperation, so as to strengthen collective initiatives promoting an alternative economy in the region.

**Knowledge Management Service for Latin America (ASOCAM<sup>38</sup>):** a partnership between the Latin America Intercooperation Foundation and Helvetas Swiss Intercooperation and Swiss Agency for Development and Cooperation (SDC). It provides technical support services to the various institutions working on the topic of sustainable and inclusive development of communities in the region. It operates in particular in the form of interchange between communities promoting territorial development, within the perspective of South–South cooperation.

**Latin American and Caribbean Coordination of Small-Scale Fair Trade Producers (CLAC<sup>39</sup>):** a network made up of 25 organizations working to ensure a fairer relationship with the producers of the region, with the aid of specialists based in Bonn in Germany, who discuss criteria for fair trade and provide support to certified producer organizations. They encourage production, support in marketing and disseminate solidarity-based values, including those based on the sustainability of the area in which they act. It therefore constitutes a network of small rural producers, organized democratically with the objective of strengthening its base-

<sup>36</sup> <http://www.redlases.org.ar>

<sup>37</sup> <http://riless.org/pt/>

<sup>38</sup> <http://www.asocam.org/portal/node/32643>

<sup>39</sup> <http://www.fairtrade.net>

level organizations, based on democracy and participation, solidarity, equity, respect and transparency.

**Ibero-American Observatory for Employment and Social and Cooperative Economy (OIBESCOOP<sup>40</sup>):** a network created with the support of the University Institute of Social and Cooperative Economy of the University of Valencia, of the Ibero-American Social Economy Foundation (FUNDIBES), of CIRIEC Spain and of the University of Chile. It has the objective of systematizing and socializing information contributing to generation of employment, work and income, in an inclusive and sustainable way. It supports and disseminates various studies in the respective countries that address the theme of social and solidarity economy. The Observatory presents information for all of the constituent countries, on topics like legislation, public employment policies, representative organizations, studies and research, and best practices, in addition to dissemination of news and events in the region.

**Project Hope (Cooesperança<sup>41</sup>):** a project that began in the city of Santa Maria in the State of Rio Grande do Sul, based in the Diocese of Santa Maria, in the Federal University of Santa Maria, and in Caritas Regional. Based on reflections amongst these institutions, the “*Liberating Charity Model*” was created, through the PACS (Alternative Community Projects), based on the people’s and solidarity-based economy and with “Reinventing the Economy” as its watchword. The main elements which make it up are: solidarity, generation of work and income, membership-based cooperative organization, and self-management. *Cooesperança* is the “output” of this project, and refers to the *Joint Cooperative of Small-Scale Rural and Urban Producers*, which acts as a central body that brings together and links the organized groups, making viable direct marketing of the products produced by the solidarity-based economic enterprises of the countryside and of the city. Over the last twenty years, *Cooesperança* has put on various meetings in Latin America and the Mercosul Solidarity Economy Fairs, in addition to participating actively in five editions of the World Social Forum, promoting the social and solidarity economy. This experience motivated the organizing of many groups and fairs in countries of the region, of enterprises and of organizations acting within the network.

As was noted, there are countless experiences that demonstrate that the social and solidarity economy constitutes an instrument for generation of work, employment and income for a significant number of people at global level, and contributes to sustainable and inclusive development, taking into account the cross-cutting nature of its experiences and actions.

However, such experiences are marked by challenges linked to their *modus operandi*, which in many cases make their continuity unviable or difficult. These challenges exist

<sup>40</sup> <http://www.oibescoop.org>

<sup>41</sup> <http://www.esperancacooesperanca.org.br/>

due to innumerable economic aspects, as well as administrative and management, political, social, educational, cultural, scientific, technological, environmental, legal and accounting aspects (Neves, 2012). In addition to this, there are some restrictions as regards the need to move forward on issues such as the regulatory framework for public policies in social and solidarity economy, institutional character and financing. These constraints mean impediments for the advance of the social and solidarity economy.

It is within this scenario that South–South cooperation will serve as an instrument for strengthening the social and solidarity economy, since the exchange of knowledge and know-how will allow improvement in the conditions under which the experiences in other places operate. As already acknowledged in Amorim and Lagarde (2013, page 29): *“South–South interchange is growing in the field of the social and solidarity economy, given that the exchange of best practices amongst the developing countries is an important means to achieve national ownership in this field.”*

Within this perspective, the topic below will deal with the harmonious and necessary relationship between South–South cooperation and the social and solidarity economy.

## 5. South–South cooperation and the social and solidarity economy: harmonious and necessary relationship

South–South cooperation is complementary to the traditional North–South relationships, and incorporates the idea that *“through a **spirit of solidarity**, developing countries can provide **sustainable solutions** to their own problems and at lower cost.”* Thus *“South–South Cooperation efforts – including the identification of successful experiences in one country and their adaptation and application in another – are an important addition to the dissemination of decent work outcomes under the ILO’s four strategic objectives”*. At the same time, it *“enables the **formation of net-works between both developing countries** and traditional donors in triangular schemes that contribute to a fair globalization”*. Within this perspective *“the ILO can play an important role not only as a support channel, but also as an institution that maximizes financial, logistical and technical resources.”* Within this perspective, it is understood that *“the ILO can play an important role not only as a channel of support, but also as a means for maximizing the financial, logistical and technical resources”* (Amorim, 2013, page 11).

Thus South–South cooperation is even seen as an important means to tackle the challenges faced by the less developed countries, as well as to strengthen the experiences of the social and solidarity economy. Explicitly and implicitly, there are some elements making up the ideas and actions of South–South cooperation that are connected to the constituent elements of the social and solidarity economy, such as:

## Box 6 – Constituent elements of South–South cooperation in the context of the ILO

- Takes in initiatives of a social, economic, environmental, technical and political scope;
- Manifestation of solidarity;
- Egalitarian partnership based on solidarity, on the sharing of knowledge and experiences, and on training and technology transfer;
- Tripartism and the building of consensus and cooperation between the parties;
- Social dialogue;
- Common interest;
- Emerges out of a socio-economic demand;
- Respect for national autonomy, peculiarities and priorities;
- Cross-cutting character of actions and objectives;
- Cooperation between trade unions and universities;
- Strengthening of the knowledge and of capacity of research for interventions in policies and organizational development;
- Contribution to sustainable and inclusive local development

In those terms, the innovative focus of South–South cooperation and of its proposals, is centred on the one hand on the idea that the development project ought to be built *“from the bottom up”*, and on the other hand, on the existence of a *“territorial pact”*, mediated and driven by the linkage between key actors (government, producers’ organizations, cooperatives, trade unions, business associations, educational and research institutions, etc.).

South–South cooperation allows interchange between the various forms in which the social and solidarity economy gets manifested in the respective territories, contributing – in addition to the generation of work, employment and income – to local economic and social development. This because the solidarity-based economic enterprises act based on the (a) valuing of labour, of knowledge and of creativity, (b) identification of work in association and of membership-based ownership of the means of production, based on democracy, solidarity and cooperation; (c) democratic management of the enterprises by the workers (self-management), and (d) building of solidaristic collaboration networks as a form of integration between the various solidarity-based economic enterprises.

This finding encounters support in some of the initiatives proposed within the framework of South–South cooperation,<sup>42</sup> which contributed to mitigation of the effects of the current crisis, placing employment and social protection at the centre of the recovery policies, including the identification of successful models in the developing countries and the sharing of these experiences – collaborating even with the ILO’s Decent Work Agenda.

<sup>42</sup> Based on the book: Amorim A. (2013).

It is within this scenario that, as already mentioned, South–South cooperation will serve as an instrument for strengthening the social and solidarity economy. Within this perspective, it is useful here to recall two important events, which served (and still serve) as a rich area for knowledge and exchange of diverse experiences between the protagonists of the social and solidarity economy (practitioners, researchers, governments and representatives of institutions, amongst others) on different topics surrounding the social and solidarity economy and its practice. They are: the International Academy of the Social and Solidarity Economy of the ILO<sup>43</sup> and the Conference on the Potentials and Limits of the Social and Solidarity Economy, of UNRISD (United Nations Research Institute for Social Development).<sup>44</sup>

Thus 2013 was the year in which the Agadir and Geneva events revealed the potential and relevance of South–South cooperation on this topic,<sup>45</sup> reaffirming their efficacy for developing new networks and partnerships in support to the social and solidarity economy, within a context where the convergence of these thematic areas constitutes a strategic opportunity for the ILO. Likewise in the year 2013, a partnership between UNRISD and the ILO created the UN Inter-Agency **Task Force** on Social and Solidarity Economy (bringing together agencies like the ILO, UNRISD, FAO, UNESCO, etc.).<sup>46</sup>

An important “output” of this process is the construction of the *Meeting Point for South–South Cooperation on the Solidarity Economy*, which may be accessed at: <http://www.sstcsse.net>. The “**Meeting Point**” is an interactive space in which people from different countries can share opinions and knowledge and cooperate in the field of social and solidarity economy, within the perspective of South–South cooperation. Its main objective is to increase the direct connectivity and the interactivity between the people interested in this proposal.<sup>47</sup> It was developed with the support of the ILO Partnerships and Field Support Department (PARDEV) and of ILO Turin, within the context of the Social and Solidarity Economy Academy. The ILO has built up an extensive tradition and developed profound experience on enterprises and organizations of the social and solidarity economy, and understands that South–South cooperation may be a tool for the building of continental and intercontinental networks in the field of social and solidarity economy.

<sup>43</sup> <http://socialeconomy.itcilo.org/en>

<sup>44</sup> [http://www.unrisd.org/80256B3C005BCCF9/\(LookupAllDocumentsByUNID\)/5936F8772AFB3780C1257BBE0056F0F9?OpenDocument](http://www.unrisd.org/80256B3C005BCCF9/(LookupAllDocumentsByUNID)/5936F8772AFB3780C1257BBE0056F0F9?OpenDocument)

<sup>45</sup> It is suggested to consult ILO Newsletter N° 37, May 2013, available at: <http://www.ilo.org/pardev>

<sup>46</sup> For additional information, consult: <https://sseacb.wikispaces.com/file/view/Founding+Meeting+UN+IATF+on+SSE.pdf/459644694/Founding%20Meeting%20UN%20IATF%20on%20SSE.pdf>

<sup>47</sup> May be accessed at: <http://www.sstcsse.net/sobre>

## 6. Concluding comments

In the face of the scenario of economic and financial crises at global level, with impacts on Latin America and the Caribbean, as well as difficulties for the generation of work, employment and income, discussion on the possibilities for socio-economic integration is of fundamental importance, above all for those individuals in a situation of social exclusion and economic vulnerability. Within this perspective, the need becomes pressing to discuss integrated development policies, which indeed may permit an effective inclusive and sustainable development, and which contemplate greater participation of the social actors involved.

The relationship between integrated development policies and the need for greater social participation finds a space for action in the field of the social and solidarity economy, given that it has a cross-cutting nature – which is to say, it can mobilize various areas of public and social action, as has been shown throughout this work.

However, in the current reality this cross-cutting nature appears to us to not yet be fully taken advantage of, bearing in mind the challenge of a greater articulation between the bodies of the government (and of the latter with the private sector), at their various levels, which shows the need to move forward in this direction, if indeed the aim is there of thinking about development in its holistic sense.

Within this perspective, it is believed that the social and solidarity economy, as well as its actions and ramifications, point to new paths and effective opportunities for building new forms of linkage of innovative experiences (some already under way), with development at local, territorial, regional and national levels.

Which is to say – as was seen through the experiences described – the social and solidarity economy constitutes an instrument of generation of work, employment and income for a significant number of people, and contributes to sustainable and inclusive local development, bearing in mind the cross-cutting nature of its experiences and actions. However, these experiences are marked by challenges linked to their *modus operandi*, which in many cases make their continuity and advances unviable or difficult.

It is within this scenario that South–South cooperation will act as an instrument for strengthening the social and solidarity economy, since the exchange of knowledge and know-how will allow improvement in the conditions in which the experiences in other places operate. South–South cooperation permits an interchange between the various forms in which the social and solidarity economy gets manifested in the respective territories, contributing – in addition to the generation of work, employment and income – to inclusive and sustainable development.

This finding encounters support in some of the initiatives proposed in the context of South–South cooperation, which have contributed to mitigating the effects of the current crisis, placing employment and social protection at the centre of recovery policies, including the identification of successful models in the developing countries and the sharing of these experiences, collaborating even with the Decent Work Agenda of the ILO.

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# Paths for Promotion of Local Development and Strengthening of the Solidarity Economy, Based on Production Chains

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*The present article draws out the importance of production chains as a strategic element for the dynamizing of the economy, social and productive inclusion, and generation of incomes and occupations – and consequently, its contribution to the local development processes. Small-scale undertakings and those of the solidarity economy have been highlighted as drivers of local transformations, and as well, the essential initiatives have been addressed for fostering changes starting from the leading role of the local and from the engagement of strategic actors. In addressing that context, the content was structured on the basis of the following aspects: who is involved, the desired result, and the strength of individuals in the local development processes; solidarity-based enterprises as an alternative for inclusion; and practical cases in Brazil.*

## 1. Introduction

Reduction of inequalities and better conditions for inclusion: that is the reason that motivates the execution of public policies, programmes, projects and initiatives for territorial economic development and inclusion in productive activities all throughout the world.

Transforming the reality of the most needy localities in underdeveloped countries where there is a concentration of poverty – and using the promotion of local assets based on the role as protagonist, on the engagement and leadership of the various

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actors of a given territory as a strategy – is one of the most promising alternatives for ensuring effective and sustainable transformations.

Development is carried out with:

- ▶ people and for people, when there is singularity of interests and participative engagement;
- ▶ cooperation, based on the inclusion of the people and on the institution of a shared management model to be used by various local actors integrated into one or various shared aims;
- ▶ entrepreneurship, coming out of the behaviour of each citizen who wishes to carry out transformations, changes and improvements, be he/she a businessperson, a cooperative member in a solidarity-based enterprise, a public manager or a representative of civil society;
- ▶ knowledge, management and innovation, which once they are aggregated make possible more assertive decisions and concrete actions to optimize the assets of a locality;
- ▶ entrepreneurial education, to make possible new knowledge and know-how, and to awaken a more active and less dependent behaviour;
- ▶ small businesses, as an inclusive alternative that allows generation of income and jobs with dignity, strengthening the local economy;
- ▶ public policies that feed into concrete paths for creating favourable environments and for fostering democracy and citizenship.

Accordingly, development happens in the localities or defined territories where people simply aspire to a better life. To that end, it is important to acknowledge the leadership role in this process, taking into consideration the capacity to build a vision of the future, to influence people and to act effectively. Those traits are also intrinsically related to the solidarity economy, which starting from a spirit of cooperation and collaboration, gets consolidated as an inclusive alternative for thousands of people.

Local development initiatives, which depict the transformation of a defined territory – be it a neighbourhood, a municipality or a set of municipalities – require engagement, active involvement and social participation. Below we will see procedural aspects for promotion of local development, strengthening of production chains and encouragement of inclusion in productive activities by the intermediary of the solidarity economy. In addition, the initiatives of SEBRAE that are under way will be highlighted, along with Brazilian success stories.

## 2. Local development in practice: the production chains of the territory

Development extrapolates the impacts generated by the economic growth of a territory. It goes beyond the economic wealth produced, and involves social engagement as a path for obtaining advantages from the assets, potentials and special attributes of a locality, based on the building of a participative action plan and of a governance model based on shared management. In practice it is the transformation of a reality based on the construction and achievement of the actions delineated in a vision for the future, which will certainly provide better living conditions for the population of a defined territory.

The processes of territorial economic development are initiated based on cooperation between local leaders representing governments, enterprises, development agencies, non-governmental organizations, educational and research bodies and representatives of civil society, amongst other institutions, in favour of one or various collective interests. Generally speaking, they are focused on transformation of the reality of a territory that has been previously defined based on the criteria of spatial (physical) delineation.

The first step for inducing a process of local development should be initiated by the local governance organization, where the active role of the leaders and the capacity to implement initiatives based on collective interests are essential, so that they may result in better living conditions for the people living in that territory. Such a process involves the identification of the principal actors and the building of a management structure, whether formal – represented by a forum, committee, consortium, agency or other representative structures – or as well informal – composed of a group of people who display common and convergent interests.

Doing a reconnaissance of the assets of the territory, as well as its main needs and demands, is the second step to be consolidated following the stage of structuring of local governance. Identifying the economic regions, the business concentrations, productive arrangements, clusters and business networks of a territory, implies having available qualified knowledge on the region, which facilitates building a participative action plan based on the local priorities. It is clear that other aspects should also be taken into consideration. It is not only the economic impediments that hold back or contribute to the development of a territory. Development includes economic growth, but not just that. There are also elements connected directly to the quality of life of the people, involving basic aspects for living well, like: health, education, culture, environment, transport and others.

Following the stage of construction of the local identity, based on the assessments, studies and research efforts carried out, it's necessary to define a plan of action built

based on collaborative and participative processes involving the various local actors. That process allows identification of what is available, in terms of the labour force and resources, as well as being conscious of what ought to be complemented or raised in order to ensure execution of the actions and tasks of the plan with success and less risk.

The mobilization of people by means of behaviour as a protagonist is the solution for that process to occur naturally. Let's look at one simple example of a municipal school that has its facilities in precarious conditions, and which due to various limitations does not receive sufficient assistance from the public entities responsible for their maintenance. Once they become aware in that situation, the united parents decide to make up a work party to resolve all of the shortcomings of the school, contributing work effort, material, tools, resources, financial contributions and other things.

In addition to initiatives such as that one, which reflect the desire of society to live in proper conditions – which often aren't provided by the legitimate and responsible bodies – there is also a great effort that should be directed to the territory's production chains. This involves developing the abilities of the managers, entrepreneurs and businesspersons through a process of cooperation and systemic competitiveness, so as to strengthen the links and the local economic arenas. Actions such as those make possible business networks, strategic alliances, inclusion in productive activities, retention of economic resources in the locality (formation of local savings), expansion of job positions, diversification of the supply of products and services and broadening of technological and innovative bases, amongst others. Those factors are extremely relevant for the development of a locality. Behind that whole arena there is a great need to build a culture based on the principles of leadership, cooperation and solidarity.

Viewed from that perspective, in the items to follow we will see aspects related to the capacities coming out of the relationships between people, emphasizing the role of human and social capital in favour of an integrated and sustainable development.

## 2.1 Who is involved

Local development does not happen based on individual initiatives, but rather through the linkage between the various local actors. There should be a sense of a whole, of a collective, where the synergy of the people represents the alchemy desired in order that a process of transformation of a locality in fact take place.

It is important to give prominence to the role as protagonist of the local, and to the culture of cooperation for creating favourable conditions for the involvement and engagement of representatives and leaders from the governments, enterprises, professional associations, educational and research bodies, science, innovation and technology institutes, civil society and others. Partnerships between the various bodies and institutions contribute to attaining the desired result with the appropriate human, material and economic resources. Building alliances is indeed strategic and

relevant for ensuring the empowerment of all of the local entities involved, as well as of society at large.

It should be possible to make explicit development of the abilities and availabilities of supply of solutions from each actor at the time of building of the participative planning and of setting up the shared management model. This aim will contribute to a better classification of needs and a better use and application of resources, and as well, will more easily provide identification of the weaknesses and needs for raising resources from other sources.

The occasion of linkage between the local bodies and leaders permits identification of a local (territorial) identity. It is thus possible to better map the aspects of the local economy as a development mechanism, identifying the priorities of the “high street” of a small-scale municipality and of its bordering rural regions, as well as the impediments correlated to the priority topics of a developed society, which get reflected in health, education, sport, well-being, basic sanitation and public transport, amongst many others.

## 2.2 The desired result

Based on the building of a participative plan to define the current situation and identify the real demands and needs, a vision of the future is defined that puts forward a series of initiatives, projects, actions and complementary tasks that result in routes for transforming, changing or altering the present reality.

In light of that collective construction, the ramifications of the plan are executed by the actors and leaders themselves who are involved with the aim, and complementary projects or initiatives are also conceived that may mobilize other elements (financial, human and political resources).

In a general way, initiatives such as this one are focused basically on the improvement in quality of life of the people of a particular locality, whether the territory is lacking in local assets, special attributes and potentials – or whether it is more competitive and innovative in those, and with a more dynamic economy. The central aim of a process of local development is grounded in the way of living of the people, with better conditions, with equal opportunities for all, and mainly, with the promotion of equality.

Accordingly, local development requires as an essential premise, the direct participation of the people living there. It is not a paternalistic process where the state decides exclusively the paths for the development of a territory, but rather a democratic process where solutions are built in two-way fashion, both “from the bottom up” as well as “from the top down”.

It is necessary as well to strengthen entrepreneurialism as a alternative for inclusion, income generation and improvement in quality of life. Generally speaking, local development initiatives are carried out in localities where there is greater concentration of poverty and economic constraints. Let's reflect on the public policies implemented for several decades now by the governments of the entire world. In their essence, these are focused on social and economic weaknesses, and are directed to pockets of poverty in the large and medium-sized cities, and as well to the most needy rural regions of the country.

### 2.3 The strength of the individual

The behaviour of the people mobilized for local development processes is based on the entrepreneurial culture. Which is to say, transformation only results from the actions and reactions of those involved in the process. It is the fruit, therefore, of the active role and involvement of one or various individuals on behalf of the collectivity.

That kind of behaviour requires the development of specific capacities and competencies, as well as a stance of leadership on the part of the variety of people who participate in a local development process. Building of capacity, principally ongoing, is relevant in order that the performance and action of each one make the difference in the carrying out of the actions and tasks envisaged in the plan, in the achievement of the goals stipulated and in delivery of the results. Thus it will be more feasible to ensure effective transformations and impacts that provoke positive externalities.

One of the most important arenas of a process of local development is grounded in human capital. The individual is the key element. His/her knowledge should be improved in the most skilled and diversified way possible, with it being important to put emphasis on new knowledge.

Assuch, it is useful to highlight the role of the community leaders – be they governmental, business or community – that act as “engines” to ensure the implementation and sustainability of local development initiatives. Through their (management and/or behavioural) capacities, they are able to act as a central thrust in the collective and participative process of construction, in order to define the tracks that are to be followed. The commitment of those leaders should be to citizenship and democracy, in order to thus ensure that their contributions are legitimate.

### 3. Solidarity-based enterprises as an alternative for inclusion

For the most depressed localities or territories, with low economic dynamism and limited employment offers – both in urban as well as rural regions – it is known that entrepreneurship is the great driver of inclusion in productive activities, be it by means of the setting up of small businesses, or solidarity-based economic enterprises.

It is known as well that the biggest difference between a company and an undertaking based on the principles of the solidarity economy, is grounded in individual versus collective earnings. In the companies, the co-workers work in search of achievement of the dreams of the owner. Now in the solidarity-based enterprises, all of the effort expended by the cooperative members is given around one single objective. This involves the putting into practice and satisfaction of the collective dream, coming out of a culture of cooperation and solidarity.

Seen from that perspective, the management model for a solidarity-based undertaking displays great similarity to a local development process, since its essence is anchored in a relationship of mutual and participative commitment of people who come together starting from a common purpose to bring together talents and work effort, aiming at social and productive inclusion, occupation (work or employment) and income generation.

It is clear that various other concepts related to the management of companies and of solidarity-based enterprises are different, like for example: decision-making in a centralized versus shared way; the profit for the owner versus the setting aside of reserves for the solidarity-based undertaking or distribution of earnings to the cooperative members; focus on the individual versus focus on the collectivity; risks assumed by the owner of the company versus successes and failures coming out of the responsibilities taken on by the cooperative members; “spirit” of competition between employees, versus collaborative and solidaristic behaviour amongst workers.

However, in involving conditions for entry into a competitive market, the difficulties faced both by the companies as well as by the solidarity-based enterprises are similar, and many times require similar management models and decision-making.

The solidarity-based enterprises require the development of aptitudes in order to ensure sustainability, growth and stability. It is in this phase that the workers of an enterprise – be it a cooperative, association or self-managed firm – should be conscious of the need to improve in professional terms the productive processes of management and marketing: being qualified and prepared to exercise their duties.

From amongst the knowledge and abilities necessary for ensuring sustainability of the business, are included the following: preparing a feasibility study; developing a

business plan; seeking alternatives for reduction of the costs of production without affecting quality; having the capacity to produce in line with demand; defining a fair price for the product or service; implementing strategies for intervention in the market based on local and global trends; really knowing the clients; creating a brand; having good packaging and a label with all of the information and standards demanded for marketing; knowing negotiation techniques; dealing with financial controls; and mainly, having a sensitive approach in terms of cash flow and working capital.

Elements like those are essential in all teams or groups that want high performance, satisfactory results and sustainability. Specifically in the solidarity-based enterprises, where all of the workers have a voice and contribute on an egalitarian basis in the decision-making process, it is important to develop everyone's capacity for leadership in order to reach the objectives. The concept of leadership adopted here is composed of the capacity to build visions of the future, to influence people and to act effectively. Which is to say, it is essential for maintaining an active and promising atmosphere of cooperation, which should be built starting from elements like confidence, cohesion, motivation, mutual responsibility and group thinking.

There are great opportunities for placement of the cooperatives, self-managed companies and solidarity-based enterprises within the markets for various sectors of activity, like metalworking, construction, recycling, farming and handicrafts, amongst others. But in order that this happen, those undertakings, in addition to the ongoing seeking of professional development – improvement in management, in the productive processes and quality – need to adopt joint strategies for strengthening themselves, thus following models similar to the practices of local development.

The networks of undertakings, as well as the production chains, end up promoting alternatives and solutions for increasing competitiveness and market access by means of the collaboration and mutual cooperation between the various actors. Through them, it is possible to: increase the quantity of business generated amongst the solidarity-based enterprises; expand opportunities for marketing as a function of market demands; negotiate lower prices with suppliers for purchase of raw materials, machinery and equipment; exchange experiences and promote learning by means of interaction and socialization of knowledge; promote technological innovation and the development of new products and services, relating the technical competencies of more than one enterprise, and so forth.

The cooperatives and self-managed companies that act in the priority sectors, have conducted discussions for animating and strengthening the existing networks, as well as stimulating the setting up of new production chains. Those experiences serve as an inspiration for unleashing new initiatives capable of fostering the sustainable development of various communities, contributing to the appearance of new jobs, income generation and social inclusion.

The joint action of those institutions, consolidated based on fulfilment of their respective missions, provides opportunities to the enterprises for improvement of their competencies and support in the reaching of legal milestones. Thus one tries to ensure the sustainability of small businesses and of solidarity-based economic enterprises, with a focus on political and social representation, on professional development, on the construction of a model of efficient management, on improvement of the quality of the products and services, on the service provided by the oversight and certification bodies, and on the consolidation of collaboration networks and of production chains related to the solidarity economy that contribute to local development, by means of the reduction in inequalities, social and productive inclusion, and the right to citizenship.

#### 4. Initiatives in Brazil supported by SEBRAE

“Foster the competitiveness and sustainable development of small businesses and promote entrepreneurship, in order to strengthen the national economy.” It is with a focus on that mission that SEBRAE has been encouraging initiatives for promotion for more than four decades to transform the reality of Brazilian business.

Starting from a territorial approach, SEBRAE seeks to optimize its service with technical and management assistance to small businesses, promoting entrepreneurship, inclusion in productive activities, local economic dynamism and improvement in the business environment within the municipal realm.

In practice the initiatives are implemented based on the special attributes and potentials that exist in urban and rural areas, contemplating the various sectors: trade, services, industry and commercial farming.

The target audience encompasses mainly individual micro-entrepreneurs, micro-enterprises, rural producers, potential business people and potential entrepreneurs, often represented by cooperatives and solidarity-based economic enterprises. In addition to them, local public managers involved in the development agenda of the municipalities since implementation of the General Micro- and Small-Scale Enterprise Law, are also directly involved with activities that facilitate the establishment of local networks.

Through its programmes and projects, SEBRAE also designs its actions so as to expand the boundaries of intervention. It has as its commitment, to increasingly reach municipalities hitherto not served by the institution, and to strengthen its intervention in the most needy localities of the country.



Francisco Martins, chairman of CooperSelva, in the cooperative's head office.

As the fruit of that aim, the Territorial Development Unit coordinates the following arenas of work:

- ▶ Implementation of the General Micro- and Small-Scale Enterprise Law in the municipalities
- ▶ Network of Development Agents
- ▶ National SEBRAE Programme in the Citizenship Territories
- ▶ Territorial Economic Development Projects
  - In regions of low dynamism
  - In low-income urban regions (outskirts and slums of the big centres)
  - In regions where big investments are taking place
- ▶ Social Businesses

Inclusion in productive activities is embedded as a cross-cutting theme of all of the initiatives under way. From the perspective of SEBRAE's activity, the arenas of work have a commitment to integrating needy citizens and improving their socio-economic conditions via entrepreneurship, fostering opportunities to develop an economic activity in a sustainable way.

In recent years, projects have been undertaken of attending to the beneficiaries of the Family Allowance Programme (*"Bolsa Família"*), based on a Cooperation Agreement signed with the Ministry of Social Development and Combating of Hunger, within the scope of the Brazil without Poverty Plan.

From the beginning of the partnership, the proportion of individual micro-entrepreneurs who were beneficiaries of the family allowance rose, showing a great potential for formalizing and inclusion based on awareness-raising activities, training events and technical assistance.

Now in the sphere of the solidarity economy, the partnerships signed with the Central Body of Cooperatives and Solidarity-Based Enterprises (UNISOL Brazil), the Esquel Group Foundation (FGEB), the Odebrecht Foundation, GRU Airport and other institutions, have also contributed to initiatives of inclusion in productive activities by means of the formalizing of new businesses, capacity-building for individual micro-entrepreneurs and rural producers, promotion of working in associations and the cooperative movement, and strengthening of solidarity-based economic enterprises.

The enterprises, networks and production chains supported by SEBRAE are various, and the success stories are innumerable throughout the whole of Brazil. The examples are the results of the characteristics and peculiarities of each sector, of its potentials, special attributes and local opportunities. Those highlighted below illustrate the practices conducted by SEBRAE and its partners.

### Box 1

**Cooperselva<sup>2</sup>** – headquartered in the district of Conselvan in the municipality of Aripuanã, located in northwestern Mato Grosso.

*Cooperselva is the fruit of the action of the Brazilian Micro and Small Business Support Service (SEBRAE), in partnership with the Dardanelos Hydro-Electric Power Station of the Energy Company Águas da Pedra, and the Municipality of Aripuanã, through the Secretariat of Agriculture. The cooperative brings together coffee and milk producers.*

*Conundrum: Prior to the cooperative coming into operation, the producers were dependent on the so-called brokers, and didn't have any way to charge a better price for the coffee. So-called tied purchase was practised: the brokers provided fungicides, fertilizers and other materials, in exchange for exclusivity in the sale of the coffee. That practice impeded the local producers from seeking better business opportunities, and consequently better prices.*

#### **Numbers**

*Cooperselva brings together 139 cooperative members.*

*In two years, coffee billings grew 178% and the production of milk went from 1.1 thousand litres/day to 20 thousand litres.*

#### **Specialized consulting**

*SEBRAE made possible the sending of coffee samples from the producers to companies in São Paulo and Cuiabá, which demonstrated interest in the product, including offering double the price that the producers were receiving from the brokers. That scenario contributed to the formalizing of the cooperative.*

*After going through skills-development courses and receiving consultancies, identifying the opportunities for improvement in production and marketing, the producers were able to see the potential that they had in their hands when they united.*

*SEBRAE placed a consultant specialized in the area of production technology at the disposal of the cooperative members. He presented new techniques for pruning, harvesting, planting and use of agricultural chemicals.*

<sup>2</sup> Source: SEBRAE. Territórios da Cidadania: ação que transforma vidas. Brasília: SEBRAE, 2012.

*The President of the Cooperselva, Francisco Rodrigo Martins, stresses that the partnership made possible participation by 16 rural producers from the cooperative in courses where they learned techniques for pruning and harvesting. Sixteen demonstration productive units were created of one hectare in size. In them, the consultants were able to demonstrate in a real way, different ways of planting coffee, thus generating an increase in production and economic viability.*

*Phrase:*

*“That’s why we fight for the cooperative, because before they paid 70 Reais for a sack of coffee. As soon as we formed the group, the price of the coffee went from 70 Reais to 120 Reais, and then 180 Reais.”*

*Romeu Freislebem, Vice-president of Cooperselva*

*In addition to improvement in the production and sale of the coffee, some rural producers like Romeu had the opportunity to learn about the experience of fruit growing in Mossoró, in Rio Grande do Norte, one of the biggest centres of fruit production in the country, with the melon as its flagship export. Following the tour organized by SEBRAE, Romeu put what he learned into practice. The next step for the cooperative was to buy a coffee roaster in order to add value to the coffee bean, which will permit an increase of at least 100% in the price of the product.*



Romeu Freislebem, vice-chairman of Cooperselva.

## Box 2

### **Cooperative of Milk Producers of the Municipality of Ouro (Cooperouro) – headquartered in the Municipality of Ouro, Santa Catarina**

According to the President, Vilson Faccin, Cooperouro arose in 2003 as a function of the low prices received by the small-scale producers of milk in the region.

*Phrase:*

*“We were getting massacred. So we went looking to set up the cooperative, to see if we could manage to gain more money in the production of milk”, he says.*

The beginning wasn't easy. Various cooperative members dropped out of the business, as soon as they received better proposals from the big milk buyers. At that time, the cooperative didn't have any way to compete on price. Even so, the group didn't give up. “In 2007, seeing that buying and selling milk didn't provide a great deal of money, the idea arose of setting up something to add value”, explains Vilson, speaking on the founding of the cooperative's own milk product factory, Campo Dourado.



The processing of milk allowed Campo Dourado to increase the income of cooperative members. The semi-cured minas cheese was chosen by the cooperative members for production and marketing. The cooperative was founded with the goal of improving earnings from the region's main product, milk.

#### **The support needed**

With the aid of the municipality, of the Agro-Livestock Research and Rural Extension Company of Santa Catarina (Epagri) and of the Bank of Brazil, a project was drawn up for the construction of the undertaking. The cooperative members' objective was to obtain larger income with the sale of milk, not just delivering the product raw to other companies, but industrializing it. In that way, it was possible to pay a higher amount to each producer, and not end up hostages to the fluctuations in the price of milk.

As none of them had experience in production of milk products, the group spent a year studying the market, taking courses and visiting other producers. When construction of the plant was about to be concluded, in 2009, the conundrum emerged: What to produce? How to sell, and to whom? “People knew that we had various options, but we didn't know which one of them was going to catch on”, remembers Vilson. At this exact time, through the Project for Sustainable Agro-Industrial Development in the Citizenship Territory of the Contested Mid-West, SEBRAE began providing services to the cooperative.

The plant was up and running, but the challenges were still many. In order for Campo Dourado to be able to sell its products successfully, SEBRAE acted on various fronts. Consultancies were carried out for improvement in the milk production of the members, for best practices in cheese manufacture, standards for health surveillance, market research and design of the brand, labels and wrapping.

With the results of the research, the producers were able to find out what kind of cheese would have greatest acceptance on the market, including in relation to size, and also the opportunities for marketing. The choice fell to medium-aged Minas cheese. Subsequently skills training was undertaken of the people involved in production, on points like hygiene and use of equipment. A master cheese maker guided production and development of the ideal cheese recipe.

<sup>3</sup> Source: SEBRAE. Territórios da Cidadania: ação que transforma vidas. Brasília: SEBRAE, 2012.



The cooperative was founded with the goal of improving earnings from the region's main product, milk.

#### Numbers

Processes two thousand litres of milk a day,

which produces 222 cheeses per day.

Maximum capacity of ten thousand litres of milk a day.

#### New horizons

The cooperative is now in the phase of testing to also produce Parmesan cheese and other milk derivatives, like ricotta and yoghurt. In addition, Campo Dourado focuses on initiatives that are able to increasingly expand its productive capacity, in order to reach its daily limit and benefit even more the cooperative members and their families.

The products are marketed in the cities of the region, like Chapecó, Seara, Concórdia and Joaçaba, but the intention in the future is to sell to other states as well. "Our objective is to grow, and accordingly we have an interest in placing more items on the market", stresses Vilson.

## 5. Concluding comments

The local development promotion initiatives based on fomenting entrepreneurship, strengthening of small businesses, stimulation of working in associations, cooperativism and the solidarity economy, have been being supported by SEBRAE for some decades now. That whole path has resulted in processes of learning and upgrading of the strategies for action that confirm, in an increasingly effective way, the development of policies of reduction of the country's social and economic inequalities.

Practical experience reinforces the importance of the establishment of an active and democratic local governance, as well as the building of a development plan based on the convergence of initiatives from various institutions (public, private and of civil society) in order to address the local priorities in an ethical and fair way, taking into account the needs of society. Here it is useful to emphasize the figures of the employers, of the workers and of those marginalized people who are to be assisted by a policy of social and productive inclusion.

To that end, it is important to strengthen the production chains that exist in the territories, and also to intensify actions for achieving the potential of the local special attributes and opportunities. That means taking in all of the economic sectors (commercial farming, industry, trade and services), and promoting inclusive processes based on small businesses and support to the solidarity-based economic enterprises to expand their operational capacities and contribute to local socio-economic transformations.

Incentives, be they through the intermediary of programmes, projects or other forms of territorial intervention, should offer an integrated and holistic approach, should stimulate working in associations and cooperativism, should create an enabling environment for development and should break down boundaries, operating in both the rural and the urban areas. Accordingly, that is one of the paths that may contribute to the dynamizing of the economy of depressed localities, ensuring an inclusive and sustainable development.

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# Solidarity Economy and Inclusive and Sustainable Development

Roberto Marinho Alves da Silva<sup>1</sup>

*Guided by non-commodity values like solidarity and democracy, the solidarity economy incorporates the cultural, ethnic and ecological dimensions of the sustainability of development. However, in confronting the predominant economic logic, the organizations of the solidarity economy face the challenge of building – within current conditions – elements of a new development project in which production, distribution and consumption are phases of a process of emancipation. The article analyzes the advances, challenges and prospects for building public policies for the solidarity economy in Brazil, with the mobilization of the forces of organized society and the political consciousness of the citizenry.*

## 1. Introduction

In recent decades there has been an expansion of humanity's critical consciousness in relation to the models of economic growth that produce wealth, but without fair and equitable allocation, generating poverty and despoliation for the environment, keeping billions of people excluded and with the exhaustion of natural resources in the present – placing the future of life on earth at risk.

In opposition to those models, alternatives are emerging that have been the object of experimentation and multiplication, that start from valuing the paradigm of sustainability of development, in combining actions that are fundamental for economic dynamism, with the preservation of ecological and cultural diversity, and with emancipatory changes in the living conditions of the population, contributing

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to democratizing the social relations of production, looking at the human being as a whole person, as subject and end point of development.

Today, in Brazil and in the world, those characteristics may be identified in socio-economic organizations that promote active cooperation between self-employed workers or producers and family members in urban and rural areas, in the so-called solidarity-based economic enterprises (SEEs) that take the form of people's cooperatives, producers' associations, informal groups and cooperation networks, amongst others. Such solidarity economy initiatives are encouraged as strategies for dynamizing production chains, based on a new ethical foundation that establishes the primacy of social, cultural and environmental needs over the objective of economic growth. Thus sustainable production systems are valued as innovative strategies for organizing work in a harmonious relationship with nature.

Such practices and values are present in modes of organization of production and life of traditional peoples and communities, and were recovered in historic struggles of resistance of workers at the beginning of the nineteenth century, in the form of cooperativism, against a mode of production that maintains the exploitation of labour as the basis for capital accumulation, and exploits nature as an inexhaustible source of resources.

In Brazil, the solidarity economy re-emerged in the last decades of the twentieth century, within the context of processes of political redemocratization, when the social movements expanded their capacities for organizing, making demands and putting forward proposals, within a context of free expression of alternatives to the hegemonic development models.

For example, the movements of struggle for the land seek to reorganize agricultural cooperation to address the challenges of the viability of family and peasant farming, and as an alternative model to that of corporate agribusiness. In the urban areas, the solidarity economy advanced in the nineteen-eighties and nineteen-nineties, as a response by the workers to the new forms of exclusion and exploitation in the world of work, and as an alternative to the neoliberal fallacy of individualistic entrepreneurialism. Within a context of heavy unemployment and of the closing of factories, part of the trade union movement came to support dozens of initiatives for recovery of enterprises by workers, within a system of self-management. Within that same context, the first municipal and state-level initiatives arose for support to and promotion of the solidarity economy, driving forward its development even further.

In June 2003, the Brazilian federal government inaugurated development of a public policy for the solidarity economy on national level, strengthening a broad national movement involving the efforts of civil society organizations and municipal and state-

level governments. This involves the recognition of new citizenship rights for millions of male and female workers in the solidarity-based economic enterprises.

With that perception, the National Secretariat of the Solidarity Economy (SENAES)<sup>2</sup> of the Ministry of Labour and Employment has been striving to strengthen and broaden actions for support to and promotion of the solidarity economy. Between 2003 and 2012, SENAES made available close to half a billion Reais in support of 552 projects, benefiting thousands of people throughout the entire country. Those actions contributed to expanding the capacity of the solidarity-based economic enterprises for generating opportunities for work and income for sectors excluded from the formal labour market.

What stand out are: strengthening of the solidarity-based finance initiatives; initiatives for access to knowledge, through training, technical assistance and social technologies; and support and infrastructure projects for expanding production and broadening access to the mechanisms and instruments of marketing, including setting up the National Fair and Solidarity-Based Trade System.

This article is the fruit of exploratory research that seeks to analyze the recent path, and identify advances, challenges and prospects for achieving and consolidating public policies for the solidarity economy in Brazil, as part of a strategy for inclusive and sustainable development.

## 2. Global crisis of ethics and lack of sustainability

The first decade of the twenty-first century has been marked by great challenges for humanity. Although the media concentrate the spotlight on analyses of the economic crises and fragments of the other dimensions, in the form of sensationalist reports of environmental catastrophes and of statistics on social inequalities, awareness is growing that the old problems break out with the force of a new expression of a global crisis of ethics. This involves a crisis of civilization that brings new demands that will run through the value system, “in the radical self-understanding of the pertinent link between humanity and nature” (Bartholin Junior, 1984, page 80).

The data disseminated by the multilateral bodies announce an increase in social inequalities, with close to a billion people in the world living below the poverty line, with an income of less than 2 US dollars per day. The report on “The State of Food Insecurity in the World 2012”, from the United Nations Food and Agriculture Organization (FAO), states that 870 million people suffer from malnutrition in the world. Meanwhile, the fortune of the 200 richest people in the world, of close to

<sup>2</sup> [www.mte.gov.br](http://www.mte.gov.br)

USD 2.7 trillion in 2012, was equivalent to the GDP of France (*Folha de São Paulo* newspaper, 2012).

Inequalities grow as well, fed by unemployment, which reaches 202 million unemployed, according to data from the International Labour Organization (ILO). The same report shows that the recessionary austerity policies made the unemployment rate grow in Europe. Young people are the main victims. In Spain, 50% of young people up to 25 years of age are unemployed; in Portugal, 35%; in Italy and Ireland, 32% (*Estadão* newspaper, 2012). In 2012 in Brazil, despite the average unemployment rate being around 5.6%, unemployment reached 22% amongst young people from 15 to 17 years of age, and 15% of young people between 18 and 24 years of age.

This reality certainly explains the new protest movements that are breaking out all around the world. They occur simultaneously with various initiatives throughout the planet, with a large number of popular demonstrations, mainly of young people who, year after year, occupy the streets and squares of various cities of the world, generally with diffuse objectives and without centralized leaderships, but with the certainty that it is necessary to demonstrate against the current directions of capitalist development and its disastrous consequences for the planet and the lives of billions of people.

Global climate change adds to and makes worse the current challenges, with impacts on human health: in extreme environmental events, with the loss of habitat through the processes of desertification and increase in the sea level, in addition to the economic losses in agriculture and other sectors directly linked to the use of natural resources. The most serious is the finding that most mortality related to climate change takes place in countries with a low level of development, that contribute little to global greenhouse gas emissions. A set of critical reflections on those and other consequences of the hegemonic model of economic growth was formulated in the first half of the twentieth century. In that period, the proposals were concentrated more on the social and human aspects of the development processes, with little emphasis on the environmental question. Development policy was dealt with at the time as a “historic necessity”, but it would be necessary to see a change – or rather a reconversion – of the kind of development, to lead to a “human ascent”, making possible, in addition to economic growth and technological transformations, a set of successive and profound social changes, as stated by Josué de Castro (2003, page 105): *“There is only one kind of true development: the development of humanity. The person as factor for development, the person as beneficiary of development.”*

Other critical reflections arose in the middle of the twentieth century, in the same period in which the developmentalist proposal was advancing. There are for example the formulations of ECLAC (Economic Commission for Latin America),<sup>3</sup> which emphasized the processes of technological and economic dependence to which the

<sup>3</sup> <http://www.cepal.org/>

countries in a situation of underdevelopment were subject. Coming out of that critical vision, Celso Furtado (1974; 1980) affirmed the positive character of the idea of overcoming underdevelopment, as a right and achievement of society. He combined the developmentalist perspective, bringing together the expansion of productive capacity with the goal of social transformation.

This is an explicit criticism of the myth that had been created around economic growth, transformed into a panacea capable of solving all of the problems of humanity, as the main argument for justifying the sacrifices of society and the environment in order to reach the progress that was sought: *“The idea of economic development is simply a myth. Thanks to this it has been possible to divert attention from the basic tasks of identifying the fundamental needs of the collectivity and the possibilities that the progress of science opens to humanity, so as to concentrate attention on abstract objectives such as investments, exports and growth.”* (Furtado, 1974, page 76)

The other dimension of the criticism of the contemporary myth has to do with the belief in the possibility of making universal the same level of economic development achieved by the countries that led the Industrial Revolution and that led the current technological revolution. The efforts of the developing countries, with the sacrifices imposed on the poorest population and on nature, are justified by the promise of entry into the developed world, for access to the most modern patterns of consumption.

Furtado alerted that the overall orientation of capitalist development is exclusionary. He did so starting from two findings: the increase in the gap between the countries of the centre and those of the periphery; and the exclusion of the masses and expansion of the privileges of the minority in the countries of the periphery. In addition, the environmental costs for making the lifestyle of the countries of the centre universal, which could provoke a collapse of civilization, due to the degradation of nature. *“The lifestyle created by industrial capitalism will always be the privilege of a minority. The cost, in terms of despoliation of the physical world, is so high that any attempt to generalize it would lead inexorably to the collapse of an entire civilization, therefore putting at risk the chances of survival of the human species.”* (Furtado, 1974, page 75)

The critique that has been formulated in recent decades on the limits of economic growth feeds the debate on the sustainability of development. A set of societal actors is recovering and taking on that new perspective and has been disputing the formulation of public policies, bearing in mind that sustainable development depends on changes at political level.

In general terms, it is affirmed that sustainable development proposes harmonization between social justice, ecological prudence, economic efficiency and political citizenship. However it is more than that. It is a paradigm under construction, with new concepts, ideas and perceptions. For that very reason, the significance and

strategies for promotion of a sustainable development are under dispute through various blueprints for ways of thinking that are presented and defended by different social actors with different interests.

The framework for thinking related to economic and technological modernization has been renewing its discourses, incorporating the environmental question and greater attention to the social, interpreting sustainability as being the durability of development based on technological efficiency and productive rationality. Within such a perspective, a new opportunity has also opened up for capital, with the commodification of environmental measures. The carbon market has become a profitable business: paying for polluting is the solution for capital that also benefits expansion of the so-called “green deserts”, with monocultures of eucalyptus and sugarcane, amongst other good business deals.

On the other hand, a source of critical thinking does not just propose a “patch” for the current development model. In alerting to the fact that it involves a crisis of civilization in the contemporary world, it emphasizes new guidelines to be taken into consideration, as is the case of the ethical and cultural dimension of development, which requires new forms of relationship between human beings and nature, based on new values, principles and sustainable practices.

Based on that second perspective, some ethical foundations for sustainability have been built. The first of them is the need to acknowledge the existence of material limits to growth, and the non-viability of social inequality. A new rationality is under way, of valuing forms of production appropriate to the ecosystems, as potentials for equitable and sustainable development. Thus the goal of the whole development process is to create the conditions for living well in a society that is collaborative, solidaristic and sustainable in all of its dimensions.

### 3. A solidarity-based, inclusive and sustainable economy

The socio-environmental critique starts from a basic finding: modern economic rationality is founded on the belief in infinite nature, within an anthropocentric and utilitarian perspective, one that promotes a distancing and alienation amongst human beings, and of the latter with nature, generating crises of an ecological, social and cultural nature. Thus the socio-environmental critique is directed against a development model based on greater economic profitability and on competitiveness on the markets, and looking down on the social and environmental aspects.

Accordingly it is necessary to (re)incorporate new values into the essence of the economy, in acknowledging the existence of material limits to economic growth, and the non-viability of maintaining growing inequality at national level between those who benefit and those marginalized from progress, and also between nations. In analyzing the role played by the economy in the current crisis of civilization, Cristovam Buarque (1990; 1994) indicates the need to submit the economic to the social, cultural and environmental – which is to say, to rethink the dynamic economic process as a means, not an end.

In recent years Brazil has learned lessons in that direction, based on the prospect that true development is only possible with income distribution. The linkage has been fundamental between policies of infrastructure and economic growth, and an increase in social policies that come to be understood as a factor for dynamizing development, not as a cost and weight for society. The strengthening of the domestic market with the initiatives for income transfer, with infrastructure works, growth in employment, wage gains and the expansion of credit for consumption and production, has been an important differentiating factor for Brazil and other emerging countries in the current context of the world economic crisis. It has been possible only with recovery of the state's capacity to intervene as a promoter of development, providing an impetus to the active forces in society, overcoming the neoliberal ideology that had dominated public policies in the nineties.

Those changes are fundamental for a development perspective that has as its goal the reduction in disparities in income and wealth. But it is necessary to go further, to build sustainable development alternatives based on a new ethical foundation that establishes the primacy of social, cultural and environmental needs over the objective of economic growth.

Celso Furtado (1974; 1980), for example, proposed as a way out a substantial change in the hegemonic pattern of civilization, conceiving development as a “social project”, as a political and social orientation that could make possible the overall transformation of society. Economic growth would be an instrument at the service of such transformation, combining production of the wealth needed for meeting the

needs of the entire population, with the incorporation of rights (human, civil, cultural, environmental, social and economic), while preserving the ecological balance. That is the basis of the thinking on sustainable development.

What we call the solidarity economy, for example, is one of the forms of economic organization – of production, marketing, finance and consumption – that has as its basis work in association, self-management, collective ownership of the means of production, cooperation and solidarity. It emerges from a critical attitude in relation to the development model that produces wealth while generating poverty, subordinating and exploiting labour and nature. Having non-commodity values like solidarity and democracy guiding it, the solidarity economy incorporates the cultural, ethnic and ecological dimensions of the sustainability of development, in which production, distribution and preservation of the natural and social resources are phases of a process of emancipation.

The practices and values of the solidarity economy are present in modes of organization of production and of life of traditional peoples and communities, and were recovered in historic resistance struggles of workers at the beginning of the nineteenth century, in the form of cooperativism. For Paul Singer (2002), the first experiences of what today is called the solidarity economy have their origin with Robert Owen (1771–1858), founder of the cooperative villages. His ideas influenced the formation of countless consumer, credit and production cooperatives, which culminated in the experience of the Rochdale Pioneers in 1844, famous for their principles, now exhaustively recalled in works on the topic.

In the final decades of the twentieth century the solidarity economy reappeared in Brazil, within the context of a political redemocratization processes, as a way of overcoming unemployment. Today, in Brazil and in the world, those characteristics may be identified in socio-economic organizations that promote active cooperation between self-employed workers or producers and their family members in urban and rural areas, in the so-called solidarity-based economic enterprises, in the form of

popular cooperatives, associations of small-scale producers, informal groups and cooperation networks, amongst others.

Solidarity-based economic initiatives have been gaining significance and recognition in recent decades, in linkage with other social, cultural and environmental movements that criticize precisely such appropriation,



Palmafashion – Solidarity-based Economic Enterprise for Clothing. Conjunto Palmeiras neighbourhood of Fortaleza, Ceará, Brazil.

and domination of scientific knowledge and of its technological applications to address particular private ends, putting economic growth before the values and ends of human life.

The solidarity economy arises precisely as a critique of an economic rationality that provokes environmental deterioration and the degradation of human values. This other economy, which has a real basis as experienced by thousands of people and social and economic organizations the world over – values sustainable production systems as innovative strategies for organizing work in a harmonious relationship with nature, reducing environmental and social impacts in the production of goods and services. In the same way, in stimulating ethical and responsible consumption of its products and services, it contributes to overcoming the contemporary consumerist culture.

In the solidarity economy, the social valuing of work has implications both in the development of capacities in men and women as active subjects of economic activity, as well as in the allocation of the wealth socially produced, expressing an orientation toward overcoming the subaltern status of labour in relation to capital.

Self-management is another differentiating factor of that new economy that gets embodied through a significant collection of democratic practices of participation in the strategic day-to-day decisions of the enterprises, contributing to the emancipation of labour in making each member aware and jointly responsible for the interests and objectives that are taken on collectively.

Affirmation of collective ownership and shared management of the means of production has implications for sharing the results of the economic activity, approximating the solidarity economy to a development model that has reduction of disparities in income and wealth as its goal.

With that understanding, the two National Solidarity Economy Conferences (CONAES) held in Brazil in 2006 and 2010 defined the solidarity economy as a “development strategy”. The resolutions of the first CONAES clearly affirm that the solidarity economy is an alternative in counterpoint to the capitalist model of development:

*These days in Brazil there are communities in a situation of vulnerability that mobilize to set in motion another development promoted by family or collective enterprises, in the form of cooperatives or associations of family producers, networks, production chains and informal groups. (...) It is in that sense that the solidarity economy is a strategy for a new development model, one that is inclusive and solidarity-based. (First CONAES, Resolution N° 15).*

Indeed, one of the fundamental characteristics of the solidarity economy is the putting into local and territorial context of its initiatives. In order to be sustainable, economic

activity has to be adapted to the local conditions (and not the other way around), because one cannot simply flee the biological, physical and cultural imperative. For that reason, within the perspective of the solidarity economy, the strategic objective of local, territorial or regional policies of sustainable development should be reorganization of the local economy, seeking to raise its level of productivity, while taking into account ecological differences and cultural diversities.

Within such a perspective, solidarity-based economic initiatives enter strongly into dialogue with the endogenous character of development, with the recognition and valuing of the local potentials that can drive the creative and creating capacities of the population, in overcoming obstacles and in promotion of development. This implies rethinking and replanning territorial divisions, taking into account the ecological ordering of productive activities, which is to say, environmental production units that take into consideration the environment of each region.

*Thus in reorganizing economic processes and production chains, the solidarity economy gets converted at the same time into a dynamic of endogenous development (starting from inside), one that is self-managing, solidaristic and sustainable, making the local actors the prime protagonists responsible for local, territorial and regional development, taking into account and expanding local or territorial capacities, within a national development strategy (First CONAES, Resolution N° 18).*

Another essential characteristic that we encounter in the solidarity-based economic initiatives, and that interacts with the foundations of sustainability, has to do with the democratization of access to the assets needed for the production of wealth, like the means of production and natural assets. One good example is access to the land for development of agro-ecological activities by families and collective organizations of family farmers, in order to attend to the demands of the domestic market and that of supplying families, ensuring the social function of farm ownership, making their income higher, and mainly, better distributed for the benefit of the whole collectivity. Thus the linking of the social and economic dimensions in seeking sustainability expresses the inclusive perspective of development, as reaffirmed by the Second National Solidarity Economy Conference:

*In acknowledging the existence of this social subject and of the emancipatory potentials of the solidarity economy, it is also necessary to acknowledge new citizenship rights for the forms of economic organization based on work in association, collective ownership, cooperation, self-management, sustainability and solidarity. It is necessary in addition to establish and put into effect access to public goods in a subsidized and differentiated way for their development, just as happens with other social segments. (...) (Second CONAES, Resolution 41).*

When submitted to socio-cultural and environmental direction, economic sustainability may be conceived of as the promotion of growth in the productive forces and of environmentally balanced productivity, with the construction of new dynamics of generation and social redistribution of wealth. To that end, one fundamental component is access to knowledge, in its various forms and expressions.

The different patterns of development reflect the ethical and cultural orientation that is due to that creative capacity for the generation of innovations directed to increased comfort, for the expansion of material productivity and for advances in the arts, in ideas and in values (immaterial production). Technological advances reflect that capacity of the human being over nature, of expansion of his/her cultural, social and economic activities, in the production or modification of the environment where he/she lives. Thus knowledge is fundamental for sustainability, particularly because a whole pattern of technological advance that ensures the development processes depends on it.

However, access to knowledge is unequal. It is the real expression of socio-economic inequality, with public funds and institutions that are directed in their majority to attending to private demands and interests. In economic activities, technologies are also instruments of reproduction of inequalities. Firstly because they are restrictive: intensive in the use of capital, and saving of manpower. Secondly, because they are authoritarian, putting the emphasis on parcels of (up-to-date scientific) learning, disregarding other sources of knowledge (traditional, popular). Thus most times technologies represent decontextualized solutions, with methodologies for replication without taking into consideration the local realities, directed to making capital investments viable and disregarding the other dimensions of sustainability.

On the other hand, the solidarity economy is strongly linked to the socio-cultural and political movements that have as their basis a critique of those limitations on access to knowledge for driving sustainable development. From that flows the possibility



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Beekeepers Enterprise on training course. João Câmara, Rio Grande do Norte, Brazil.

of the carrying out of productive activities that are environmentally sustainable, acknowledging the intrinsic value of nature based on the so-called “social technologies”, as replicable “products, techniques and methodologies, developed in interaction with the community and that represent effective social transformation solutions”.<sup>4</sup>

<sup>4</sup> Rede de Tecnologias Sociais (RTS). Disponible at [www.rits.org.br](http://www.rits.org.br)

Social technologies are related to productive activities in various segments and urban and rural environments that have been developed and disseminated with priority on solidarity economy initiatives. The application of social, cultural and environmental criteria as a supplement to the technical criteria and to economic interests, makes it possible for a technology to be able to address political and social interests, being appropriated by certain social groups and selected in accordance with adaptation to the natural context and to the local cultural capacities. This means prioritizing technological models that not only make possible technical solutions appropriate to the raising of the productivity and competitiveness of their products (factors for development), but also attending to the social demands for work and satisfaction of basic consumption needs.

Those new values get internalized little by little, in various spaces or dimensions of reality (social, economic, political, etc.), in which they are translated into principles, criteria and guidelines for the sustainability of development. It is the beginning of a process of building a new environmental rationality *“that articulates the grounding of values and organization of knowledge around the material processes that provide support to an eco-technological of production and to the use as a tool of the processes of environmental management”* (LEFF, 2000, page 214).

The discussion about the cultural dimension of sustainability becomes fundamental for the recognition that, unlike the hegemonic development processes, sustainability implies and necessarily requires consideration of the physical, geographical and symbolic characteristics of the inhabited territorial spaces. This involves a perspective of putting into cultural context, one that takes into consideration beliefs, experiences, memory and the various symbolic forms of relationship of a given population with its local reality, starting from which it is possible through dialogue to recover and construct new development values and practices.

To that end, a new pedagogical attitude is necessary in order to absorb the lessons, methods and practices developed by the local populations – observing and studying, without preconceived notions. The cultural dimension of sustainable development implies balance between respect for the tradition (knowledge, practices, ways of living) and scientific and technical innovation (capacity for ongoing modernization of the instruments of production). To that end, it is necessary to combine processes of education and information, assigning value to the building or strengthening of a pedagogical relationship, which acknowledges other living beings as actors learning from living in common with the environment. Commitment to maintenance of all forms of life on the planet requires thinking about development over the long term, and taking into account future generations, leading to appropriate management of renewable resources.

In the solidarity-based economic initiatives, practices based on dialogue are the basis for innovative productive forms, based on appropriate practices of management and use of natural resources, prioritizing technologies adapted to the ecological conditions, providing improvements in the living conditions of the local population and increasing economic productivity.

Advancing in the sustainability of sustainable and solidarity-based development based on solidarity-based economic initiatives, implies implementation of social processes that modify the dominant structures that exclude from political and economic power. Therefore the challenge is raised of building new power relations based on the democratization of the state, with the empowerment of society based on new patterns of social and participative management.

#### **4. Public policies of support to and strengthening of the solidarity economy: the case of SENAES**

Politics is a fundamental dimension of reality that expresses the power relations in a given social, economic and cultural context. It involves a dimension that is part of life in society, and that has influence on the formulation and establishment of rules, mechanisms and formal and informal processes of disputing spheres of power, resolution of conflicts of interests and political decision-making.

In politics, the transformation of an interest into a decision means a choice between alternatives, according to the correlation of forces established between the political subjects that are in contention in society. Which is to say, the exercise of political power – of the capacity to transform interests into decisions – is related both to the way in which a society is structured (the relations of equality and inequality in the social, economic and cultural spheres), and as well to the way in which the mechanisms or channels of expression and contention between interests are created, maintained and permitted.

That conception of politics, looking at the decision-making processes within the context of the exercise of power, makes possible an analysis of the processes of formulation and execution of public development policies. It is understood that those policies express decisions regarding the allocation of public goods and resources, and strategies that guide the intervention of the state authority within a given geographical space or dimension of reality (social, economic, political, cultural, environmental, etc. issues). Those decisions and strategic guidelines are translated into legal normative instruments that define possibilities and obligations in the execution of plans, programmes and projects. Policies are materialized in the allocation of goods in common and of public resources.

Political sustainability is detailed in an ongoing and participative process of achievement of citizenship, with democracy defined in terms of the universal appropriation of human rights, including the capacity for participation in the formulation and establishment of development projects.

The solidarity economy in Brazil is also the heir to a recent process of democratization of society. Within that process, new social subjects occupy socio-cultural spaces of formation of public opinion, setting the need for construction of alternative development strategies, beyond presenting demands and positioning oneself as political protagonists for the formulation and execution of public policies.

Accordingly the main challenge is to expand the spaces for disputing hegemony in society and of participation in the structure of the state, so as to have an influence on the formulation and execution of development policies. Confronting the predominant logic of capitalist development implies building elements of a new development project within the current conditions, mobilizing the forces of organized society and the political consciousness of the citizens. That means that the public policies for the solidarity economy are considered to be counter-hegemonic generative politics.<sup>5</sup> They are attempts to establish alternative forms of social organization that break with the hegemonic capitalist forms, and that can subordinate the state (field of power relations) and the market (field of economic relationships) to society.

Taking those challenges and priorities into account, it is possible to identify a set of public policy initiatives that seek to foster sustainable and solidarity-based economic opportunities in various fields and dimensions of production and services, such as: waste collection and recycling, locally-based industry, agro-ecological production, sustainable extraction resource, renewable energy sources and community-based tourism.

Looking at those innovative initiatives, the instruments of a public policy for the solidarity economy are presently organized along four strategic axes.

On the axis of institutional strengthening one seeks to create an institutional setting favourable to the development of solidarity-based economic enterprises, by means of proposals for laws on the solidarity economy and cooperativism. Within such a perspective, the structures of social participation are also strengthened, through the National Council of the Solidarity Economy (CNES),<sup>6</sup> public conferences and dialogue with forums and social networks.

<sup>5</sup> For Williams (2008), while hegemonic generative politics subordinate civil society to the state and to the capitalist economy, counter-hegemonic politics try to establish alternative forms of social organization that break with the capitalist hegemonic forms, and seek to subordinate state and economy to civil society.

<sup>6</sup> <http://www3.mte.gov.br/ecosolidaria/>



2nd National Conference on the Solidarity-based Economy. Brasília, Federal District, Brazil.

The knowledge axis includes activities for training of trainers, staff and managers in Centres for Training and Technical Assistance in the Solidarity Economy. The raising of school enrolment and qualification is carried out in linkage with the Ministry of Education and with the Secretariat of Public Employment Policies of the Ministry of Labour and Employment. The incubation of SEEs is carried out by means of incentives to more than a hundred solidarity economy technological incubators in institutions of higher education, which also promote social technologies.

The processes of training, technical counselling and incubation are oriented to addressing on a priority basis the demands of the SEEs, and strengthening their potential for social and economic inclusion, as well as their transformative political dimension. The multidimensional processes of building knowledge are based on the centrality of labour, coming out of the recognition of the know-how and experience of the (male and female) workers. The dialogue-based and participative processes consider the solidarity economy as a pedagogical practice, as the social construction inherent in processes of self-managed work. Along those lines, the emancipatory methodologies turn into a cultural and ethical movement for transformation of social and inter-subjective relations.

Along the axis of investments, credit and solidarity-based finance, SENAES has made efforts for the financing of infrastructure and of working capital for the SEEs, in ongoing dialogues with the Brazilian Economic and Social Development Bank (BNDES).<sup>7</sup> What stand out are policies of promotion of solidarity-based finance initiatives that are sources of innovative methodologies of democratization of access to credit for consumption and production and other financial services, such as Community

<sup>7</sup> [http://www.bndes.gov.br/SiteBNDES/bndes/bndes\\_pt/index.html](http://www.bndes.gov.br/SiteBNDES/bndes/bndes_pt/index.html)

Development Banks (103 banks supported), Solidarity-Based Rotating Funds (456 funds supported) and Solidarity-Based Credit Cooperatives (four networks and central bodies supported).

Those initiatives are fundamental, seeing that access to financing and credit on the part of the solidarity-based economic enterprises is still extremely limited, and in some sectors non-existent. This doesn't involve just a lack or shortfall of available sources of resources, but above all barriers of an institutional nature in the demands of the conventional financial system, which aren't consistent with the reality and needs of the enterprises.

On the marketing axis, the focus is on certification and recognition of the SEEs, of products and services within the framework of the Fair and Solidarity-Based Trade System. In promotion of the services of fair and solidarity-based marketing, base-level policies have been tried out of a service of support to solidarity-based marketing, of solidarity-based e-commerce, of solidarity-based logistics, of the building of cooperation networks, and of commercial methodological arrangements that make viable the various kinds and models of fixed spaces and circuits of solidarity-based marketing, including in the Public Centres for the Solidarity Economy.

Such commercial initiatives are ordered by relationships of solidarity and social justice, as against the monopoly of distribution of products and the imposing of the criteria and values of the big companies. Those technologies have been fundamental as well for making possible the so-called institutional market, above all those of the Food Purchasing Programme (PAA) and of the National School Food Programme (PNAE), in addition to other strategies for differentiated treatment in governmental purchasing, for family farming organized in cooperatives and associations and for the micro- and small-scale firms.



Solidarity-based Economy Fair at Santa Maria, Rio Grande do Sul, Brazil.

With the steps taken to date, it is possible to advance on the national development agenda with the achievement of a (social, political, economic and cultural) environment favourable to the solidarity-based economic initiatives. To that end, it is necessary to address some political and institutional challenges.

## 5. Conclusions and political and institutional challenges for the future

The strengthening and expansion of the public policies for the solidarity economy depend basically on the effective valuing of the potentials of the solidarity-based economic initiatives within the national development agenda. The ample and effective support of the social movements, and the massive uptake by society of the values and practices of sustainable production and consumption, are fundamental for affirmation of the solidarity economy in a societal environment favourable to their development.

On the other hand, an institutional setting that is also favourable is an essential pre-condition for the future of the solidarity-based economic initiatives within various territorial scopes. The need is increasingly clearer for public policies that are consistent with the new conceptions and orientations of a sustainable and solidarity-based development. One challenge to be faced immediately is that of the insufficient scale of the public policies for the solidarity economy. Budget expansion is a fundamental pre-condition for enlarging the scale in execution of the policies, and in coverage of demand throughout the entire country. In general terms, the innovative actions are experimental and do not have sufficient resources for expansion over the short and medium term.

To that end, large-scale policies should be formulated regarding access to credit, technical assistance and marketing for the solidarity-based economic enterprises of the urban areas, for instance the already-existing instruments and mechanisms for family farming, in line with the resolutions of the two National Solidarity Economy Conferences held in 2006 and 2010.

Another challenge to be addressed is that of institutional fragility. In addition to broad and large-scale policies for access to credit, technical advice and conditions for production and marketing, the updating, improvement and creation of laws and mechanisms are needed for facilitating the formalizing and operation of the solidarity-based economic enterprises, particularly of the cooperative societies, bearing in mind the tax, credit and social security access aspects.

The policies for the solidarity economy suffer from discontinuity, particularly in the state and municipal spheres, bearing in mind that they are still considered to be subsidiary and complementary. The seeking of perpetual public policies (of the state), structured and systematic, is an element that brings the solidarity economy into line with a set of other innovative policies recently incorporated into the government structure. To that end, it is necessary that the institutional spaces be strengthened for formulation and execution of the policies. That means internalizing new values, contents and subjects of rights in those spaces, in addition to the already-existing

subsidiary or complementary conception of the social dimension or of social inclusion. In other words, these aren't poor policies for the poorest people.

With that goal, the CNES drew up a proposal for legislation for the development of the solidarity economy, which has as its point of departure: the recognition of the solidarity-based economic enterprises as subjects under law; the creation and establishment of the National Solidarity Economy System, linking the initiatives of the government entities to those of civil society within the municipal, state and federal spheres; and the National Solidarity Economy Fund as an instrument for financing of the public policies and for the strengthening of the enterprises.

In addition to providing the solidarity economy with legislative and institutional instruments, it is necessary to move forward in expansion of the operational capacity of the public bodies, with more resources and staff and new instruments for improvement of the processes of management of the programmes and actions. It also requires an increase in the linkages and agreements with the other bodies and policies of the governments, in the federal, state and municipal spheres, to the end of deepening the synergy between the actions of the government, with a view to a more effective result with the population that is the beneficiary of these policies. To that end, the expansion and skilling of the complement of staff involved in the management of the public policy is of fundamental importance.

As to the instruments for putting the policy into operation, one ought to seek to overcome the barriers – especially as regards the difficulties of the accredited entities (public and of civil society) – to putting the systems into operation, management of the resources in accordance with the legislation in effect, and putting the actions into operation. To that end, it is important to undertake efforts so as to enlarge the instruments for decentralized execution of actions and transfer of resources, specifically in relation to the possibility of transfers from fund to fund between the spheres of government.

Once those challenges are addressed, the public policy for the solidarity economy will expand its capacity for full integration with the strategic guidelines of reduction of socio-economic and regional inequalities by means of the rescue on a human level of the population that finds itself in a situation of extreme poverty, in the promotion of inclusive and sustainable development.

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# The Activity of the Brazilian Development Bank (BNDES) in Support of Solidarity-Based Economic Enterprises

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*The objective of the present article is to present a panoramic view of the social action of the Brazilian Economic and Social Development Bank (BNDES), and more specifically, its action on the topic of the inclusion in productive activities of marginalized groups in the population, by means of solidarity-based economic enterprises. The text presents in summary form the motivation for the creation of a Social Area within the Bank, and its development to date, followed by a reflection on the challenges and opportunities for action in that field in Brazil, from the perspective of its Development Bank.*

## 1. Contextualization of the social action of the BNDES

The Brazilian National Bank for Economic Development (BNDE), created in June 1952, was the Brazilian government's arm for implementation of the policies that were considered fundamental for industrialization, formulating and executing national economic development policy. Its role as supplier of resources for projects that required long-term financing was essential for consolidation of the Brazilian industrial structure.

As a result, a period of great economic growth was observed from 1950 to 1980, above the world average. Meanwhile, in spite of that process, a great challenge still persisted in relation to reduction of the social and regional inequalities in the country.

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Related to that challenge, in 1982 the then BNDE incorporated “Social” into its name, becoming the Brazilian Economic and Social Development Bank (BNDES),<sup>2</sup> thus taking on a key attribute for effective fulfilment of its development mission. Initially, from 1982 to 1990, its resources came from the Social Investment Fund (Finsocial), a social tax charged on the income of publicly- and privately-owned firms, with the objective of supporting programmes in food, social housing, health, education and support to small farmers, operated by the BNDES.

In 1996 the Social Development (AS) Area was created. The lines of action defined at that point were: basic social projects (health and education); modernization of public administration at the municipal (from 1996) and state levels (from 2007); integrated multi-sectoral investments for urban infra-structure, particularly basic sanitation and public transport; and work- and income-generating programmes, including micro-credit, support to industrial enterprises recovered by the workers with self-management, and actions for local development (focused starting from 2003 on production chains that are collective in character). Once Finsocial was extinguished in 1990, in 1997 BNDES created its Social Fund. This was a source set at one percentage point of net earnings of the BNDES, which permitted non-refundable financial support to various initiatives directed to the social and productive inclusion of the low-income population.

### 1.1 From work- and income-generation to the solidarity-based economy

Since its creation, in the middle of the 1990s, the Social Area of the BNDES had an Employment and Income Department, created with the objective of integrating the BNDES with the public employment policies followed national level since the establishment of the Fund for Support to Workers (FAT) in 1990, within the context of profound transformations in the labour market arising from the economic crisis of the nineteen-eighties. Thus the initial strategy was that of supporting new forms of organization of production, and offering credit to micro- and small-scale entrepreneurs who lacked access to the traditional financial mechanisms.

One of the first initiatives was the creation of the **Popular Productive Credit Programme** (PCPP), focused on individual micro-entrepreneurs – who were surviving in the informal economy and lacked access to business services – who could access resources through institutions acting as distributing agents, created especially to that end. Its inspiration was the work of Muhammad Yunus, who built the Grameen Bank in Bangladesh<sup>3</sup> to finance small sums for low-income micro-entrepreneurs.

Another line of action in the period was support to industrial enterprises recovered and self-managed by the workers. This was a model coming out of the attempt of the workers to ensure maintenance of their jobs and incomes through mutual aid. It may

<sup>2</sup> [www.bndes.gov.br](http://www.bndes.gov.br)

<sup>3</sup> [www.grameen.com](http://www.grameen.com)

be considered the first incursion by the BNDES into the concept of solidarity-based economy.

In addition to those initiatives, the BNDES also supported the promotion of development in micro-regions characterized by a high number of low-income population groups and very little economic dynamism, through the **Local Development Programme** (PDL), with resources from the Social Fund.

Despite the small number and dispersion of the projects supported, that was the first movement of the Bank that looked to mobilize and train poor communities, develop and add value to productive activities, and link the existing protagonists, with a focus on territorial development.

Starting from 2003, the Employment and Income Department had its name changed to the Department of Solidarity-Based Economy (DESOL), seeking to incorporate a new and still not very well-known concept, but one that pointed to a different way of viewing the problem of generating work and income. The previous lines of action were kept, with some improvements. The emphasis should be highlighted that was given to the topic of promotion of employment and income with non-refundable resources, which is a topic to be deepened below.

## **1.2 Financing of solidarity-based economic enterprises with non-refundable resources**

In 2006 DESOL came to operate the **Collective Investments Programme** (Proinco), with a focus on production co-operatives. At first the objective was to seek maximum linkage between the non-refundable resources and the conventional lines of credit. Meanwhile, the demand presented – in its majority from family farming co-operatives – demonstrated that it was quite complex to make refundable credit viable for that profile of enterprises, given the constraints in both the conditions and the existing financing policies, which placed the enterprises within the traditional rules of credit risk. The decision was thus to operate exclusively with non-refundable resources, looking to set up enterprises that should subsequently enjoy the conditions for accessing the financial system in a normal way.

A second line of action, initiated in 2007, was that of support to co-operatives of scavengers of recyclable materials. In parallel, the activity continued to be carried out with family farming co-operatives. Data on the projects supported will be presented in the following section.

## 2. Strategies for expansion of the reach of the activity of the BNDES in the solidarity-based economy

At that time, that way of intervening in support to solidarity-based economic enterprises, serving a small number of projects, acted as a learning experience as to the needs and specificities of that target group.

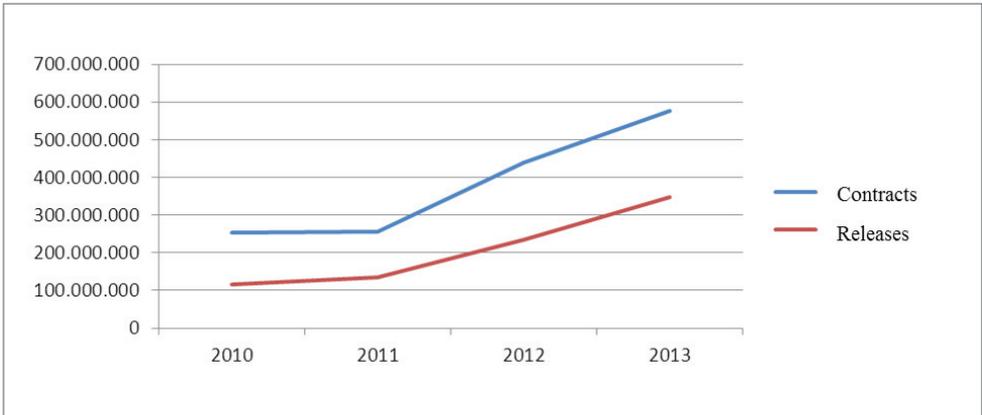
An important lesson was that it didn't just involve offering credit, whether repayable or not – since the needs are broader, with investments being needed in vocational and management education and training, basic infra-structure (health and logistics), support to marketing, etc. In that sense, the criterion of only serving a small number of the most structured projects, for learning purposes, was a factor limiting wide-ranging action, since the majority of the target group lacks the conditions for planning their development and preparing business plans.

The accumulated knowledge in direct action with that target group showed that – if the objective was to support productive development and the consequent social and productive inclusion of a greater contingent of people – the approach to the problem that was to be faced had to be improved.

The conclusion that was reached, was that support would be more appropriate to programmes or sets of projects. Along those lines, the strategy adopted was that of seeking action with greater linkages, by means of the formalizing of partnerships with institutions whose actions were aligned with public policy, that were endowed with reach, experience, resources, organisational and management capacity and that were capable of providing to the end beneficiaries the meeting of their needs.

Thus, as of that time a process began of linkage with various public and private organizations, such as ministries, state-level governments, enterprises, institutes and foundations, in addition to institutions arising from civil society and able to operate at a reasonable scale, such as co-operatives and Public Interest Civil Society Organisations (PICSO). This process multiplied the reach of DESOL's actions, leveraging its investments and the number of enterprises and families that benefited. DESOL's operating results in recent years are presented in the chart below The following section details the different ways of intervening.

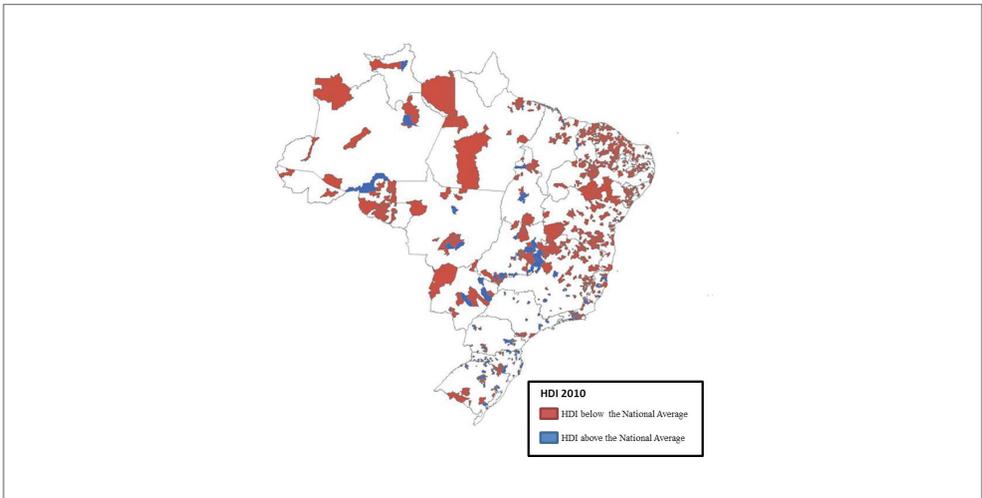
**Chart 1 – Department of Solidarity-Based Economy of the BNDES: Contracts and Releases of Resources (in BRL)**



Source: BNDES.

The figure below presents a map with the geographical dispersion of disbursements from DESOL. The Municipalities in red are those that in 2010 had their Human Development Index (HDI) below the national average, while those in blue represent the Municipalities the HDI of which was above the average at that time.

**Figure 1 – Map of the activity of the Department of Solidarity-Based Economy of the BNDES**



Source: BNDES.

At present the strategic discussion in relation to the future of support to the solidarity-based economy turns on two points. The first is the pursuit of ever-greater effectiveness in the use of non-refundable resources, through the development of strategies permitting its impact to focus on the cases of clear need, and effecting the

leveraging of the existing lines of credit, presently under better conditions than at the time of the first attempts within the context of Proinco. The cumulative experience in recent years points to the opportunity to maximize the impact of use of non-refundable resources, which may be made available to a greater number of beneficiaries, at the same time as it strengthens the directive for consolidation of the solidarity-based economic enterprises, moving toward their autonomy in relation to such subsidies.

The second point, related to the first, is the pursuit of greater integration between DESOL's various current strategic partners, so as to improve the articulation of public and private resources, and thus achieve a more synergistic support to the target group on the part of the public policy on solidarity-based economy.

### 3. Ways of intervening of the Department of Solidarity-Based Economy of the BNDES

DESOL's action in the 2006–2013 period, in its most diverse forms, is presented in summary form below:<sup>4</sup>

#### 3.1 Directed Productive Micro-Credit

The BNDES acts within the sector through the BNDES Micro-Credit Programme, which has as its objective to promote the people's economy by means of the supply of resources for productive and directed micro-credit (maximum amount of 15 thousand BRL, granted through a network of micro-credit distributing agents), to individuals and legal entities undertaking small-scale activities. It looks to stimulate the generation of work and income, social inclusion, and the complementing of social policies and/or promotion of local development.

The granting of Directed Productive Micro-Credit (MPO) to entrepreneurs, of which a large part still works in the informal sector, brings positive impacts in the income and employment of the region. Credit adapted to low-income micro-entrepreneurs has a multiplier effect on the economy of the region and on the social conditions of the region taken in. In the short term, it contributes to income generation, and in



The BNDES Microcredit Program supports credit unions, economic development agencies, commercial banks and micro-entrepreneurs, mostly in urban areas, through the specialist Civil Society Organisations of Public Interest (OSCIPI). Most of the target public is still involved in informal work and microcredit is essential to them so they can formalise their business and also foster growth and business organisation.

<sup>4</sup> Source: BNDES.

the medium and long terms, it drives and enhances the integration of many micro-entrepreneurs into the formal economy.

The volume of outlays from the BNDES Micro-Credit Programme has been growing since its creation. In December 2013 the outstanding balance of the programme reached close to 370 million BRL. With this amount – without taking into consideration the counterpart funds from the micro-credit institutions – each month close to 12,000 loans are made to small business people throughout the country.

### 3.2 Enterprises Recovered by Workers

In the recent period three recovered enterprises supported by the BNDES stand out, as presented in the following table. All of them operate in the metalworking sector, and are located in the State of São Paulo. Despite a good portion of the labour force active in those enterprises – which have been transformed into co-operatives by the workers – still being hired staff, all of the enterprises have a policy of encouraging those workers to become co-operative members.

**Table 1 – Recent support from the BNDES to enterprises recovered by workers**

Enterprise	Municipality	Objective	Amount (million BRL)	Number of workers
Uniforja	Diadema	Purchase and modernization of industrial plant.	48.6	330 co-operative members and 260 staff
Metalcoop	Salto	Acquisition of industrial plant and technical qualification of the workers	7.6	51 co-operative members and 81 staff
Copromem	Mococa	Construction of new industrial plant, and technical qualification of the workers	30.4	481 co-operative members and 120 staff

Source: BNDES.

### 3.3 Scavengers of recyclable materials

From 2007 to 2013, the BNDES directly supported 53 co-operatives of recyclable material scavengers in nine Brazilian states.

Starting in 2010 – as a strategy for the issue of urban solid wastes, and based on the National Solid Wastes Policy launched that year – a linkage was initiated with the municipalities, in order to expand the selective collection services based on the social inclusion of recyclable material scavengers, who were the end beneficiaries of the resources. Up till 2013, operations were contracted with six large municipalities (Rio de Janeiro, Curitiba, Porto Alegre, Sorocaba, Federal District and Osasco), of which four are host cities for the 2014 World Cup.

The total amount of the support to co-operatives of recyclable material scavengers – whether directly or through partnerships with municipal councils – has now reached more than 240 million BRL from the BNDES, including the bank’s investments and the monies contributed as a counterpart in the partnerships with municipalities.

### 3.4 State-level governments

Starting in 2009, linkage was initiated with the state-level governments for launching of public selection processes for low-income solidarity-based economic enterprise projects. Since that time, 12 operations have been set up with states, with a total value of 162 million BRL (between already contracted projects and those to be contracted in 2014), with 50% being from resources coming from the Social Fund of the BNDES, and 50% coming from the state government. Those resources will make possible support to more than 580 enterprises, which receive around 280 thousand BRL as their average amount of support.

### 3.5 Business Institutes and Foundations

Since 2009, DESOL has been signing multi-year business partnerships with business institutes and foundations, in addition to the social responsibility activity of the companies. In all five partnerships were signed (Bank of Brazil Foundation, Odebrecht Foundation, Camargo Corrêa Institute, Votorantim Institute and the Itaipu Technological Park Foundation). In general the solidarity-based economic enterprises supported are in family farming, with handicrafts and garments projects having been supported.

Today, with close to 111 million BRL released by the BNDES since 2009, 292 productive projects are already being supported in partnership with those private institutions, in the production chains of fruit growing, bee-keeping, milk cattle raising, and sheep and goat raising, amongst many others. Along these lines, co-operatives were set up, marketing networks developed, and processing units installed.

One case to be highlighted was the establishment of thousands of Integrated and Sustainable Agro-Ecological Production Units (PAIS). This is a low-cost social technology (close to 12 thousand BRL per unit established), one of proven effectiveness in ensuring food security and in providing income with the marketing of the surplus produced.



An example of the policy to support recyclable waste pickers, part of the Brazilian government’s strategy to eradicate extreme poverty (Plano Brasil Sem Miséria [Brazil Without Poverty Plan]) and also the National Policy on Municipal Waste, which envisages the end of open-air dumps and the social and production inclusion of the waste pickers by setting up processing cooperatives for the material and its channelling to recycling plants.

### 3.6 Agrarian reform settlements

From 2007 to 2012 the BNDES directly supported some co-operative projects in agrarian reform settlements. The outcome of that support raised the creation of a national programme to handle the serving of a larger public, in linkage with various partners.

Along those lines, in 2013 the agreement was signed aimed at operationalizing the Terraforte Programme, the expectation for which is that of supporting 200 agro-industrial development projects in co-operatives linked to agrarian reform settlements, in the total amount of 300 million BRL in non-refundable resources and 300 million BRL in refundable resources, over a time period of five years. The resources come from the BNDES (50% of the non-refundable resources), from the Ministry for Agricultural Development (MDA), from the National Institute for Settlement and Agrarian Reform (INCRA), from the Ministry of Social Development and the Fight Against Poverty (MDS), from the National Provisioning Company (CONAB), from the Bank of Brazil Foundation (FBB), and from the Bank of Brazil (BB).

The BNDES also supports settlement projects through an operation with the Government of Rio Grande do Sul in that state. Up till 2013, 79 enterprises were supported, in the amount of 41 million BRL. The total amount of the support will be up to 72 million BRL, of which 36 million from the BNDES Social Fund.

### 3.7 National Provisioning Company – CONAB

In February 2013 the first call was launched in partnership with the National Provisioning Company (CONAB), in the amount of five million BRL, for support to rural family-based collective enterprises. It aimed at their integration into the institutional and private markets for foodstuffs, 102 groups being selected in 19 states. In December 2013, the BNDES and CONAB launched the second call, this time in the amount of 15 million BRL, with priority on the organic or agro-ecologically-based system, women, young people, quilombolas (rural descendants of slaves), indigenous people and other traditional peoples and communities.

### 3.8 Coexisting with the drought

Since 2012, the 1,133 municipalities of the semi-arid region have been facing one of the biggest droughts of the last 50 years, one that has compromised human consumption of water, decimated herds, destroyed plantations and led 1,046 of these municipalities to order a state of emergency.

Bearing in mind the emergency brought by the drought, and in support to the National Programme for Universal Access to and Use of Water (Water For All Programme), launched in 2011 by the federal government, the BNDES decided to support the strategy on various fronts, with non-refundable resources from the BNDES Social Fund.



Integrated Agro-ecology and Sustainable Production is a social technology with low implementation cost and fast results. The technology is applied on smallholdings producing fresh fruits and vegetables, using techniques that optimise land and water use, with natural fertiliser. Cooperative structures are created through a process of social mobilisation, and these aggregate production and undertake the joint marketing of production.

Construction was contracted of 20,000 social technology units for the drawing, storage and handling of water for use in the production of foodstuffs, on rural landholdings of the Brazilian semi-arid region. These are water tanks for production that will ensure broad access to water for a rural population that is dispersed and in a situation of extreme poverty. This make possible, in addition to food security, the generation of marketable surpluses for the expansion of the household income of the rural producers, who are to be organised into solidarity-based enterprises.<sup>5</sup>

Another relevant operation contracted in 2013 was the Co-operation Agreement signed between the BNDES and the Ministry of National Integration, the focus of which will be the setting up of organic factories for seeds and seedlings; purchase of irrigation kits; and construction of small underground reservoirs to encourage retention of water for irrigation.

The total resources to be allocated in the promotion of actions for coexisting with the drought are 324 million BRL, of which 267 million from the BNDES Social Fund.



The agricultural reform settlements have high social capital, derived from the historical struggles for land. The structured cooperatives usually operate in a network and they jointly undertake marketing, with the use of unique markings to identify the rural origin of their products. Underground dam, on the left, and concrete tank, on the right.

<sup>5</sup> Low in complexity and cost, and with proven effectiveness, the setting up of the tanks is being carried out with local materials and manpower, which strengthens the economy of the region and skills local workers for the construction and maintenance of this kind of technology. In addition to the building of the tanks, BNDES is providing resources for the building up of stocks of indigenous seeds, contributing to the expansion and maintenance of the genetic heritage of the many micro-regions within the semi-arid region and ensuring the production of foodstuffs based on the identity, diversity and productive autonomy of the families, through community seed banks.

## 4. Conclusions

From amongst the tasks currently included on the work programme of the Department of Solidarity-Based Economy, is the development of new ways of intervening that may make possible expansion of the scale and effectiveness of support to the solidarity-based economic enterprises.

Taking into account the size of demand for support, it will only be possible to address it satisfactorily by means of ever-greater institutional linkage. The amount of non-refundable resources available will also be insufficient to reach that objective.

Thus in addition to the bilateral partnerships, it is important to move forward to models of multi-institutional linkage, in which one may work in a complementary way as regards methodologies for analysis and evaluation, reducing operating costs and putting emphasis on the management of inclusive projects through collective learning.

In terms of resources needed, institutional linkage is also key for providing complementarity and better use, within each funder's speciality. But more than being complementary, the challenge is to maximize the positive impact of the use of non-refundable resources, both for expanding the number of beneficiaries of that resource, but also for making possible a pedagogical process within the enterprises supported, in the direction of skilling them for entry into the formal credit market.

Thus the model under construction envisages the use of non-refundable resources as a flexible source of credit that may make possible a return that is adapted to the payment ability of each enterprise, benefitting other enterprises with the same resource, and demonstration of the economic viability of that project, which in normal conditions would not have access to traditional lines of credit.

This essentially involves seeking fulfilment of the greatest objective embodied in the existence of the BNDES, which is the building of credit solutions for all those who may need and may act as allies for national development and reduction of social and regional inequalities. Despite their small scale, solidarity-based economic enterprises have a fundamental role to play in local development, and in the expression of new forms of promotion of development on sustainable and democratic bases.







# Raising the Visibility of Social and Solidarity Economy in the United Nations System

Peter Utting<sup>1</sup>

*Following the recent upsurge in interest in Social and Solidarity Economy (SSE) as a distinctive approach to development within international knowledge and policy circles, this article examines the conditions that facilitated the uptake of SSE within the United Nations system. It begins by explaining the broader development and ideational context that was conducive to raising the visibility of SSE. The discussion then turns to the process leading up to the establishment of the UN Inter-Agency Task Force that was established in September 2013. It concludes by briefly reflecting on the implications of mainstreaming SSE for the post-2015 development agenda and the challenges of further institutionalizing SSE.*

## 1. Introduction

In September 2013, 14 United Nations (UN) agencies and programmes came together to form the UN Inter-Agency Task Force on Social and Solidarity Economy (hereafter referred to as the Task Force). Such a development was significant for several reasons. First, it acknowledged the expanding field of development practice by workers, producers, citizens and communities that were engaging in economic activities that had explicit social – and often environmental and emancipatory – objectives, and that emphasized social relations and values associated with cooperation and solidarity.

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This was an approach to inclusive and sustainable development, which hitherto had only been considered in a piecemeal or fragmented way within the UN system.

Second, attention to SSE within the UN system was significant in that it acknowledged the need to hear the voices of groups and their allies in civil society organizations and networks that had long been advocating for a different model of development; one that was not only more people-centred and planet sensitive, but that also addressed the structural causes of poverty, disempowerment, indecent work and unsustainable development that were associated with market-centred growth strategies and highly skewed power relations. Engaging with SSE symbolized the willingness of the UN system to not only talk of “transformative change” and pay lip service to the need to shift from “business-as-usual” (UNTT, 2012), but actually focus on real world alternatives where there were signs that such change was already happening.

This article examines the conditions that facilitated the uptake of SSE within the UN system. Divided into two parts, it begins by explaining the broader development and ideational context that was conducive to raising the visibility of SSE. The discussion then turns to the process leading up to the establishment of the Task Force through which SSE began to be institutionalized in the UN system. It concludes by briefly reflecting on the implications of mainstreaming SSE for the post-2015 development agenda and the challenges of further institutionalizing SSE.

## 2. Situating SSE in the trajectory of UN thinking

Periodically throughout its history, the UN has played a key role in generating, cultivating and popularizing progressive ideas and facilitating their uptake in policy circles (Jolly et al., 2005). Those who have studied the UN’s intellectual history find that such a progressive role requires institutional environments where agencies can exercise leadership and “defiant bureaucrats” can think and act unfettered by bureaucracy, hierarchy, careerism and path dependence (Emmerij et al., 2006; Toye and Toye, 2006). Throughout much of the “neoliberal” 1980s and 1990s, the UN relinquished its leadership role in thinking about economic development as the World Bank and the IMF dominated this field. This was also a period when social development was put on the back burner. Things began to change after the mid-1990s. The 1995 World Summit on Social Development and the Millennium Declaration of 2000 signalled to the world that the UN was regaining the ascendancy by not only emphasizing issues of poverty and indecent work but also crafting the Millennium Development Goals (MDGs), which set time-bound targets that would be a guide for action by governments and other development actors. This was an important step in reclaiming the international development agenda (Utting, 2006), but it was a somewhat timid first step. It did not fundamentally challenge “business-as-usual” related, in particular, to certain patterns of economic growth and liberalization

associated with rising inequality, jobless growth and environmental destruction, and the macro-economic policy frameworks, state retrenchment and skewed power relations enabling such patterns.

Some other aspects of a progressive normative agenda were on a somewhat different trajectory. The Brundtland Commission's 1987 concept of sustainable development, for example, which had emphasized the need to balance economic, social and environmental dimensions and promote inter-generational equity, gained traction during the neoliberal heyday. As applied in practice, however, it was often co-opted by market logic and encountered major constraints at the level of implementation due to weak state and NGO capacities, while the environmental pillar was often reduced to technical and regulatory fixes associated with eco-efficiency and conservation. Similarly, the notion of rights-based development also gained some traction at the level of international discourse but encountered numerous road blocks when it came to the realization of rights.

It would be nearly another decade before the UN would recognize and start to act upon the need for a more profound transformation in thinking and policy. The trigger was an accumulation of currents and circumstances associated with “the triple crisis” (food, finance and climate) as well as growing recognition of the negative impacts of rising inequalities and the limits of the MDG process in addressing multiple dimensions of poverty and in achieving several of the goals.

The Rio+20 process that prepared the ground for United Nations Conference on Sustainable Development in 2012 emphasized the need for a more integrated approach to development. The Conference called for urgent action to “mainstream sustainable development at all levels, integrating economic, social, and environmental aspects and recognizing their inter-linkages” (UN Secretariat 2012). The emphasis on integration opened up a space to highlight the integrative potential of SSE. Indeed, ignoring SSE in this context would have been a major oversight: this was the terrain of economic activity, par excellence, where organizations, enterprises, networks and movements explicitly and simultaneously addressed economic, social, environmental, rights-based and participatory dimensions of development, i.e. precisely the objectives highlighted in the Rio+20 process.

Furthermore, the Rio process emphasized the importance of bringing human rights and participation more firmly into the development agenda and policy process. The intense global discussions and debates around a post-2015 development agenda and the process of drafting of a new set of Sustainable Development Goals (SDGs) to succeed the MDGs have opened up spaces for rethinking mainstream approaches to development and governance – spaces that have clearly been conducive for the uptake of SSE.

The participatory nature of these discussions and consultative processes facilitated the flow of ideas about SSE. At Rio+20 itself, civil society and critical scholarship as well as some government leaders were active in trying to influence governmental, professional and public opinion about the merits of development practices and values associated with SSE. This was apparent at the parallel People's Summit, conferences organized by academics and scientists, and various side-events at the official venue.

Such perspectives also fed into the deliberative process associated with the SDGs. Issues associated with SSE featured prominently, for example, in the extensive consultation of 120 regional civil society networks and movements conducted by the United Nations Non-governmental Liaison Service (UN-NGLS) in 2013 to elicit feedback on several of the major documents that had been submitted to the UN Secretary-General as part of the SDG process (UN-NGLS, 2013).

Beyond the SDG process, there are other signs of a progressive turn in UN thinking on social and sustainable development. This is apparent, for example, in the work of the International Labour Organization (ILO) on universal approaches to social policy that go far beyond the notion of safety nets (Cichon, 2013); the efforts of the United Nations Conference on Trade and Development (UNCTAD) to reposition the role of the state and domestic-led growth paths in development strategy and to call attention to radically different agro-food regimes centred on agro-ecology and more localized trade (UNCTAD, 2013a; UNCTAD 2013b); the work of the Food and Agriculture Organization of the United Nations (FAO) on food security and land governance; and UNDP's new strategic theme of promoting local development (UNDP, 2013).

Much of the emphasis in UN thinking now suggests that we should not be tinkering with institutional, governance and policy reforms that simply tweak business-as-usual or bolt residual social policies such as safety nets onto conventional market-centred growth strategies. It also cautions against an excessive emphasis on market-led green economy transitions. Rather, such transitions need to be both green and fair, both to guard against negative distributional consequences of change for vulnerable groups and to ensure that existing local level knowledge, production and natural resource management systems and institutions which are environmentally- and socially-friendly are enabled rather than marginalized or disabled (Cook et al., 2012).

Other developments were also conducive to bringing in SSE. The global financial crisis of 2008, and its coinciding, indeed linkages, with other crises linked to food and energy unsettled conventional wisdom about effective development pathways and focused minds within the mainstream development community on the need for "transformative" change (Utting et al., 2010). In a context of crisis, so-called radical alternatives have become legitimate options for consideration. Furthermore, we see growing interest in the ability of SSE organizations and enterprises to withstand shocks and build resilience.

With the MDGs reaching their target date of 2015, a rethinking of sorts was, of course, already on the horizon, but the confluence of crises fundamentally widened the space for both critiquing past approaches and considering alternatives. The post global financial crisis period has also coincided with heightened awareness of the impacts of climate change, rising inequalities and the multi-dimensional and persistent nature of poverty, with or without the MDGs. Certain features of SSE speak directly to these challenges.

At a time when the international development community was on the lookout for alternatives, two important developments, conducive to the uptake of SSE, were occurring within the field of SSE itself. First, there was growing recognition of the scale of revival and expansion of various forms of SSE and their role as coping strategies, mechanisms for local or community development and management of common pool resources, for transitioning from informal economy, and as alternative modes of producing, consuming and living. Cooperatives, for example, had expanded in various regions, certified Fair Trade retail sales exceeded 6 billion dollars, and some 30 million women in India alone were organized in women's self-help groups. Social enterprise was growing significantly in regions such as Europe and parts of Asia, village-level mutual health organizations and savings and credit schemes were prominent in several African countries, and governments in several Latin American countries were proactively supporting, if not prioritizing, SSE (ILO, 2011; Utting et al., 2014). In such a context, SSE could no longer be merely dismissed as a fringe activity.

A second development within the field of SSE related to the fact that different strands of SSE were cohering as a movement. Not only were SSE networks and regional and international associations expanding and consolidating but different tendencies, organizations and personalities, hitherto often at odds, were finding more common ground as a result of discursive shifts, dialogue, networking and the role of intermediaries. Different strands were coming together under the umbrella of Social AND Solidarity Economy, the term that was rapidly gaining currency internationally. "Social economy" was more typically associated with forms of social enterprise, community associations and "the third sector" organizations, including NGOs, many of which were already regarded as legitimate "partners" within mainstream development. The other – solidarity economy – emphasized the importance of alternatives to the conventional profit maximizing firm, production and consumption patterns, market-led growth strategies and power relations. This coming together of a diverse range of organizations, interests, ideologies and approaches constituted, in effect, a powerful coalition of normative framings, institutions and actors that gave SSE greater legitimacy and credibility. The SSE movement was becoming more encompassing or "counter-hegemonic" in the Gramscian sense of the term.

SSE, then, had repositioned itself ideologically and could no longer simply be associated with the radical fringe, anti-globalization or Marxian theory. SSE theorizing drew heavily on the Polanyian notion of the need to correct for market forces by “re-embedding liberalism” and reasserting principles of reciprocity (via society) and social protection or redistribution (via the state) (Hillenkamp and Laville, 2013). Such principles resonated with the progressive mainstream.

### 3. Mobilizing interest and creating the Task Force

The above discussion shows how shifts in UN thinking and the development condition fostered an ideational terrain that was conducive to the uptake of SSE. But how was interest in SSE mobilized within the UN system? This is the question to which the present article now turns, focusing first on early initiatives that were precursors of a more systematic approach to addressing SSE, and second, on the process that led to the formation of the UN Task Force.

#### 3.1 A brief history of SSE in the UN System

Certain strands of SSE, notably the role of cooperatives in development, had long been the focus of attention within some UN agencies. Indeed, the ILO had promoted cooperative development since 1920. In 1966 it passed the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127) urging governments to proactively support the establishment and growth of cooperatives in developing countries. In 1968 the UN General Assembly called on the UN Economic and Social Council (ECOSOC) to look into the role of cooperatives. ECOSOC in turn called on the UN Secretary-General, ILO, FAO, the United Nations Industrial Development Organization (UNIDO), and peak cooperative, farmers and workers organizations to prepare a programme of action. This led to the establishment in 1971 of what eventually became known as the Committee for the Promotion and Advancement of Cooperatives (COPAC). This process also sparked an intense debate within the UN on the merits of cooperatives. The United Nations Research Institute for Social Development (UNRISD) undertook extensive research on the performance of cooperatives in Asia, Africa and Latin America. This work highlighted a number of key concerns, not least the weak performance of many cooperatives in effectively benefiting the poor and the scope for elite capture of cooperative development at the local level (UNRISD, 1975).

Citing concerns regarding methodology, interpretations of empirical results and exaggerated assumptions regarding the goals of cooperative, the findings were contested by other UN-system agencies such as the ILO and FAO, as well as COPAC and the International Co-operative Alliance (ICA). UNRISD published the findings in a volume that included not only its own conclusions but also commentaries by others. Whatever the accuracy of the different agency perspectives, of note here was the space that then existed within the UN for debate, critical inquiry and “reflexivity”, i.e. the

ability to question one's own assumptions and examine possible contradictions and unintended consequences of proposed courses of action (Utting, 2006). There are concerns that such spaces have declined significantly within mainstream international development circles in recent decades (Ocampo, 2006).

The ILO went on to reinforce the role of what is now known as the Cooperative Unit and in 2002 passed the Promotion of Cooperatives Recommendation, 2002 (No. 193), which recognized that: “*A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector*”.<sup>2</sup> The Recommendation called on governments to adopt policies, laws and regulations conducive to cooperative development.

UN interest in the role of cooperatives spiked significantly following the global financial crisis, given the growing realization that, in many countries, cooperatives had proven to be relatively resilient and participation in cooperatives had mitigated the negative social impacts of such crises (Roelants and Sanchez Bajo, 2011; Wanyama, 2014). It was also evident that a new generation of cooperatives had emerged in contexts of market liberalization that were more autonomous of states and political parties. The UN declared 2012 the International Year of Cooperatives. With responsibility for relevant activities, COPAC promoted publications and events that reignited interest in cooperatives.

Interest in other strands of SSE, such as social entrepreneurship and micro-credit, was also apparent in organizations like UNIDO, UNDP, FAO and the World Food Programme (WFP). The role of community organizations in the stewardship of common pool resources and natural resource management systems had long been of interest to the United Nations Environment Programme (UNEP), UNRISD and others in the context of thinking and policy about sustainable development. But rarely was SSE treated as a whole or promoted as a distinctive approach to development.

One clear exception was the work of the ILO SSE Academy.<sup>3</sup> Established in 2010, the SSE Academy fosters knowledge generation, inter-regional dialogue and training about SSE. A capacity building programme on social and solidarity economy had been proposed by more than 200 practitioners on the occasion of the ILO Regional Conference on “The social economy: Africa’s response to the global crisis”, held in Johannesburg in October 2009. This conference adopted a Plan of Action for the promotion of social economy enterprises and organizations in Africa. The ILO had also established an intra-agency social economy task force. In 2010, the task force agreed to support the Social and Solidarity Economy Academy, as an interregional training and learning forum that would gather practitioners and policy makers from around the world to exchange experiences and interact with SSE specialists. The first Academy

<sup>2</sup> See: [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R193](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193)

<sup>3</sup> <http://socialeconomy.itcilo.org>

was organized in October 2010 by the International Training Centre of the ILO (ITC-ILO) in Turin. Academy events were subsequently held in Quebec, Canada (2011), Morocco (2013) and planned for Brazil (2014). To accompany each of these events, the ILO published a reader on SSE. The ITC also manages a website known as “the collective brain”<sup>4</sup> which is a virtual interactive space for exchanging and expanding knowledge on SSE and for Academy participants to remain connected and engaged.

Another initiative to mobilize UN interest in SSE as an alternative approach to development took place at the Rio+20 conference in 2012. But this time the driving force was civil society. The Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS) was active at the parallel People’s Summit and issued the Declaration of the Social and Solidarity Economy movement, “The Economy we need”<sup>5</sup>, which was signed by more than 370 organizations and networks. Many other events at the People’s Summit also highlighted the actual and potential value of SSE, as did the report, “Another future is possible”<sup>6</sup> that synthesized the findings of over 20 working groups associated with the Thematic Social Forum held in January 2012 to prepare for the People’s Summit. The report sought to counter many of the assumptions, blind spots and proposals contained in the official negotiating document “The future we want” submitted to the Summit, and present a coherent civil society position on alternatives for dealing with environmental, social and financial crises and for crafting another model “built on social and environmental justice”. Multiple aspects of SSE featured prominently in this report.

Meanwhile, in another part of town, hundreds of academics and researchers were participating in the biennial conference of the International Society for Ecological Economics (ISEE) where significant attention was focused on aspects of SSE as a way of addressing the contemporary challenge of sustainable development. Indeed, the keynote address by the ISEE president, Bina Agarwal, focused on the importance of collective action for rural women’s economic and political empowerment.

At the official summit venue itself, another civil society network, the Association of the Mont-Blanc Meetings (MBM), was proactively engaged in trying to get greater recognition for SSE. The declaration of its 2011 conference had identified five pathways and 20 proposals that were directed to the leaders of 193 UN member countries that were preparing for Rio+20. A key demand was that social economy be recognized as one of the Major Groups in the Rio process, along with the other nine<sup>7</sup> that had been identified in Agenda 21 at the first Earth Summit in 1992.<sup>8</sup>

<sup>4</sup> See: [http://www.ripesseu.net/uploads/media/2012\\_declaration\\_ripess\\_rio\\_20\\_en.pdf](http://www.ripesseu.net/uploads/media/2012_declaration_ripess_rio_20_en.pdf) or the resolution: [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/66/288&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/66/288&Lang=E)

<sup>5</sup> See: [http://rio20.net/wp-content/uploads/2012/02/Another-Future-is-Possible\\_english\\_web.pdf](http://rio20.net/wp-content/uploads/2012/02/Another-Future-is-Possible_english_web.pdf)

<sup>6</sup> See: [www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf](http://www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf)

<sup>7</sup> The nine major groups comprise: women, children and youth; farmers; indigenous peoples; NGOs; trade unions; local authorities; science and technology; and business and industry.

<sup>8</sup> See: [https://www.rencontres-montblanc.coop/sites/default/files/rmb\\_-\\_lettre\\_aux\\_chefs\\_detat.pdf](https://www.rencontres-montblanc.coop/sites/default/files/rmb_-_lettre_aux_chefs_detat.pdf)

In collaboration with the International Co-operative Alliance (ICA) and the International Association of Mutual Benefit Societies (AIM), MBM organized a side-event at the official venue where the Executive Coordinator for Rio+20, Brice Lalonde, went out of his way to support SSE in general and this initiative in particular. This event featured speeches by the French minister for SSE, Benoît Hamon, the Brazilian national secretary for SSE, Paul Singer, and a representative of the Ecuadorian government. Despite these efforts, the official Summit outcome document, “The future we want” could only manage timid statements that “we acknowledge the role of cooperatives and microenterprises in contributing to social inclusion and poverty reduction, in particular in developing countries” and “we encourage the private sector to contribute to decent work for all ... through partnerships with small and medium-sized enterprises and cooperatives.” But this encounter laid the foundations for an inter-governmental initiative, discussed below, that was formally announced at the biennial conference of the MBM in Chamonix, France in November 2013.

### 3.2 Setting the stage

The MBM side-event was also attended by Hamish Jenkins from the UN Non-Governmental Liaison Service (UN-NGLS) and this author from UNRISD. UN-NGLS, which serves as a knowledge sharing conduit between the UN system and civil society, was keenly aware of the level of interest in SSE within civil society circles and its relative lack of visibility in the UN system.

At Rio+20, UNRISD had been active at various forums, including the official venue, the People’s Summit and the ISEE conference, organizing panels to present the findings from its research on the social dimensions of green economy. This inquiry, which had been prompted by growing concerns about market-centred approaches to green economy, had identified SSE institutions and practices as a key element for crafting green economy transitions that were not only environmentally friendly but also fair in terms of the distribution of costs and benefits and social justice (Cook et al., 2012).

Convinced that far more needed to be done to raise the visibility of SSE within the UN system, UNRISD and UN-NGLS began to explore ways to make this happen. A key challenge was how these small, cash-strapped UN entities could leverage their position to maximum effect.

UN-NGLS had a particular interest in alternatives in the field of finance, where the global financial crisis had dramatically exposed the perverse consequences of financialization. Through its extensive links with civil society organizations and networks, UN-NGLS was tuned into grassroots initiatives associated with solidarity finance and complementary currencies. UN-NGLS took the lead in organizing an event, co-hosted with UNRISD, on “Solidarity Economy and Alternative Finance: A Different Development Model?”, held in October 2012 on the occasion of the 2012 UN

Human Rights Council's Social Forum. The ILO also participated, with Frédéric Lapeyre presenting recent work on SSE as a means of transitioning from informal economy. This side-event not only generated interest in the topic but also laid the foundations for a much larger event on alternative finance that was to be held in May 2013.

UNRISD for its part had long focused on particular aspects of SSE through various research projects and programmes. Following its work on cooperatives in the 1970s, UNRISD undertook extensive research on what it regarded as one of the key instruments and goals of inclusive development, namely “participation”. Interestingly, the UNRISD definition of participation resonated with what some might regard as the essence of SSE, namely, “the organized efforts of the disadvantaged to gain control over resources and regulatory institutions that affect their lives” (UNRISD, 2004). Later work on Corporate Social Responsibility (CSR) focused on ways in which business organizations were addressing social and environmental issues. The immediate precursor, however, to UNRISD work on SSE was that carried out in the build up to Rio+20. UNRISD undertook an extensive inquiry into “the social dimensions of green economy” which, *inter alia*, highlighted the need to critique and go beyond market-centred approaches to green economy. Findings from this research suggested that SSE-type organizations and movements could go a long way to crafting transition pathways that were both green and fair (Cook et al., 2012).

Given these past areas of interest, it was a short step to developing a research project that would examine more systematically the potential and performance of SSE. Also, as noted above, UNRISD was part of a long tradition of “critical thinking” which questioned orthodoxy, whether associated with the left, centre or right. From this perspective, it was concerned about the tendency within civil society and some academic arenas to romanticize SSE and gloss over various constraints and contradictions. Clearly, much more needed to be done to accurately assess the performance of SSE. It was also important to create a stronger and more credible evidence base if policy makers were to engage seriously with SSE.

In an effort to mobilize research from different regions and disciplines on a common set of issues and tap into research already underway, UNRISD launched a global Call for Papers on “The Potential and Limits of Social and Solidarity”.<sup>9</sup> Some 400 proposals for papers from nearly 500 researchers from 70 countries were submitted. UNRISD then set about organizing and structuring a research conference where papers would be presented. In all, about 75 of the proposals were selected as conference papers or think pieces to be published online ([www.unrisd.org/sse](http://www.unrisd.org/sse)). With UN-NGLS it was decided that both organizations would also co-host an event on “Alternative Finance and Complementary Currencies” back-to-back with the UNRISD conference.

<sup>9</sup> To organize the call, UNRISD enlisted the support of an enthusiastic group of interns already specialized in SSE analysis. Once initial funding was secured, two of them – Nadine van Dijkand and Marie-Adélaïde Matheï – stayed on to organize the conference and other project activities.

Given their own work on cooperatives and SSE more generally, several ILO staff members took a keen interest in the UNRISD inquiry and conference plans. They included Jürgen Schwettmann, head of the Partnerships and Field Support department; Simel Esim, who led the Cooperative Unit; Roberto di Meglio, who co-ordinated the ILO SSE Academy; and Frédéric Lapeyre, who worked on transitioning from informal economy, a theme that was prioritized as an “Area of Critical Importance” (ACI) by Guy Ryder, appointed ILO Director-General in October 2012.

These officials recognized the synergies that would flow from partnering with UNRISD. They offered to co-host the SSE conference and provide the venue. They mobilized financial support, primarily via the ILO’s South-South cooperation programme, which would facilitate the participation of southern participants. The ILO Cooperative Unit, the Bureau for Workers’ Activities (ACTRAV) and the International Journal of Labour Research also set about organizing a day-long seminar on “Trade Unions and Cooperatives: Challenges and Perspectives”, to be held back-to-back with the conference.

During this period, UNRISD, ILO and NGLS developed close ties with two of the leading international SSE practitioners networks, RIPESS and the MBM. Both organizations participated actively in the UNRISD-ILO conference and subsequently consolidated relations with a number of UN agencies. As efforts proceeded to engage UN agencies in the UNRISD-ILO conference, it was clear that while most agencies had no official mandate work on SSE, they often housed officials who were either already working on related aspects or recognized that this was an area that merited closer attention. Several attended the conference, chairing sessions or, as in the case of the ILO Director-General, actually opening the event.<sup>10</sup>

Held over four days in May 2013, the conference and various side-events brought together some 300 participants from academia, civil society and policy-making circles. Over 50 speakers presented research papers at the conference and side-events ([www.unrisd.org/sseconference](http://www.unrisd.org/sseconference)). SSE practitioners and doctoral candidates also presented their work at two side-events: the Practitioners’ Forum and the PhD Poster Session. Back-to-back with the conference, NGLS and ILO organized complementary events on Alternative Finance and Trade-Union-Cooperative relations, respectively.

The presentations, discussions and debates at the conference yielded a rich body of evidence and opinion as to why the post-2015 development agenda needs to engage far more with SSE.<sup>11</sup> Discussions about the provision of social services, Fair Trade, community finance schemes, agricultural and food marketing cooperatives, alternative

<sup>10</sup> Representatives from FAO, ILO, UNDP, UN Women and UNCTAD chaired conference sessions. The ILO Director-General, Guy Ryder, joined the UNRISD director, Sarah Cook, and the Brazilian National Secretary for Social Economy, Paul Singer, in opening the event. Other agencies and programmes, including UNAIDS, the inter-agency Special Programme for Research and Training in Tropical Diseases (TDR) and the UNDP-ART programme, also attended.

<sup>11</sup> For a summary of the conference discussions and debates see: UNRISD Event Brief #1 at [www.unrisd.org/eb1](http://www.unrisd.org/eb1)



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First meeting of the Task Force - 31 September 2013, Geneva.

food networks, women's self-help groups, community forestry initiatives and the organization of street vendors and indigenous peoples, pointed to experiences that often yield important benefits in terms of basic needs, participation, empowerment and identity. But often the potential of SSE is not realized due to the weak asset base of SSE organizations, market pressures, limited access to credit, inadequate government policies and regulations, the challenges of organizing and mobilizing beyond the local level, and difficulties of maintaining bonds of trust and solidarity as initiatives grow in scale.

### 3.3 Establishing the Task Force

The idea of creating a UN SSE Task Force had been discussed informally by colleagues from UNRISD, UN-NGLS, the ILO and UNDP prior to the UNRISD-ILO conference and proposed by Simel Esim during the closing session. The experience of the ILO SSE intra-agency task team had provided a number of pointers. If different offices and departments within a large organization could come together regularly to discuss SSE and co-ordinate activities, why not different UN agencies?

To follow-up on the idea, representatives of these agencies met during the summer of 2013 to consider next steps. They convened the first meeting which was held at the ILO on 30 September 2013. Some 14 agencies attended the inaugural meeting, where the following objectives were agreed:

The TFSSE is a partnership to assist countries, mobilize political will and momentum towards mainstreaming the issue of SSE in international and national policy frameworks. Key elements of this strategy consist of:

- (i) Enhancing the recognition of Social and Solidarity Economy enterprises and organizations;
- (ii) Promoting knowledge on Social and Solidarity Economy and consolidating SSE networks;
- (iii) Supporting the establishment of an enabling institutional and policy environment for SSE;
- (iv) Ensuring coordination of international efforts, and strengthening and establishing partnerships.

By the time of the third meeting of the Task Force, held in February 2014, some 17 UN agencies and the OECD had joined as members, while three leading international civil society associations – RIPESS, RMB and ICA – participated as observers. This founding phase of the Task Force had concentrated on four main activities: i) gaining adherents and expanding the membership base within the inter-governmental system, ii) engaging key international civil society networks as observers, iii) preparing a number of foundational documents related to a basic set of rules and objectives, definitions of SSE and a position paper on SSE and sustainable development, and iv) designing a website.



Second meeting of the Task Force – 02 December 2013, Geneva.

Early collaborative inter-agency efforts consisted of undertaking an initial mapping of agency work related to SSE and the preparation of a position paper on SSE and the Challenge of Sustainable Development. This paper sought to highlight the relevance of SSE for addressing several of the major development challenges of the early twenty-first century. These included:

- i. the massive and growing scale of the informal economy and precarious or vulnerable employment with which it is associated, coupled with the fact that the formal sector and economic growth no longer have the capacity to absorb so-called surplus labour;
- ii. gender inequality and women's empowerment, including the need to reduce the "double burden" women face as they engage in remunerated employment while simultaneously assuming the primary responsibility for unpaid care work;
- iii. the hollowing out of local communities and economies through out-migration, rolled back government services and public investment, and patterns of surplus distribution that siphon resources and profits out of the areas where goods and services are produced towards cities, corporations or the global North and tax havens;
- iv. food insecurity and smallholder empowerment;
- v. climate change, environmental degradation and crafting economic transitions that were not only green but also fair;
- vi. universal access to healthcare and equitable distribution of resources for health; and
- vii. recurring financial crises and the need for a financial system more geared to the needs of people and the planet.



Third meeting of the Task Force – 10 February 2014, Geneva.

The early Task Force discussions and debates emphasized a number of issues that point to some of the key challenges confronting SSE and tensions that can arise through mainstreaming. They included the need to i) acknowledge the heterogeneity of SSE organizations, enterprises and movements within the movement and its different regional manifestations; ii) and to examine critically state-SSE relations, safeguard SSE autonomy and ensure effective co-construction of policies and laws that aim to support SSE.

These meetings were also an opportunity to explore ways of enhancing dialogue and collaboration with civil society organizations and governments engaged in promoting SSE. Of particular interest to the Task Force were two specific proposals or recommendations that had emerged from the major conferences of RIPESS and MBM, held in October and November 2013, respectively. In its conference declaration, RIPESS had welcomed the creation of the Task Force and recommended that the Task Force organize annually an UN-civil society/practitioners dialogue. At the MBM conference, the MBM president, Thierry Jeantet, had announced that the French President, François Hollande, had agreed to set up an inter-governmental “Leading Group” on SSE, modelled after the leading group on innovative finance. The declaration of the MBM conference called on the Task Force to facilitate the formation and work of this leading group. At the conference it was also agreed that UNRISD, NGLS and MBM would organize a side-event at the February 2014 session of the Open Working Group on the Sustainable Development Goals in New York to present both the Task Force and the idea of the Leading Group.

#### 4. Concluding remarks

The above analysis has attempted to explain why a space has opened up within the UN system for a more serious and systematic consideration of SSE. Key elements underpinning this process relate to i) the trajectory of progressive thinking within the UN over nearly two decades, ii) the search for alternatives in the context of recent multiple crises and growing awareness of climate change and inequality, iii) the more immediate imperative to craft a post-2015 development agenda, and iv) concrete developments associated with the proliferation and expansion of SSE and the structuring of a more encompassing SSE movement.

The fact that so many representatives of UN agencies and other organizations quickly committed to working together on SSE says as much about the times we live in as the motivations of the individuals and agencies concerned. SSE is fundamentally about crafting an alternative to the business-as-usual approach to development centred on economic liberalization and narrowly targeted social protection policies. In the wake of multiple global crises and in the context of growing concerns about climate change, equality and rights, the space has opened up for a more radical rethink

of development. The creation of the Task Force pointed to a growing consensus within the UN system and beyond on the need for alternative ways of organizing production, exchange and consumption, and the fact that they should be factored into contemporary development debates and strategy far more centrally than had previously been the case.

The uptake of SSE within the UN system potentially bodes well for correcting certain limitations and biases in development policy. These include not only those typically associated with neoliberal approaches and processes of commodification, informalization and privatization, but also those that characterize attempts to “re-embed” liberalism. Too often the uptake of seemingly progressive terms such as green economy, food security, participation and empowerment results in their dilution (Cornwall and Brock, 2006). The upshot, for example, is often market- and corporated green economy and agrarian transitions, a focus on participation as consultation rather than collective action, and economic as opposed to political empowerment. A focus on SSE recognizes diversity within “plural economy”, the importance of collective action in processes of transformative change both at the level of production and advocacy, and the empowerment of not only individuals or entrepreneurs but also groups. At a time when the international development community had committed to rethinking development pathways in the context of multiple global crises and the post-2015 agenda, a focus on SSE could yield important insights for development policy.

In the context of current efforts to design a new set of Sustainable Development Goals (SDGs), it is clear that the potential of SSE speaks directly to the five transformative shifts identified by the High Level Panel on the SDGs, namely “leaving no one behind”, “putting sustainable development at the core”, employment-centred economic transformation, participation and good governance, and a global partnership that upholds principles of “universality, equity, sustainability, solidarity, human rights, the right to development and responsibilities shared in accordance with capabilities.”<sup>12</sup>

But while the international development community can agree fairly easily on the desirability of such objectives, it is far more divided on the question of how to get there. The focus on SSE suggests that the orientation of development strategy needs to be broadened in several respects: beyond a focus on the capabilities of the individual towards that of groups, communities and collectivities; beyond private sector development centred on the profit-maximizing firm that tends to externalize social and environmental costs, towards “less-for-profit” organizations and enterprises that balance economic, social and environmental objectives; and beyond a focus on social protection via safety nets and economic empowerment towards active citizenship and the realization of rights.

<sup>12</sup> See: [http://www.un.org/sg/management/pdf/HLP\\_P2015\\_Report.pdf](http://www.un.org/sg/management/pdf/HLP_P2015_Report.pdf)

In addition to (re)framing the development agenda, another challenge for the Task Force is that of convincing governments that far more can be done to create an enabling environment for SSE through law, policies, programmes, institutional reforms and building state capacities. And it must also remind governments that the dynamism and innovation associated with SSE derives in large part from its autonomy from both states and market forces. An enabling policy environment must also reinforce conditions for safeguarding this autonomy.

The Task Force has clearly gotten off to a good start, quickly mobilizing interest both within and outside the UN system. There is a sense that SSE is not only an idea whose consideration is long overdue, but that the current ideational and political juncture is propitious for considering such an approach to development, which is more holistic.

Much work still remains to be done, however, to lock SSE into UN knowledge and policy circuits. Whether the momentum can be sustained beyond the SDG process is an open question. This will depend not only on the motivation and willingness of agencies to collaborate but also on financial resources, which have become a scarce commodity in fields associated with critical research, advocacy and policy dialogue associated with progressive cutting-edge issues.

Furthermore, institutionalization can be a double-edged sword. SSE practitioners and advocates have generally looked favourably upon the fact that the UN has turned its sights on SSE, seeing this alliance as potentially important in creating a more enabling policy environment for SSE. But they are also aware that not only are progressive ideas often diluted when they enter the mainstream but also that initial bursts of interest and enthusiasm can be short-lived as institutional drivers, priorities and contexts change. Key in both regards will be the role of the civil society observers within the Task Force in keeping members active and attuned to their perspectives, concerns and demands.

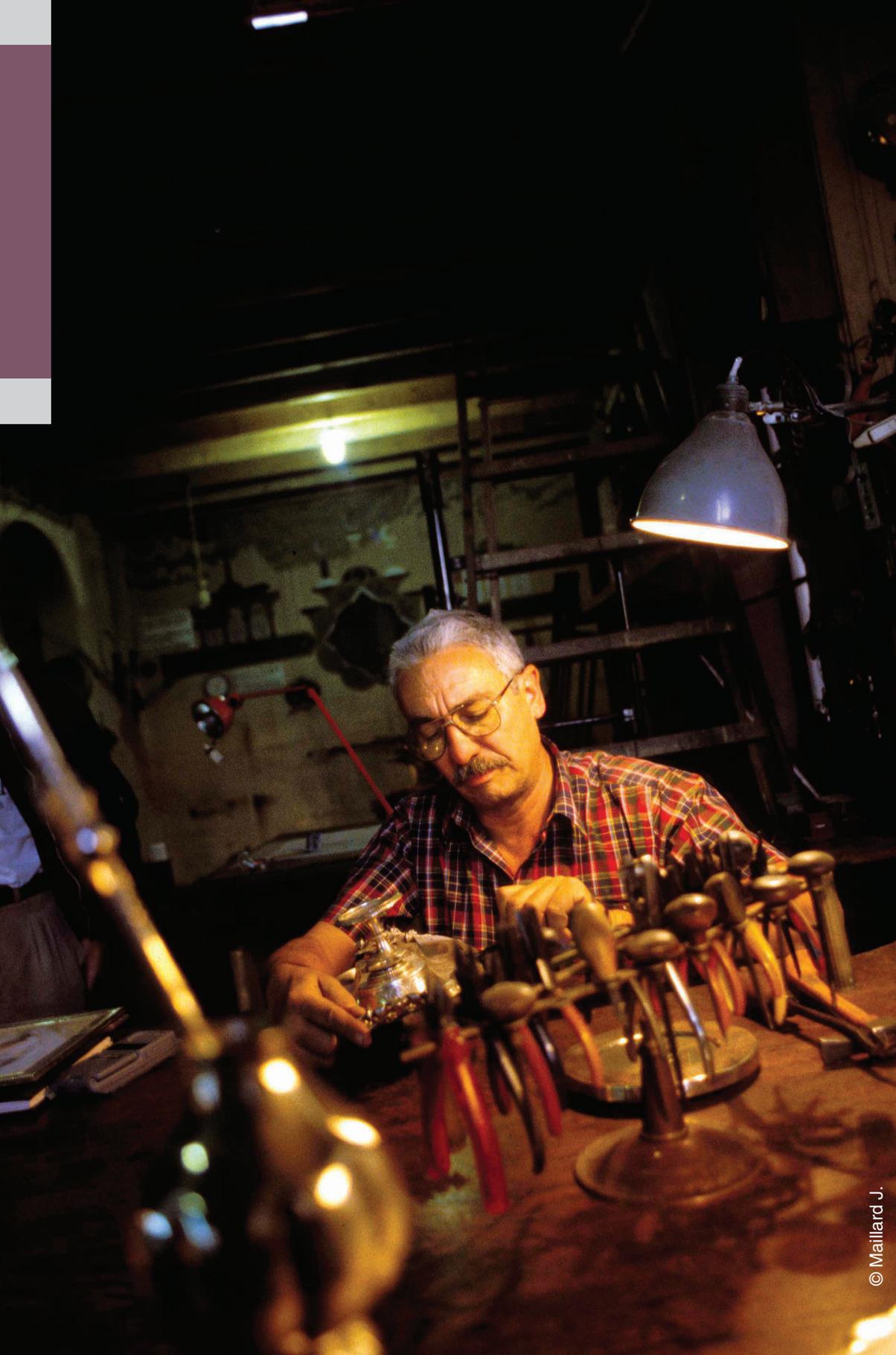
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# Social Economy and Social Entrepreneurship

Antonella Noya<sup>1</sup>

*In most OECD countries, government policies to address social and economic challenges are complemented by activities within the social economy. Social economy activities attempt to meet unsatisfied social and societal needs and contribute to finding solutions to problems such as unemployment, exclusion, inequality, lack of access to welfare services, and intergenerational poverty. Though the social economy has received wider attention recently due to the lasting impact of the global economic crisis, its contribution to more inclusive economic development has long been recognised. This chapter will examine the role and capacity of the social economy organisations to create and maintain jobs. It will assess the importance of various components of the policy environment in supporting social enterprises in achieving their objectives.*

## 1. Introduction: Social enterprises are increasingly being recognised for their capacity to create jobs and address social challenges.

The renewed interest of governments in social enterprises as economic actors is evident in recent legislative developments to (re)define the boundaries of the sector and create enabling frameworks to support social enterprises and similar entities. As of 2014, new laws are under discussion by the French and Italian legislatures.

<sup>2</sup> Moreover, both social economy and social entrepreneurship are becoming more

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<sup>2</sup> The forthcoming French framework law on social and solidarity economy should be approved mid-2014 (*Projet de loi relative à l'économie sociale et solidaire*, sent to the Senate for the second reading the 21<sup>st</sup> of May 2014, [www.assemblee-nationale.fr](http://www.assemblee-nationale.fr)). The Italian law on social enterprises (*Decreto legislativo n. 155/2006*) is currently under revision. Both aim at redefining some of the boundaries of social economy and social entrepreneurship, while providing an enabling framework.

visible in the public domain thanks to a wide range of support programmes and initiatives, such as national awareness campaigns, publicity through social media, the development of specific courses taught at schools and universities, the integration of social enterprise modules within mainstream business degrees, and public and private programmes to promote them among youth<sup>3</sup> and other target groups, including women and seniors.

Recent developments have contributed to advancing the policy agenda at the international level as well. In 2011, the European Commission launched the Social Business Initiative [COM (2011) 682 final] with the aim of creating an eco-system conducive to developing social businesses and to facilitate access to funding. Within this framework, the European Social Entrepreneurship Fund was approved in 2013, to help raise capital and standardise compliance and reporting requirements for investment in social enterprises across member states.<sup>4</sup> In the beginning of 2014, the Strasbourg Declaration on social entrepreneurship<sup>5</sup> was presented at the end of a major event organised by the European Commission to serve as a legacy and a roadmap for the next European Commission on how to continue to establish ecosystems that foster the growth of social enterprises. In addition, efforts have been made to embed the social economy and social entrepreneurship in the post-2015 Development Agenda. In November 2013, a number of United Nation agencies created an inter-agency task force to assist countries and mobilise political will and momentum towards mainstreaming issues related to the Social and Solidarity Economy (SSE) in international and national policy frameworks<sup>6</sup>.

These developments suggest that the social economy and social entrepreneurship are increasingly being expected to contribute to finding effective solutions to important social and economic challenges, in both developed and developing countries.

## 2. Defining social economy, social entrepreneurship and social enterprises is still an issue...

To understand the contribution that the social economy can bring, and how it should be supported for maximum efficiency, it is important to explore its variegated landscape. 'Social entrepreneurship' and the 'social economy' are different notions, though their

<sup>3</sup> For example, the Jeun'ESS initiative in France, launched in 2011 as a public private partnership between a number of ministries and enterprises and foundations in the social economy sector, aims to promote the social economy amongst young people, particularly through the education system. It supports initiatives for young people in the social economy and the integration of young people in the social economy organisations. A budget of almost EUR 2 million from 2010 till 2013 was allocated to this programme.

<sup>4</sup> Regulation (EU) No 346/2013 of the European Parliament and of the Council on European social entrepreneurship fund.

<sup>5</sup> See the following for more information: [http://ec.europa.eu/internal\\_market/conferences/2014/0116-social-entrepreneurs/docs/strasbourg-declaration\\_en.pdf](http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/docs/strasbourg-declaration_en.pdf)

<sup>6</sup> See the following for more information: <http://www.unrisd.org/80256B3C005BE6B5/search/D383EB2BF07FF084C1257BFA00420698?OpenDo> cument. It is worth noting that the OECD is part of this new international taskforce.

boundaries are blurred, context-sensitive, and based on geographical and cultural traditions (Kerlin, 2006; Defourny and Nyssens, 2008).

The term **social economy** first appeared at the beginning of the 19th century in France and it refers to associations, co-operatives and mutual organisations and foundations. Social economy organisations are regulated by the principle of having stakeholders, not shareholders and, generally, by democratic and participative managements rules.

**Social entrepreneurship** can be defined as “entrepreneurship that aims to provide innovative solutions to unsolved social problems. Therefore it often goes hand in hand with social innovation processes, aimed at improving people’s lives by promoting social changes” (OECD, 2010 p. 187).<sup>7</sup> Social entrepreneurship is, therefore, mainly about solving social problems rather than exploiting market opportunities in order to make profits. Social entrepreneurs “... have one thing in common: the innovative use of resources to pursue opportunities to catalyse social change” (Mair and Ganly, 2010).

**Social enterprises**, or social businesses, occupy a central place in the social entrepreneurship landscape, regardless of their organisational form, which varies across countries. Many definitions of social enterprise exist<sup>8</sup>, with several countries adopting legal definitions. Social enterprises are defined by OECD as “any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment” (OECD, 1999).

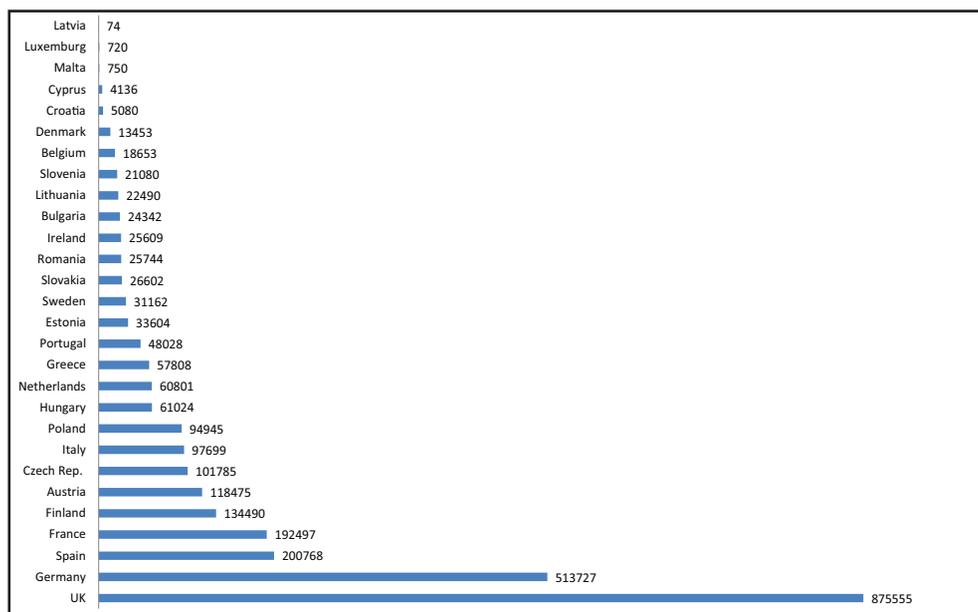
<sup>7</sup> Many other definitions exist which are reviewed in OECD (2010), SMEs, entrepreneurship and innovation, OECD Publishing, Paris.

<sup>8</sup> Reviewed in OECD (2010), SMEs, entrepreneurship and innovation, OECD Publishing, Paris.

### 3. ...and estimating their size is essential, although difficult

The diversity of definitions, economic structures and legal frameworks makes estimating the size and scale of the social economy and social entrepreneurship difficult, especially for the purpose of making international comparisons (CIRIEC, 2012). An international outlook on the social economy (Figure 1) gives an idea of its dimension in 28 European countries, based on an analysis of cooperatives, mutual, foundations and associations.

**Figure 1. The size of social economy in 28 European countries**



Source: OECD elaboration based on CIRIEC data (2013).

As shown in Table 1, associations and similar organisations represent the highest share of social economy organisations, especially in the UK and in Germany. Cooperatives represent the more entrepreneurial part of the social economy and make up the second highest share. Italy, Spain and France stand out with 71 578, 44 333 and 24 870 cooperatives respectively, reflecting their longstanding traditions both in social economy and social entrepreneurship (CIRIEC 2012).

**Table 1. Social economy in the European Union in terms of number of cooperatives, mutual companies, associations, foundations and other similar accepted forms**

Countries	Cooperatives and other similar accepted forms	Mutual companies and other similar accepted forms	Associations and other similar accepted forms	Total
Austria	1 860	59	116 556	118 475
Belgium	166	26	18 461	18 653
Bulgaria	2 016	11	22 315	24 342
Cyprus	620	n.a.	3 516	4 136
Croatia	1 125	5	3 950	5 080
Czech Rep.	3 085	7	98 693	101 785
Denmark	523	53	12 877	13 453
Estonia	1 604	n.a.	32 000	33 604
Finland	4 384	106	130 000	134 490
France	24 870	6 743	160 884	192 497
Germany	7 415	328	505 984	513 727
Greece	7 197	11	50 600	57 808
Hungary	2 769	13	58 242	61 024
Ireland	509	100	25 000	25 609
Italy	71 578	n.a.	26 121	97 699
Latvia	74	n.a.	n.a.	74
Lithuania	490	0	22 000	22 490
Luxembourg	56	n.a.	664	720
Malta	57	n.a.	693	750
Netherlands	677	124	60 000	60 801
Poland	8 823	22	86 100	94 945
Portugal	2 390	95	45 543	48 028
Romania	1 747	897	23 100	25 744
Slovakia	382	10	26 210	26 602
Slovenia	77	3	21 000	21 080
Spain	44 333	428	156 007	200 768
Sweden	12 162	128	18 872	31 162
UK	5 450	105	870 000	875 555
<b>Total</b>	<b>206 439</b>	<b>9 274</b>	<b>2 595 388</b>	<b>2 811 101</b>

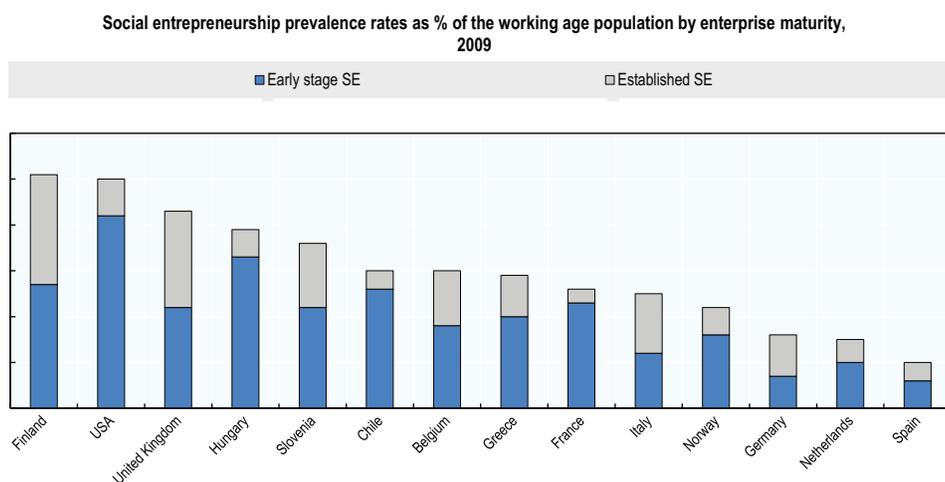
Source: OECD elaboration on CIRIEC data (*The Social Economy in the European Union, 2012*)<sup>9</sup>.

<sup>9</sup> Note: The CIRIEC report does not take into consideration foundations in some countries. Additionally, some data are missing (i.e. non-available).

Measuring social entrepreneurship is more difficult because its precise meaning varies significantly across countries. Several attempts to size the sector have recently been made.<sup>10</sup> The most comprehensive effort to date was in 2009, when the Global Entrepreneurship Monitor (GEM) constructed a dataset on social entrepreneurial activities in 49 countries through a household survey. Social enterprises were identified based on their perceived innovativeness, their revenue model and their social mission.<sup>11</sup>

As shown in Figure 2, the percentage of the working age population engaged in social entrepreneurship activities varies from 1% in Spain to around 5% in the United States and Finland. In most of the countries, the majority of social enterprises are early stage (under 42 months), except Italy and United Kingdom where the proportions of early stage and established social enterprises are almost the same.

**Figure 2. Social entrepreneurship prevalence rate as % of the working population by enterprise**



Source: OECD elaboration based on Terjesen, S., J. Lepoutre, R. Justo and N. Bosma (2011) *Global Entrepreneurship Monitor Report on Social Entrepreneurship*. Note: The sample size of each country determines the precision of each of these estimates.

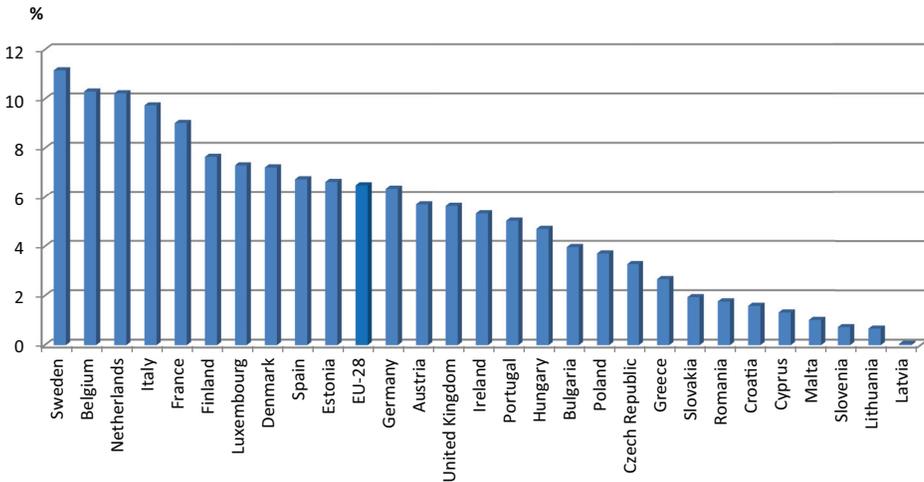
<sup>10</sup> This includes a research project, SELUSI (Social Entrepreneurs as Lead Users for Service Innovation), which represents a useful source of information on social entrepreneurship in 5 European countries (Hungary, Romania, Spain, Sweden and UK). See SELUSI (2011), <http://www.selusi.eu/>

<sup>11</sup> Terjesen, S., J. Lepoutre, R. Justo and N. Bosma (2011) *Global Entrepreneurship Monitor Report on Social Entrepreneurship*.

## 4. Data show that the role of the social economy in employment is not negligible...

The social economy is responsible for a significant share of total employment. By one estimate, the social economy provides about 6.53% of the total paid employment in the EU-27, or 14.5 million jobs (CIRIEC, 2013)<sup>12</sup>.

**Figure 3. Paid employment in the social economy, EU, 2009-2010, as % of total employment**



Source: OECD elaboration on CIRIEC data (2013).

National data sources indicate that the social economy is growing in some countries. Employment in social economy in France grew by 23% in the last ten years, compared to 7% growth in employment in the private sector (Bazin and Malet, 2011). In the Pays de la Loire region, for example, the social economy consists of 13 680 organisations (associations, cooperatives and mutual societies), which represents 12.8% of all employers. This number of employees is higher than that of the craftsmanship, and agriculture and food industries. Between 2000 and 2010, the social economy created 284 000 jobs, an increase of 26.5%. These jobs are all strongly territory-based with little possibility for delocalisation (Cochteau, 2014). In the Bourgogne region, the 6 000 institutions in the social economy employ more than 57 000 individuals. Despite the decrease of 0.3% in the number of employees in 2008, this sector registered a rise in 2009. Moreover, between 2005 and 2010, employment in social economy grew by 21%, as opposed to 2% in the private sector (Buckingham and Teasdale, 2013).

<sup>12</sup> This data was calculated in 2009-2010 when Croatia was not yet a member of the European Union: a complete representation of the total paid employment in the EU-28 (including Croatia) can be seen in Figure 3.

In Italy, the Italian National Statistical Institute (ISTAT) indicates a growth rate for the non-profit sector of 28% from 2001 to 2011, with 301 191 non-profit institutions at the end of 2011. The total number of cooperatives amounted to 61 398, of which 11 264 are social cooperatives<sup>13</sup> This is a 98.5% increase in the number of social cooperatives within a decade. Even though volunteers make up a significant part of human resources involved in the third sector, paid workers correspond to 16.7% of all workers in the non-profit sector (including external consultants and temporary staff) (ISTAT, 2013). A report has estimated that the Italian cooperatives employ more than 1 million individuals as paid workers (1 750 000 including seasonal workers) (EURICSE, 2014).

## 5. ...and that job creation and retention outweighs job destruction

The OECD recently undertook a survey to explore the impact of the social economy on job creation during the crisis. The results show that in the areas surveyed, a majority of social economy organisations have increased employment levels between 2010 and 2011 (see Figure 4). Across the areas surveyed, 42.3% of organisations increased their number of paid employees during the period, while 11.3% decreased them, and 46.4% maintained stable levels of employment. The number of full time equivalent (FTE) jobs in the social economy grew by 2.6% compared to 2011. In total 47 268 FTE jobs were provided by the SEOs participating in the study, which equates to an average of 72.4 FTE jobs per organisation.<sup>14</sup>

The two most common factors reported as influencing the decision to increase paid employment positions were the “increased demand for more staff” (63.1%), and the “increased sales of goods and services” (52.2%). Only 12 SEOs out of 665 considered increased access to banking/credit finance as an important factor in the decision to increase employment levels.

The factors that were most often cited as being important in the decision to decrease overall levels of employment in 2011 were prevailing economic conditions (50%), and decreased sales of goods and services (43.8%). The factors least often reported were decreased access to banking/credit finance, and decreased membership fee revenue. Other factors that were reported as being important included loss of public sector contracts (cited by 32.8% of respondents) and decreased subsidies (cited by 31.3% of respondents).

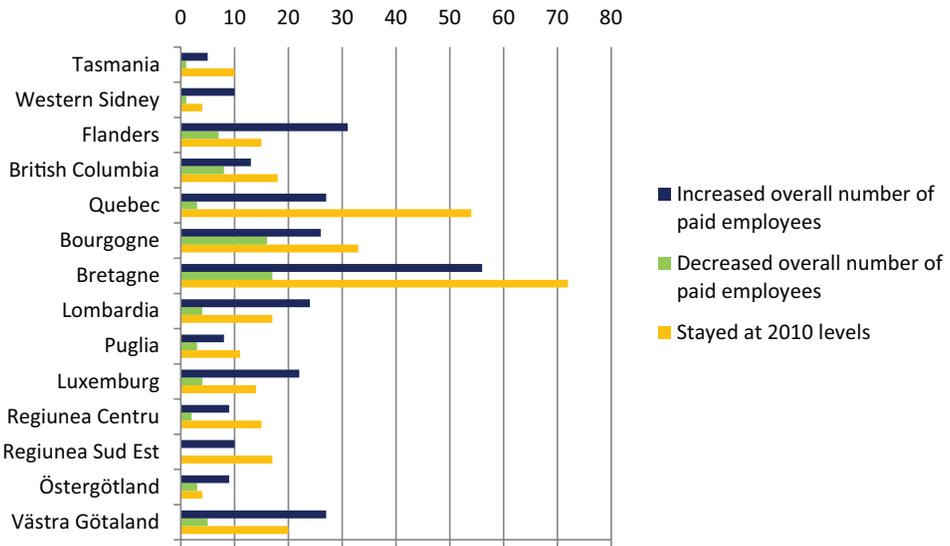
The 46.4% of social economy organisations in the OECD study that saw no change in employment levels during 2011 fell into three broad groups. Around half of this group (51.3%) claimed to have no need to increase employment levels, Another group

<sup>13</sup> ISTAT, data extracted on 20 may 2014

<sup>14</sup> This overall trend should be treated with some caution: it considered only the organisations active at the end of 2011, excluding the dissolved ones and much of the net job creation was driven by a small number of large organisations (see Buckingham, Teasdale, 2013, p. 33).

(8.7%) should have reduced staff but may have been reluctant to do so because they were less driven by maximizing profits. A final group (39.9%) would have liked to employ more staff to help them meet demand for their services, but were prevented from doing so by economic factors, or in a small minority of cases, by a lack of available staff with the requisite skills (12.7% of this final group).

**Figure 4. Changes in full time equivalent employment during 2011 by territory**



Source: Extrapolated from data in OECD (2013).

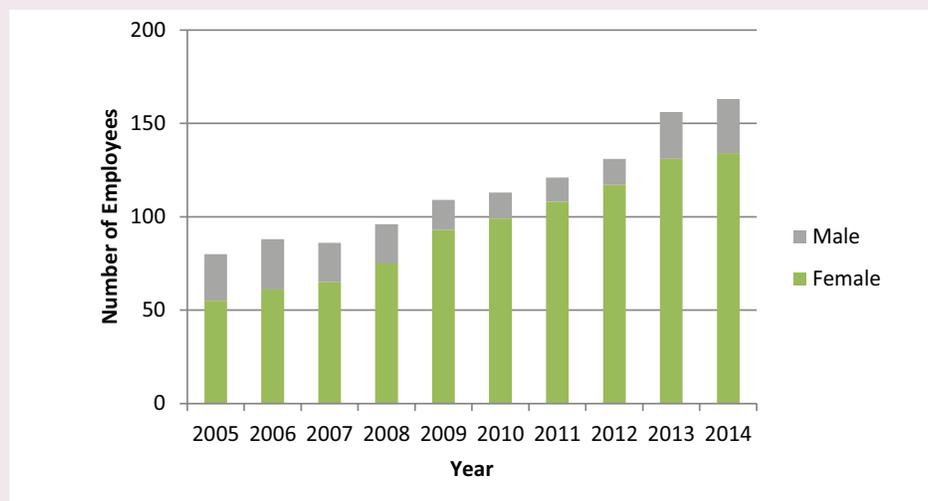
A central factor contributing to the resilience of employment among social economy organisations is the fact that social enterprises are often well-embedded in a local community. They are often active in distressed urban areas or in rural areas in which for profit business tend not to go, and their presence can contribute to re-injecting trust and confidence in these communities and to (re)creating economic dynamics. The Ashton Community Trust, based in Belfast, is a good example. It became a relevant actor in the local development of a particularly disadvantaged community by promoting a high level of social and technological innovation and work inclusion in a number of economic sectors. Between 2005 and 2014, ACT succeeded in doubling the number of its staff (Box 1).

## Box 1. Ashton Community Trust: Combining People- and Place-Based Approaches Belfast, Northern Ireland)

The Ashton Community Trust (ACT) is a social enterprise and development trust located in North Belfast, Ireland. ACT operates in some of the most deprived wards in Northern Ireland — for example, New Lodge has been ranked as one of the top three small areas with the highest rates relative deprivation. The community was also significantly affected by the conflict in Northern Ireland, with over 20% of deaths and injuries happening in North Belfast.

Founded over 20 years ago, ACT is a registered charity whose multifaceted work includes provision of services, employment, training and community development. It has won numerous awards, including being named Social Enterprise of the Year in 2013 by Social Enterprise Northern Ireland. With an annual turnover of more than £4 million and over 160 people on staff, the large majority of whom come from the local community, ACT is a key player in the revitalization of the North Belfast community. Its growing contribution to local job creation is evidenced by the fact that the number of staff it employs has doubled in the past nine years (Figure 5)

**Figure 5. The variation in the number of employees between 2005 and 2014**



Source: ACT internal data (2014).

However, ACT's direct employment figures are only one piece of the story. For the past 20 years, it has also delivered a wide range of training and employment initiatives, focusing on those community residents most at risk of social exclusion, the long-term unemployed, and the economically inactive. Through its 19 plus outreach centres, it served 2 145 learners, helped 1 385 residents gain a qualification, and helped sustain employment for 403 residents between April 2013 and March 2014.

Its work to create vibrant community centres and resources also contributes to the revitalization of the North Belfast community. For example, the Ashton's McSweeney Centre offers day-care, complementary therapies, life coaching, counselling, essential skills, history programmes and good relations initiatives in a 'one-stop' shop. ACT also worked with the Nerve Centre in Derry and the Massachusetts Institute of Technology to open the first Fab Lab (digital fabrication laboratory) in Ireland in June 2012. The Fab Lab Belfast is part of a network of over 150 Fab Labs worldwide that gives novices and expert's access to digital manufacturing technology (3D printer, various types of cutting machines, electronics station and large scale vinyl cutter) and technical staff assistance. Entrepreneurs, artists, and students alike are able to access this lab to help them develop their skills and create new products and prototypes. In 2012-2013, the Fab Lab engaged over 1,000 people.

Through a combination of direct employment and its people- and place-based approaches to community revitalization, ACT continues to make pivotal contributions to the creation of quality jobs and building community cohesion and social capital more generally.

Sources: ACT (2013), *ACT Annual Report 2012-2013*; <http://www.ashtoncentre.com/>; *Fablab*, (n.d.) *Fablab*, <http://www.fablabni.com/>

## 6. Diversity in funding sources is a key issue in maintaining high levels of employment

The capacity for job creation and job retention within the social economy and social entrepreneurship depends on the amount and availability of funding sources. The incomes of social enterprises are derived from a variety of sources, such as the market revenues, government subsidies and contracts with the public sector, commercial partnerships with the private sector, financial donations and non-monetary resources, such as volunteer workers. OECD data show that market resources, such as sales of good and services, public contracts and membership fees, contribute to the majority of the aggregate income (54.3%), with sales of goods and services making up the biggest single source of income overall (31.8%). Public subsidies also make up a significant share of the aggregate income (30.6% in total).

There are remarkable differences in the nature of the main funding sources across countries. 'Anglo-Saxon' countries tend to have more market-oriented social economies that are less dependent on public support. In contrast, in Romania, as well as in other Eastern and Central European countries, the social economy and social entrepreneurship is heavily dependent on philanthropic aid.

Various studies have indicated a positive return on the public investment in the social economy. A cost-benefit analysis (Ashoka /Mc Kinsey, in Chauffaut et al., 2013) based on 10 social enterprises in France showed that public money to support social enterprises engaged in labour market reintegration activities resulted both in savings for the state (in terms of avoided costs of inactivity, subsidies, unemployment benefits, and in direct revenues through taxes on the activities undertaken by the social enterprises). For the 10 cases analysed, the sum of the savings and the gains systematically exceeded the amount of the money injected in the social enterprises.

## 7. The social economy has a pivotal role in creating jobs for vulnerable and at-risk individuals ...

Beyond creating jobs, the social economy has the capacity to (re)integrate vulnerable individuals into the labour market. More than three quarters of the social economy organisations examined in the OECD study are involved in employment integration for vulnerable groups, either by providing training and work experience opportunities or by offering direct employment. The example of the Italian social cooperative *Vesti Solidale* (see Box 2) shows how reintegrating vulnerable individuals can generate both social and economic value and, in this specific case, also result in a positive environmental impact.

### Box 2. *Vesti Solidale*: Job Creation through Recycling (Cinisello Balsamo/Milan, Italy)

*Vesti Solidale* is an Italian social cooperative founded near Milan in 1998. Its mission is to protect the environment while creating jobs for vulnerable individuals. Its principles are based on mutuality, solidarity, democracy as well as commitment and respect for human beings and the promotion of human rights along with the protection of the environment.

The primary activity of the cooperative is the collection and reuse of clothes and other materials – including shoes and bags, ink-jet cartridges and laser toners for printers, electronic equipment, cell phones – and to promote environmentally sustainable consumption patterns. Additionally they offer different services – such as cleaning streets – aimed at protecting the environment and making green areas more accessible to the community. This non-profit organisation is actively and constructively collaborating with the nearby municipalities and companies and continuously seeking ways to extend its services.

*Vesti Solidale 2012 activities in figures:*

- ▶ 192 000 toners and cartridges collected from 1 941 private and 25 public offices by 9 people
- ▶ 3 967 tons of clothes, shoes and bags collected from 74 municipalities with 685 installed dumpsters by 20 people
- ▶ 190 tons of electronic equipment collected from 261 private companies by 6 people
- ▶ 8 300 used cell phones collected from 800 containers managed

*Vesti Solidale* has decided not to differentiate among various disadvantaged groups and rather provides jobs for people with diverse backgrounds: physically or mentally disabled, ex-offenders, drug or alcohol addicts, homeless, refugees, etc.. Between 1998 and 2011 it employed 250 people, 65% of which came from marginalised social situations.

*Vesti Solidale* has also achieved a production value reaching 4,4 million Euro in 2012, with a profit margin of 4.9% before interest and taxes.

Source: [www.vestisolidale.it](http://www.vestisolidale.it); *Vesti Solidale, Bilancio sociale 2012*.

OECD data show that those social enterprises and entities which derive the majority of revenue from commercial sources are also likely to provide direct employment opportunities to vulnerable individuals.<sup>15</sup> This can be illustrated by an example of a social enterprise in Melbourne (see Box 3), in which 86% of the revenue originates from the sales of goods and services.

<sup>15</sup> Contrary to the situation just mentioned, in those countries where resources are fewer and consumer demand is lower, such as Romania for instance, social economy organisations are better placed to provide training opportunities rather than direct employment, as the latter has a higher impact on balance sheet (Buckingham, H. and S. Teasdale, 2013).

### Box 3. Clean Force Property Services: Creating High Quality Work Opportunities (Melbourne, Australia)

WISE Employment was founded in 1992 in West Melbourne as a not-for-profit employment agency for people with disabilities. In addition to working with jobseekers and employers to place over 10 000 job seekers into jobs each year, it operates four social enterprises: Clean Force Property Services, Equity Labour Services, Incito Maintenance and GBE Electrical.

The Clean Force Property Services (Clean Force), founded in Melbourne in 2001, was the first social enterprise in Victoria to focus on employing people with a mental illness. By securing and fulfilling cleaning contracts with businesses and community-based organisations, Clean Force is able to offer award wages through open and supported employment. In order to provide a suitable working environment for people with mental illness, Clean Force provides flexible working hours, individually designed roles, a team structure, and wrap-around support. Of its current roster of 84 employees, 74 have a mental illness.

Since opening its doors for business, it has generated and delivered over AUD \$6.6 million in commercial cleaning contracts and high quality services and assisted over 200 workers in moving towards independent living, inclusion and integration into all aspects of community. Over 86 % of Clean Force's revenue is generated through commercial sales and over a period of 42 months, only two months were unprofitable (As an Australian Disability Enterprise, Clean Force also receives some funding from the Australian Government).

In a Social Return on Investment (SROI) study of 28 employment-focused social enterprises, Clean Force had one of the highest SROI ratios: for every AUD\$1 invested in Clean Force AUD\$6.1 of social and economic value was created for stakeholders including the employees, family, case managers of the supported employees, WISE Employment, and the Australian Government.

Along with financial return in both profitability and SROI, evidence suggests benefits in terms of workers' quality of life. A Quality of Life Study conducted in 2011 found that 71% of participants answered more positively to questionnaire after six months of employment.

Thus, Clean Force's work demonstrates the role social enterprises can play not only in creating work opportunities for those traditionally excluded from the workforce, but in ensuring that these opportunities are high quality and benefit the workers and the communities alike.

Sources: SVA Consulting (2013) "Social enterprise: how to pick a winner," SVA Consulting Quarterly, [vaconsultingquarterly.com/wp.../svaconsultingquarterly.5.1793.pdf](http://vaconsultingquarterly.com/wp.../svaconsultingquarterly.5.1793.pdf) (Accessed 15 May 2014) ConNetica (2013), Australian Disability Enterprises: Building Better Business Opportunities. Prepared for The Australian Department of Families, Housing, Community Services and Indigenous Affairs 10<sup>th</sup> Annual Meeting of the LEED FLPD Conference Proceedings.

[http://www.oecd.org/cfe/leed/10th\\_FPLD\\_Meeting\\_NETWORKING\\_SESSION.pdf](http://www.oecd.org/cfe/leed/10th_FPLD_Meeting_NETWORKING_SESSION.pdf) (Accessed 15 May 2014)

In France, social economy organisations often become engaged in a labour market programme known as "Integration into the labour market through the economic activity" (IAE - *Insertion par l'activité économique*). Since 2008, employment in the organisations offering these opportunities increased by 7%. In 2011, 166,000 people were hired in these bodies, which is an increase of 3.5% (DARES 2013). A long-standing French social enterprise working with disadvantaged individuals, the Vitamine T Group, has proved resilient through a time of economic change (see Box 4), while providing an example of success in generating returns in the labour market. The rate of individuals finding a positive and better situation after a spell in the enterprise (the 'exit rate') for Vitamin T Group has been around 50 %.

## Box 4. Vitamine T Group: Impact through Entrepreneurship(Lesquin, France)

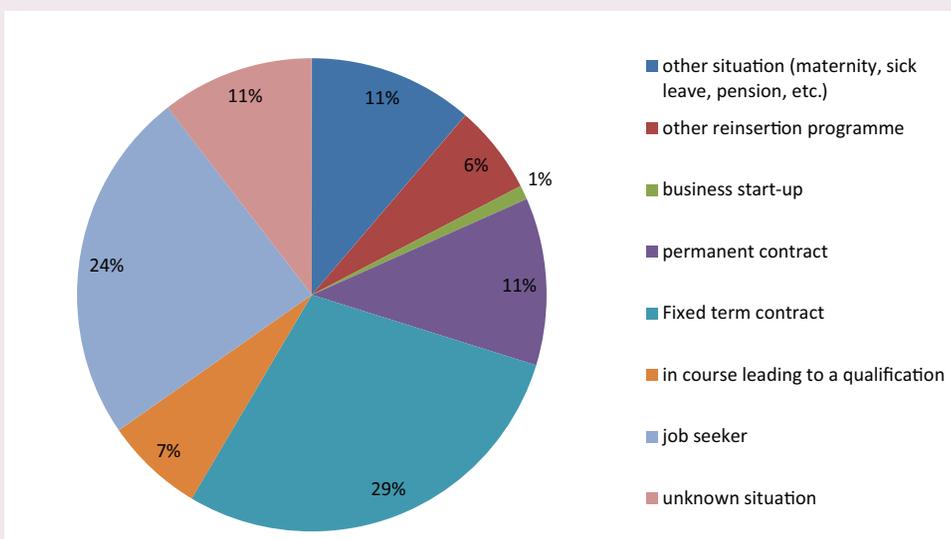
Founded in 1978, the VITAMINE T Group is now the leading French group for work integration through economic activity structures. It is composed of 13 enterprises operating in various sectors, including services, recycling and reselling white goods and vehicles, and food processing. The group employed 2 717 people in total which corresponds to 1 047,32 “full time equivalent” positions in 2012. Its total annual turnover in 2012 amounted to approximately 40 M€.

VITAMINE T Group's mission is to address job precariousness and unemployment. While the group's companies have genuine economic activity and are managed under the same fiscal and regulatory frameworks applicable to purely for profit business, they re-integrate vulnerable individuals into the labour market through their activities. The companies earn most of their revenue from the goods and services they produce and sell and are subject to the constraints of cost, quality, and timing. VITAMINE T receives public money as remuneration for its social mission. In return, the VITAMINE T Group pays all business revenue taxes and employer contributions to the French social welfare system. The VITAMINE T group strives to be financially independent in its operating margin, the cost covered by the state agencies being mostly for training expenditures.

In 2012, public subsidies for reintegration work amounted to 5.8 M€, representing 12.7% of the groups' revenues. But as these revenues are essential to the group's activities, they truly are a leverage as 14.3M€ are given back to the state in the form of taxes on revenue and other business taxes. Overall, for each euro invested by the public bodies, 2.45€ is given back to society, not counting all other benefits and spillovers.

Figure 6 gives a detailed picture of the situation of the people in the labour market after training programmes inside Vitamine T. Fifty four per cent of the exit situation is positive (business start-up, permanent and fixed term contracts, continuation of another re- insertion programme or qualification course) although recently there has been a decrease in positive exit rates. This can be explained by the difficult economic and labour market context. Moreover, there is a decrease in first qualification level job offers due to deindustrialisation and tertiary sector transition, amplified by the underemployment trend leading overqualified persons to compete against Vitamine T's employees. The looming pessimism and high social tensions amplify these problems.

**Figure 6. Exit situation in 2012**



Source: Vitamine T social report 1012.

Source : VITAMINE T Annual Report and Social Report 2012.

## 8. ... but job quality in the social economy remains a controversial issue

There is a paucity of analysis regarding working conditions and job quality in social economy and more analysis is needed.<sup>16</sup> Findings from the OECD study suggest that social economy organisations consider the following aspects of job quality as important: security of employment, provision of training, equality of treatment, adequacy of pay, career progression opportunities, provision of a safe working environment, work/life balance, individual autonomy at work, positive working relationships (Buckingham and Teasdale, 2013). Of these aspects, it seems easier for them to provide positive working relationships and a safe working environment, rather than long term and adequately paid contracts, security of employment and career progression opportunities. Offering long-term positions seems to be hindered by the short-term nature of public contracts and the unpredictability of revenue from goods and services. One exception is the Italian social economy where the security and stability of employment appear not to be the most difficult aspects of job quality to deliver. For instance sixty-seven per cent of the 1 750 000 total employees (including seasonal workers) working in the cooperative sector had a permanent contract (EURICSE, 2014).

<sup>16</sup> Some research does exist, such as the following: Richez-Battesti N., Petrella F., Melnik K., Does the professionalism of management practices in non profits and for-profits affect job satisfaction?, in *The International Journal of Human Resource Management*, pp.1-22, juillet 2012. Richez-Battesti N., Petrella F., Maisonnasse J., Melnik K., 2013, L'évaluation de la qualité de l'emploi au sein de l'économie sociale et solidaire abordée par un faisceau d'indices, in Caire et al. (dir.), *L'économie sociale et solidaire et le travail*, pp. 79-97, Coll. Logiques Economiques, L'Harmattan. C. Borzaga Depedri S. "Working for social enterprises: does it make a difference?" in Amin A. (ed), *Social Economy*, ed.Zed Press, 2009. Depedri S. E.Tortia e M.Carpita "Incentives, Job satisfaction and Performance: Empirical Evidence in Italian Social Enterprises", n.12, 2010, *Euricse working paper series*.

## 9. Government policy can help social enterprises to meet their objectives in terms of job creation and long term sustainability

Governments can create enabling ecosystems for social enterprise development through various policy measures that relate to financing, legal statuses, and other important aspects of how social economy organisations operate, as described in Box 5.

### Box 5. Conducive eco-systems for social enterprise development

Promote a culture of social entrepreneurship in order to attract talents.

Build enabling legal, regulatory and fiscal frameworks to bring clarity. This should be accompanied by a wide range of strategies to support the development of social entrepreneurship.

Provide sustainable finance that is tailored to the needs of social enterprises, including innovative institutional arrangements between governments and financial institutions and that seek social returns as well as financial ones.

Offer business development services and support structures fostering a braided system of support, (targeting traditional and social enterprises) and which includes hubs and incubators

Support access to markets by creating a level playing field for social enterprises, by making the same support measures applicable to small and medium enterprises (e.g. tax reliefs or others, to social enterprises).

Make public procurement policies more responsive to the needs of the social enterprise sector.

Support research and increased knowledge of the sector and its needs, including on issues such as measuring social impact.

*Source: OECD/EU (2013).*

These policy options largely match social economy organisations' perspectives on the issue. These recommendations echo the suggestions made by the organisations surveyed by the OECD study, which insisted on the crucial role that government can play in providing financial support and improving access to markets, including through public procurement policy. It was felt that governments could also assist social economy organisations in offering greater job security to their employees by increasing the length of funding and contract periods. In general, grants or subsidies were preferred as funding sources, as they were seen to nourish trust-based relations and did not always involve the significant outlay of resources required for tendering for contracts. Competitive tendering for public contracts was considered by a number of respondents to endanger the trust which exists among social economy organisations. Respondents called for preferential treatment to be given to social economy organisations to reward their social mission. This could be achieved through a more consistent use of social clauses in public procurements. Some felt that it would be useful to embed the payment of living wages to all staff as a mandatory requirement of all public contracts.

The organisations surveyed expressed a wish for governments to financially support the ‘social’ dimension of their work, that is, the additional costs of employing and supporting vulnerable people. In addition, the need for governments to provide funding for training of staff was underlined. It was felt that governments could do more to raise the profile of the social economy within public discourse, while helping to foster collaboration and resource sharing between social economy organisations. Finally, it was thought that social enterprise could be given a higher profile within education systems.

## 10. Conclusions

The social economy and social entrepreneurship have demonstrated their capacity to create jobs and to re-integrate vulnerable individuals into the labour market even during a time of crisis. By doing so, they contribute to building inclusive growth and to shaping more resilient local communities. Social enterprises play an important role at the local level not only by offering jobs to local people, often at risk of exclusion, but also by providing goods and services that are often not delivered either by the public or the private sector. Although they face a number of challenges in providing quality jobs, policy can help them in meeting their objectives in that regard. Support can be provided both at the national level (for example through building policy ecosystem for social enterprises) and at the local level (through, for instance, supporting the establishment of local networks of social enterprises or of representative bodies, the creation of hubs and incubators to assist social start-ups, and the use of social clauses in local public procurements policies).

The contribution of social enterprises to the creation of economic and social value both at the national and local levels should be measured so that public policies can be tailored to strengthen their role and potential. Social impact measurement should be seen as an opportunity for all the stakeholders (social enterprises, public authorities in their role of regulators and funders, private investors) to increase their opportunities to reach their objectives.

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# Annex





# Social and Solidarity Economy and the Challenge of Sustainable Development: A Position Paper by the United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE)

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## Executive Summary

This position paper has been prepared by members and observers of the United Nations Inter-Agency Task Force on Social and Solidarity Economy. It responds to the concern that the process of crafting a post-2015 development agenda and set of Sustainable Development Goals (SDGs) has paid insufficient attention to the role of what is becoming increasingly known as the Social and Solidarity Economy (SSE). SSE refers to the production of goods and services by a broad range of organizations and enterprises that have explicit social and often environmental objectives, and are guided by principles and practices of cooperation, solidarity, ethics and democratic self-management. The field of SSE includes cooperatives and other forms of social enterprise, self-help groups, community-based organizations, associations of informal economy workers, service-provisioning NGOs, solidarity finance schemes, amongst others.

The Task Force believes that SSE holds considerable promise for addressing the economic, social and environmental objectives and integrated approaches inherent in the concept of sustainable development. This paper illustrates this potential by examining the role of SSE in selected issue areas which, we believe, are central to the challenge of socially sustainable development in the early 21<sup>st</sup> century. They include:

### **i) The transition from informal economy to decent work**

SSE is a complementary pathway to tackling the ongoing growth of precarious employment and acute decent work deficits connected with the informal economy. Within an enabling policy and institutional environment, cooperatives and other social enterprises can play a key role in realizing the goal of decent work. From an aggregate point of view, cooperatives are among the largest employers in many countries in both the global North and South. SSE organizations can facilitate access to finance, inputs, technology, support services and markets, and enhance the capacity of producers to negotiate better prices and income. They can reduce power and information asymmetries within labour and product markets and enhance the level and regularity of incomes. The low capital requirements needed for forming certain types of cooperative can be beneficial for informal workers seeking to engage in enterprise activities.

### **ii) Greening the economy and society**

From the perspective of environmental protection the challenge of decoupling growth and environmental impacts, and crafting economic transitions that are both green and fair, SSE organizations have a number of fundamental advantages over conventional business. There is little, if any, imperative to externalize environmental and social costs or fuel consumerism as part of profit maximization and competitive strategies. Such organizations also tend to have lower carbon footprints due not only to their environmental objectives but also to the nature of their systems of production and

exchange. Furthermore, organizations such as forestry cooperatives and community forestry groups can play an important role in the sustainable management of natural resources, particularly in contexts where they constitute common-pool resources.

### iii) Local economic development

SSE provides a vision of local development that proactively regenerates and develops local areas through employment generation, mobilizing local resources, community risk management and retaining and reinvesting surplus. SSE can serve to widen the structure of a local economy and labour market and addressing unmet needs with various goods and services. It can build trust and social cohesion and play an important role in participatory local governance. SSE principles can introduce added value within the sectors in which they operate owing to SSE's compatibility with local interests and its capacity to pursue simultaneously several objectives.

### iv) Sustainable cities and human settlements

Social enterprises and community-based organizations possess features with considerable potential for helping build sustainable cities. They can promote social and environmental goals through, for example, proximity services (including healthcare, education and training), promoting local culture, urban and peri-urban agriculture, community renewal, fair trade, access to affordable accommodation, renewable energy, waste management and recycling, low-carbon forms of production and consumption, and broader livelihood security. Their rootedness in local knowledge and their internal democratic structure offer some means of achieving integrated forms of socially and politically sustainable urban development.

### v) Women's well-being and empowerment

Women often have a strong presence in SSE organizations and enterprises and have assumed leadership roles in national, regional and international associations. Employment in SSE organizations can be particularly important for poor women facing labour market discrimination and work-family conflict. SSE organizations and enterprises often facilitate flexibility in time management, providing opportunities for paid work that can be managed alongside responsibilities associated with unpaid care work. Moreover, much of the rise of social enterprise has centred on provision of care and other services. Gaining voice and networking and advocacy skills has also been key for women's emancipation and political empowerment, allowing them to renegotiate traditional gender relations and make demands on external institutions.

### vi) Food security and smallholder empowerment

Around the world millions of rural workers and producers are organizing in self-help groups and cooperatives in ways that bode well for smallholder empowerment, food security and the more transformative notion of food sovereignty. By organizing economically in agricultural cooperatives, and politically in associations that can engage in policy dialogue and advocacy, SSE organizations and enterprises can address

both market failures and state failures (not least the neglect of agriculture in recent decades). Furthermore, their tendency to employ low-input, low-carbon production methods and respect the principles and practices of biodiversity and agro-ecology bodes well for sustainable agricultural intensification. Alternative food networks associated with fair trade, solidarity purchasing and collective provisioning highlight the role that solidarity can play in fostering more equitable agri-food systems.

### **vii) Universal health coverage**

The difficulties in realizing international goals related to universal health coverage has directed attention to alternative approaches that go beyond public, private or charitable provision. Such a context has opened the space for SSE organizations to emerge as important partners in both health service delivery and health insurance. Various types of SSE organization are playing a significant role in developing and providing locally accessible and affordable routes to improved healthcare in areas such as ageing, disability, HIV/AIDS, reproductive rights, mental health, post-trauma care, rehabilitation and prevention. While SSE should not be perceived as a substitute for state provision of healthcare, it is well placed to play a complementary role in health service delivery, given the proximity of SSE organizations to their members and the communities they serve.

### **viii) Transformative finance**

Financial crises, limited access to affordable credit on the part of SSE organizations and the commercialization of microcredit all point to the need to transform financial systems. SSE has a significant role to play in this regard. Large financial cooperatives have become important sources of funding in several regions of the world, and have proven to be resilient in times of financial crisis. SSE promotes responsible financing or investment through strengthening the investor's accountability for social, cultural and environmental impacts. A variety of alternative finance schemes such as community-based savings schemes and complementary currencies are playing an important role in community risk management and local development. While they often operate best at local level and on a small scale, these and other SSE initiatives point to the potential for crafting a more stable and people-centred monetary ecosystem embodying a far greater plurality of currencies and financial institutions.

### **Enabling SSE**

The integrated, people-centred and planet sensitive approach inherent in SSE resonates with the post-2015 development challenges identified in the SDG process. Numerous constraints and tensions, however, impede progress in realizing the potential of SSE. At the micro level, SSE organizations often start with a very weak asset base; core labour standards may not be upheld and the presence of women as members is often not reflected in leadership positions. Closer relations with market forces and state institutions may facilitate access to resources but also cause SSE organizations and enterprises to deviate from some of their core values and objectives.

Given these concerns and challenges, what should governments be doing? It is important that they recognize not only the potential of SSE but also that the organizations and initiatives involved often operate in a disabling policy and legal environment and on an unlevel playing field vis-à-vis private enterprise. Trends associated with solidarity and cooperation at the level of SSE organizations need to be matched by solidarity and redistribution through the state via social, fiscal, credit, investment, procurement, industrial, training and other policies at different levels of government. In recent years, several governments have adopted significant legal, policy and institutional reforms aimed at enabling SSE. Much can be gained from inter-governmental and multi-stakeholder learning and dialogue about such initiatives. Policy-makers can support the generation and dissemination of knowledge about SSE that maps and assesses experiences in different regions.

An enabling policy environment must also reinforce the conditions for safeguarding the autonomy of SSE from states. This requires both respecting rights such as freedom of association and information, as well as channels and forums for effective participation of SSE actors in policy-making and implementation. Furthermore, policy-makers should reflect on current development priorities. These have tended to focus on enabling conventional enterprises, empowering individuals through entrepreneurship and targeting the poor. A focus on SSE suggests the need to also target or enable groups, communities and collectivities; as well as enterprises that give primacy to social objectives.

In the context of the post-2015 development agenda and the 2014 International Year of Family Farming, members and observers of the UN Inter-Agency Task Force on SSE emphasize the need to:

- ▶ recognize the role of SSE enterprises and organizations in sustainable development;
- ▶ promote knowledge of SSE and consolidate SSE networks; and
- ▶ establish an enabling institutional and policy environment for SSE.

## Introduction

This position paper has been prepared by members and observers of the United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE – see Box 1).<sup>1</sup> We are concerned that the process of crafting a post-2015 development agenda and a set of Sustainable Development Goals (SDGs) has paid insufficient attention to the role of organizations, enterprises and networks that make up what is becoming increasingly known as the Social and Solidarity Economy (SSE).

The Task Force believes that SSE holds considerable promise for addressing the economic, social and environmental objectives and integrated approaches inherent in the concept of sustainable development. The purpose of this paper is not to examine how SSE relates to all the thematic clusters identified under the SDG process but rather to illustrate the potential of SSE through the lens of eight areas which, we believe, are central to the challenge of socially sustainable development in the early 21<sup>st</sup> Century. These include i) transition from informal economy to decent work, ii) greening of economy and society, iii) local economic development, iv) sustainable cities, v) women's well-being and empowerment, vi) food security and smallholder empowerment, vii) universal health coverage, and viii) transformative finance. A concluding section draws attention to some of the challenges that affect the possibilities for realizing the potential of SSE and reflects on the implications of the preceding discussion for policy and governance.

### Box 1: Members and Observers of TFSSE

Economic and Social Commission for Western Asia (ESCWA), Economic Commission for Latin America and the Caribbean (ECLAC), Food and Agriculture Organization (FAO), International Labour Organization (ILO), Joint United Nations Programme on HIV/AIDS (UNAIDS), Organisation for Economic Co-operation and Development (OECD), Special Programme for Research and Training in Tropical Diseases (TDR), United Nations Conference on Trade and Development (UNCTAD), United Nations Department of Economic and Social Affairs (DESA), United Nations Economic Commission for Europe (UNECE), United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), United Nations Environment Programme (UNEP), United Nations Human Settlements Programme (UN-Habitat), United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO), United Nations Non-Governmental Liaison Service (NGLS), United Nations Organization for Education, Science and Culture (UNESCO), United Nations Research Institute for Social Development (UNRISD), World Food Programme (WFP), World Health Organization (WHO).

Observers of the Task Force include: International Co-operative Alliance (ICA), Mont-Blanc Meetings (MBM), Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS).

## Social and Solidarity Economy: What It Is and Why It Matters

Recent financial and food crises, climate change, persistent poverty and rising inequality have led to a profound questioning of conventional growth and development strategies. Increasingly it is being recognized that business-as-usual cannot address major contemporary development challenges. There is a need to “mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their interlinkages.”<sup>2</sup> As the Millennium Development Goals (MDGs) run their course and attention shifts to crafting a set of Sustainable Development Goals (SDGs) as part of the post-2015 international development agenda, it is an opportune moment to consider forms of economic activity that balance economic, social and environmental objectives. And at a time when governments are searching for ways to adapt policy to better deal with complex development challenges, important lessons can be learnt from the expanding field of SSE. This comprises the experiences of millions of producers, workers, citizens and communities worldwide that seek to enhance livelihood security, realize their rights and transform production and consumption patterns through various forms of cooperation, solidarity and democratic self-organization. SSE also emphasizes the place of ethics in economic activity. Many governments are also acknowledging the need to democratize economic and governance systems, recognizing the roles not only of public and private actors but also of community and collective organizations and institutions, as well as the importance of cross-sectoral partnerships.

SSE is characterized by organizations, enterprises and networks that are diverse in nature but share common features in terms of development objectives, organizational forms and values. These features point to a model of development that contrasts with the profit-maximization and often corporate-led approaches that have prevailed in recent decades. Rather than assuming that the benefits of growth will ‘trickle down’, or rely on safety nets to protect the vulnerable and on technological fixes to protect the environment, SSE seeks proactively to mobilize and redistribute resources and surplus in inclusive ways that cater to people’s essential needs. Furthermore, SSE promotes environmental protection and the economic and political empowerment of the disadvantaged and others concerned with social and environmental justice. While profitability is a feature of many types of SSE enterprise, profits tend to be reinvested locally and for social purposes. And in areas such as eco-tourism and fair trade, they are often compatible with the preservation and reconstruction of natural capital.

SSE is an economic approach that favours decentralization and local development and is driven by ethical values such as solidarity, fair trade, voluntary simplicity and *Buen Vivir*.<sup>3</sup> It is holistic in the sense that SSE organizations, enterprises and networks simultaneously pursue some combination of economic, social, environmental and emancipatory objectives. The economic sphere of SSE provides opportunities including job creation, access to markets, provision of financial intermediation, and economies of scale. The social sphere offers better protection as it is built on principles

of mutuality, solidarity and reciprocity, and advocates for comprehensive social protection and redistribution. The environmental sphere promotes environmental justice and seeks to ensure that economic activity enhances rather than depletes natural capital. Empowerment not only refers to the economic dimension, but also to political aspects. SSE facilitates a voice and representation through self-organization, participatory governance and collective action at multiple levels. This multifaceted approach distinguishes SSE from other forms of social organization and enterprise associated with the public, private and informal economy sectors.

The field of SSE typically includes diverse forms of cooperatives; mutual health and insurance associations; certain types of foundation and service-delivery NGO; micro-finance or solidarity finance groups; self-help groups; community-based organizations; and new forms of social enterprise producing goods and services that address unmet needs, mobilizing unused resources, engaging in collective provisioning and managing common pool resources. It also includes fair trade organizations and associations of informal economy workers. Recently the field has expanded to include enterprises and forms of sharing enabled through new digital resources and technologies such as car-pooling and crowd funding.<sup>4</sup>

Different definitions of SSE highlight different features. The OECD, for example, notes that SSE organizations are located between the market and the state, although their role is not of a residual nature. They can be defined on the basis of their legal status (mainly cooperatives, mutual and other associations, and foundations) or on common principles such as the primacy of social objectives over profit, as is the case with social enterprises.<sup>5</sup> RIPESS underlines the fact that SSE includes not only organizations and enterprises but also citizen movements geared to democratizing and transforming the economy. MBM adds the notion of limited profit-making and fair redistribution of surpluses. The ILO adopts a broad view whereby SSE organizations and enterprises are specifically geared to producing goods, services and knowledge while pursuing economic and social aims and fostering solidarity. Variations in definition illustrate the diversity of organizations and approaches that make up an inchoate SSE movement.

While this movement comprises different organizational forms and perspectives on development priorities, its common features focus on an approach that relates directly to the five transformational shifts identified by the High Level Panel on the SDGs, namely, “leaving no one behind”, “putting sustainable development at the core”, employment-centred economic transformation, participation and good governance, and a global partnership that upholds principles of “universality, equity, sustainability, solidarity, human rights, the right to development and responsibilities shared in accordance with capabilities”.<sup>6</sup>

In recent years there has been a significant expansion of SSE in terms of the scale of economic activities, and the number of people involved and types of SSE organization, even in contexts where a supportive public policy environment does not exist.<sup>7</sup> Such growth, diversification and heterogeneity provide important pointers for policy-makers concerned with issues of poverty reduction, inclusive growth, sustainability and equity. While the current crises have renewed the interest of policy-makers and the general public in SSE, it should not be understood as a residual to be taken into account as a quick fix or an emergency actor. SSE provides innovative solutions to economic, social and environmental challenges. Furthermore, it brings into the wider economy such values as solidarity, equity and democratic governance,<sup>8</sup> which can have a transformative impact, and not only in times of crisis. SSE aims to be a full agent of inclusive and fair economic growth, while also fostering social cohesion.

While the evidence base relating to the performance and sustainability of SSE remains underdeveloped, the existing literature suggests considerable potential. The sections that follow highlight key aspects of this potential which relate to eight interlinked development challenges which, we believe, are of central importance to the post-2015 development agenda.

## 1. Transitioning from Informal Economy to Decent Work<sup>9</sup>

In much of the developing world most persons of working age find jobs not in the formal economy but in the informal economy, often under conditions of precarious employment and acute decent work deficits. The prevalence of informal employment in many parts of the world not only affects the current living standards of the population but is also a severe constraint that prevents households and economic units from increasing their productivity and finding a route out of poverty.

According to the most recent estimates non-agricultural employment in the informal economy constitutes as much as 82% of total employment in South Asia, 66% in sub-Saharan Africa, 65% in East and South-East Asia (excluding China) and 51% in Latin America. These averages conceal great disparities between countries.<sup>10</sup> As regards young workers, aggregated data for 20 countries indicate that three-quarters of workers aged 15-29 are currently engaged in informal employment.<sup>11</sup>

The informal economy thrives in a context of poor growth performance in terms of productive employment creation, leading to high unemployment, underemployment, informal employment and poverty. Given the decent work deficits in the informal economy, breaking out of informality is increasingly seen as the principal development challenge across regions and as central to realizing decent work as a global development goal, and to fair globalization. But workers in the informal economy differ widely in terms of income, employment status, economic sector, type and size of enterprise in which they are employed, location, and social and employment protection.<sup>12</sup> Extending coverage to such a heterogeneous set of workers and economic units requires implementation of several (coordinated) instruments adapted to the specific characteristics of the different groups, the contingencies to be covered and the national context.<sup>13</sup>

SSE holds considerable promise in this regard. It offers another means of tackling vulnerable employment and of bridging the transition from the informal to the formal economy under conditions of decent work. Within an enabling policy and institutional environment SSE can play a key role in realizing the goal of decent work, along with its constituent elements of employment generation, social dialogue and labour standards associated with both workers' rights and social protection. The organization of informal economy workers and producers in various forms of association and cooperative can play an important role in addressing market failures. Such organizations can facilitate access to finance, market information, inputs, technology, support services and markets, and enhance the capacity of producers to negotiate better prices and income. While not necessarily amenable to the poorest sectors of the population,<sup>14</sup> SSE initiatives can reduce power and information asymmetries within labour and product markets and enhance the level and regularity of incomes.<sup>15</sup> This is particularly important in sectors such as food and agriculture, which experience

global competition and insecurity. The low capital requirements needed for forming certain types of cooperative can be beneficial for informal workers seeking to engage in enterprise activities.<sup>16</sup> From an aggregate point of view, cooperatives are among the largest employers in many countries in both the global North and South. Solidarity microfinance institutions and self-help groups often facilitate access to those resources that are essential for starting and developing income generating-activities.<sup>17</sup>

The rapid rise of new forms of social enterprise with diversified activities appears to have generated significant employment in regions such as Europe and East and Southeast Asia, although data on the aggregate contribution of SSE organizations to employment generation for marginal groups is still lacking.<sup>18</sup>

While wages and working conditions may be sub-standard, SSE organizations tend to identify with the principles of decent work, which often come naturally to organizations involving associative work that integrates both the labour and capital dimensions. Through participatory decision-making and workplace democracy, issues of labour standards and rights at work often feature prominently in SSE organizations. Such practices also enable the workers and producers involved to articulate and advocate their common demands and channel them towards relevant economic actors and public authorities. One of the most dynamic areas of union organization in Latin America and Asia, which facilitates advocacy, defence of rights, and access to municipal and other government support, is that relating to own-account workers, including street vendors, waste pickers and domestic workers.<sup>19</sup> Traditionally people living with HIV and those most affected by the epidemic have organised themselves in cooperatives and support groups to meet their social economic needs and advance their dignity and rights of access to broader public services. Similarly, sex workers in India, Brazil, Bangladesh, Mali (and most recently Kenya) have also organised, not only to protect themselves from HIV but also advance their broader human rights and social economic needs, including those of their children.<sup>20</sup>

## Box 2: SSE and the World of Work

Worldwide, cooperatives provide 100 million jobs (20% more than multinational enterprises).<sup>21</sup> Preliminary results from the Global Census on Cooperatives of UN DESA indicates that globally there are 761,221 cooperatives and mutual associations with 813.5 million members, 6.9 million employees, USD 18.8 trillion in assets and USD 2.4 trillion in annual gross revenue.

In the European Union, over 207,000 cooperatives were economically active in 2009. They provide employment to 4.7 million people and have 108 million members. In 2010 such organizations employed 8.6 million people. They account for over 4% of GDP and their membership comprises 50% of the citizens of the European Union. Overall SSE provides 6.53% of total paid employment in the European Union, or 14.5 million jobs.<sup>22</sup>

National data sources indicate that the social economy is growing significantly in several countries. For example the Italian National Statistical Institute (ISTAT) indicates a growth rate in Italy's non-profit sector of 28% between 2001 and 2011.<sup>23</sup>

In Brazil, more than 3 million people work associatively in SSE initiatives, according to the second national SSE census concluded in 2014.<sup>24</sup> Cooperatives in Argentina, Brazil, Indonesia and Kenya employ between 250,000 and 300,000 people in each country.<sup>25</sup>

## 2. Greening the Economy and Society

From the perspective of environmental protection and the challenge of decoupling growth and negative environmental impacts, SSE organizations and enterprises have a number of fundamental advantages over conventional businesses. First, there is little, if any, imperative to externalize environmental costs as part of a profit maximization strategy. Second, they tend to have lower carbon footprints due not only to their environmental objectives but also to the nature of their systems of production and exchange. Third, there is growing evidence that SSE organizations, such as forestry cooperatives and community forestry institutions, can play an important role in the sustainable management of natural resources, particularly in contexts where they constitute common-pool resources.<sup>26</sup>

While the cooperative movement arose long before the contemporary era of environmental awareness, many such organizations now identify with the global environmental justice movement. Local trade and local economic development, which by their very nature limit emissions, are prominent features of SSE. Some forms of SSE, in particular certified Fairtrade, encourage market access to global value chains but explicitly promote agro-ecology principles and practices. In Latin America SSE resonates with the indigenous concept of *Buen Vivir*, which upholds the need to live in harmony with others and with nature.

SSE has much to contribute to current efforts to promote the green economy. Green economy transitions, however, face major challenges. Market-centred and corporated-led approaches are often associated with the process of commodifying and assigning private property rights to nature, technological fixes and 'green-washing', and run

the risk of replicating the uneven distribution of costs and benefits associated with ‘business-as-usual’. Furthermore green economy policies are prone to being designed ‘from above’, without sufficient input from local knowledge and development actors<sup>27</sup>. The challenge therefore is to promote transitions that are green, inclusive and fair.<sup>28</sup> Positioning SSE more centrally in green economy transitions, and SSE actors in related policy processes, is particularly important in this regard.

As public awareness of environmental issues has increased, so too have markets and demand for environmental goods and services. SSE organizations and enterprises are well placed to meet such demand through activities associated with recuperation and recycling of waste and materials, renewable energy and production and services associated with agro-ecological organic agriculture.<sup>29</sup> Cooperatively owned energy generation is a vibrant and growing sector in European countries such as Denmark, Germany and the United Kingdom and is already well consolidated in the United States.<sup>30</sup>

Economic transitions that are both green, fair and inclusive provide a major opportunity for SSE to develop, not simply as a response to crisis and insecurity, but also for structural reasons. Addressing climate change requires improvements in energy efficiency and reductions in emissions on a scale unlikely to be achieved by those types of economy and business that need continually to develop new products and markets, and to survive and compete on the basis of externalizing social and environmental costs.<sup>31</sup> Since SSE organizations are not structured in this way, but rather aim to provide members and communities with goods and services and are often community-led or -owned, they are potentially well placed to meet the challenges of both climate change and poverty reduction.<sup>32</sup>

### Box 3: SSE in Green Transitions

By the early 2000s India had approximately 84,000 Joint Forest Management groups involving 8.4 million households and 22.5% of its forest land.<sup>33</sup> In 2013 Nepal had approximately 18,000 Community Forest User Groups comprising 2.2 million households (about 40% of country total) and 27.4% of its forest land.<sup>34</sup>

In Brazil, farmers’ organizations and cooperatives have played an important role in crafting a new approach to biofuel production that safeguards small-farmer interests through a better balance of food and feedstock production, enhanced bargaining power, fair trade and other incentives.<sup>35</sup>

The globally-certified Fairtrade market amounted to €4.8 billion (\$6.4 billion) in 2012 (excluding Fair Trade USA sales) and involved some 1.3 million workers and farmers in 70 countries.<sup>36</sup>

By 2011 there were over 70 renewable energy cooperatives in Canada.<sup>37</sup>

In 2004 23% of the wind power in Denmark was produced by cooperatives.<sup>38</sup> Community ownership has been critical to the growth of Danish renewable energy capacity.<sup>39</sup>

Coop Sweden has been named the most sustainable brand among Swedish grocery chains, and third among all Swedish brands.<sup>40</sup>

### 3. Local Economic Development

The notion of local economic development relates to a participatory development process that involves private, civil society and public stakeholders engaging in strategies to create jobs, income and productive capacity by basing an activity in a specific location and making use of local resources.<sup>41</sup> Local economic development and SSE are seen as complementary tools, both of which strive for participatory governance, partnership, empowerment and social and economic inclusion.<sup>42</sup> They are particularly important in depressed rural settings where youth and others have little, if any, incentive to engage in farming activities or take up long-term residence.<sup>43</sup> The imperative of promoting local economic development is evident in contexts where much of the locally produced surplus is siphoned away from the local economy towards lead corporations in global value chains, tax havens, speculative investment and cities. This process not only affects local income but also the potential for reinvesting surpluses in local social and economic infrastructure.

The development of SSE holds significant promise as a path for decent work and sustainability at local level.<sup>44</sup> Compared with traditional approaches, SSE provides a new vision of local development by widening the structure of a local economy and labour market and addressing unmet needs with various goods and services. It broadens the local development process by taking into consideration its various dimensions including that of building trust and social cohesion. SSE principles can introduce added value within the sectors in which they operate owing to SSE's compatibility with local interests and its capacity to pursue simultaneously several objectives and thus to support a multidimensional development strategy.<sup>45</sup>

Within the agri-food sector SSE initiatives such as urban farming, community-supported agriculture, collective sourcing from smallholder agriculture in local catchment areas, and popular local market-fairs, all have local development as one of their core objectives. Local currencies can facilitate local enterprise and exchange and enhance resilience by, for example, ring-fencing food from speculation. Apart from employment generation and resource mobilization it is also important for community-based risk management. While they cannot be a substitute for public coverage of social security, they can protect against the adverse effects of different types of risk. Relevant SSE organizations and enterprise in this regard include informal mutual insurance groups, health insurance associations, community-based savings methods such as rotating savings and credit associations (ROSCAs), complementary currencies, cereal and grain banks, and community-based provision of public goods and services. The organization of SSE initiatives into solidarity networks can also help minimize risks.

SSE can provide a useful mechanism for linking the needs of territories with local and national development trajectories and facilitating aspects of good governance associated with policy dialogue involving citizens, local officials and other policy-makers. The internal structure of SSE initiatives, often based on equal voting rights,

allows the population to participate in economic progress and in the processes of social dialogue, enhancing representativeness, which is key to local economic development. It does not offer a panacea for the challenges of local economic development but it can fill a civil society vacuum and provide concrete solutions to the challenges arising in processes associated with local economic development and accountability. For example, financial cooperatives are strategically placed for facilitating access to finance and valuing the potential of local enterprises, thereby fostering relationships not only between them but also with other development actors and institutions.<sup>46</sup>

Local governments, and processes such as decentralization, can play a key role in providing the enabling environment needed for local economic development, variously through health, education and other areas of social policy; technical support services; building-up of infrastructure; public procurement; and facilitation of farmers' markets.<sup>47</sup> In several Latin American and European countries such enabling roles are particularly apparent. But as in the national policy-making arena, it is essential that SSE actors are organized and capable of participating effectively in policy dialogue and decision-making processes. Democratic decision-making and adherence to social and ecological criteria provides SSE leaders with a degree of legitimacy for participating in local governance and the co-construction of public policies.



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Fourth meeting of the Task Force on Social and Solidarity Economy, 3 April 2014, Geneva.

## Box 4: Linking SSE and Local Economic Development

Public procurement policy in several countries supports SSE initiatives by encouraging local governments and public institutions such as schools or hospitals to buy from local producers. Examples include the Programa de Aquisição de Alimentos (PPA) and the Programa Nacional de Alimentação Escolar (PNAE) in Brazil; and the Local Food Councils in Ontario, Canada or in Scotland. Through the Public Procurement and Social Economy project of the ILO pilot activities are under way in KwaZulu-Natal to explore ways of using public procurement to stimulate the social economy in South Africa.

The community of Almería in Spain transformed its local economy economically, socially and infrastructurally through cooperative-based growth. Through collective action by cooperative banks, local farmers and agricultural cooperatives, this drought-prone province, once at the bottom of Spain's provincial GDP ranking, entered the top third of the provinces within five decades.<sup>48</sup>

In the Provence-Alpes-Côte d'Azur region in France, the regional government promotes SSE through a programme that includes enabling tools (a SSE observatory, a permanent multi-stakeholder committee to oversee SSE development in the region), evaluation tools (social and qualitative indicators), and development of sectoral clusters.<sup>49</sup>

The Tunisian government, with support from the Tunisian Solidarity Bank, is piloting an initiative to eradicate poverty and create employment through SSE. It involves creation of social enterprises by those who are unemployed or marginalized in the areas of education, health, housing, environment, agriculture, culture, information and communication. A system of decentralized assistance will provide support and coordination for community development and participative democracy, and facilitate collection of data. The objective is to create 8,000 social enterprises and 34,000 jobs.<sup>50</sup>

The Popular Finance Programme in Ecuador, which is supported by the Ecuadorian Fund for People's Progress, provides alternative financial services to rural and semi-rural populations lacking access to commercial bank credit, so as to promote local development through the use of remittances and savings. A total of 21 Local Financial Structures (EFLs) have been created with more than 30,000 members, of whom 55% are women. The model has encouraged savings and allowed the creation and strengthening of micro-enterprises that generate income and jobs for the community.<sup>51</sup>

## 4. Sustainable Cities and Human Settlements

Cities are potentially sites where access to infrastructure, services and employment can allow human beings to satisfy their basic needs and realize their ambitions and aspirations. However, cities can also be overwhelming, especially when prosperity is absent or unequally distributed.<sup>52</sup> Inefficient use of, and unequal access to, public services challenge the ability of cities to become sustainable.<sup>53</sup> Crime, waste, pollution and high carbon production and consumption patterns associated with cities are other core elements of the sustainability challenge; hence the need for integrative and sustainable models of development for cities.

Social enterprises and community-based organizations can play a key role in building sustainable cities and human settlements more generally. Important in this respect are activities that promote local culture, proximity services (including healthcare, education and training), urban and peri-urban agriculture,<sup>54</sup> community renewal, access to affordable accommodation and common goods, renewable energy, waste management and recycling, low-carbon forms of production and consumption,

and broader livelihood security, amongst others. The SSE can also foster mutually beneficial rural-urban linkages through, for example, agricultural value chains and food systems, trade networks, transport and other services.<sup>55</sup>

The rootedness of SSE organizations and enterprises in local knowledge and their internal democratic structure offer some means of achieving integrated forms of socially and politically sustainable urban development.<sup>56</sup> Urban community organizations and social enterprises can offer citizens affordable and accessible social services whenever such services are not provided by the public or private sectors, as is often the case.

Grassroots organizations are a key point of departure in any human development process that reshapes a city.<sup>57</sup> In times of crisis they can counter economic decline or heavy migration. It is common to witness the emergence of SSE organizations and enterprises, at local or neighbourhood levels, emanating from community initiatives seeking solutions to community needs. Moreover, such initiatives can also be a source of contestation and advocacy of policy changes conducive to poverty reduction and reduced inequalities in housing, infrastructure and services. More recently, in Africa, Asia and Latin America organizations and federations of informal economy workers have been expanding; they include, for example, “slum” or shack dwellers, home-based workers, waste pickers, street vendors and sex workers. Furthermore, some are organizing globally in networks and umbrella organizations (see Box 5). In Asia, many local governments contribute to Community Development Funds previously set up by savings groups comprising residents of informal settlements. They aim to fund upgrading in infrastructure and services in their city. Cooperatives in urban areas are also active in areas associated with water provision, transport and housing, and organization of informal economy workers such as waste pickers. Some urban SSE organizations have also conducted censuses of informal settlements and made possible effective dialogue with local government.<sup>58</sup> In North America and Europe, community economies valuing ethical engagement of consumers and producers and non-capitalist economic practices have developed support initiatives including care and health services, literacy and adult education, urban agriculture, consumption of locally-produced food, collective provisioning of basic household items, and urban renewal.<sup>59</sup>

Processes and innovations associated with decentralization and participatory budgeting can play an important role in enhancing the support of city governments urban community organizations and federations as part of the wider city-upgrading policy. The support can take the form of help with planning revitalization efforts, or of programmes conducted jointly to improve housing tenure and infrastructure. The activities of SSE organizations and enterprises can complement the production and delivery of public services. Those collaborations have the positive impact of addressing a profound aspect of inequality, namely the discrimination faced by people living in

informal settlements.<sup>60</sup> Indeed jointly drawn-up policies that promote civil society participation are perceived as an important factor in enhancing urban prosperity.<sup>61</sup>

### Box 5: SSE and Sustainable Towns and Cities

In the United Kingdom, a 'Transition Town' is a grassroots community project that seeks to build local resilience in response to climate change and resource scarcity. This movement started in 2006, and by 2012 there were 353 Transition Towns across the UK and 898 internationally. But Transition Towns often face capacity and resource constraints that inhibit them from engaging effectively with local government, participating in wider networks, or accessing funding.<sup>62</sup>

A community initiative to promote economic and social revival in the south-west of Montreal in the mid-1980s spread to industrial districts of Montreal and, within 10 years, was recognized by the city of Montreal as a local development model. Initially attention focused on sectors insufficiently covered by the public and private sectors: housing, day-care services, legal aid, and socio-professional integration. It was later extended to tourism, leisure and the environment. As a result, SSE and community organizations meet the various needs of city residents; by 2008, some 550 SSE organizations had recorded more than 425 million dollars in sales and provided 6,000 people with jobs (6% of all jobs in Montreal).

Organizations and federations of people living in informal settlements in 33 countries in Asia, Africa and Latin America are part of Slum/Shack Dwellers International (SDI), which exists as a global platform for impacting on the global agenda for urban development.

StreetNet International alliance is an umbrella organization with over 45 membership-based organizations (unions, co-operatives or associations) comprising street vendors, market vendors and hawkers. Those networks are mainly based in Africa, Latin America and Asia, but also in Europe and in the United States. StreetNet aims at promoting knowledge exchange, organizational best practices and advocacy strategies.

In Brazil, some 500,000 people are working in waste management and recycling. While most are individual waste pickers in informal jobs, 60,000 waste collectors are organized in cooperatives or associations and work in formal employment. Their incomes are more than twice that of individual waste pickers. Thousands of waste picker organizations based in more than 28 countries, mainly in Latin America, Asia and Africa are loosely grouped under the Global Alliance of Waste Pickers.

Various schemes have emerged to increase the affordability of urban housing for lower income groups. They include, for example, tenant-owned housing cooperatives, cooperative land societies, mutual home ownership housing societies run by large service cooperatives, and community land trusts. Drawing originally on the village land trust movement in India, the latter have spread in the United States and are emerging in Australia, Belgium and the United Kingdom. By removing land from the market and placing it under the stewardship of community trusts, one of the major cost elements in urban housing is removed, thus increasing the affordability of housing for lower-income groups. There are some 250 community land trusts in the United States. Interest on the part of some local governments is growing in contexts of fiscal deficit that constrain public housing subsidies.<sup>63</sup>

The Bolivian city of Santa Cruz de la Sierra experienced soaring population growth in the 1970s, leading to increased demand for an efficient water service. In 1979 the national government approved the request of the autonomous water board to become a cooperative. Since then, SAGUAPAC has become the largest urban water cooperative in the world, with 183,000 water connections serving 1.2 million people out of a total population of 1.6 million.<sup>64</sup>

## 5. Women's Well-Being and Empowerment

Various forms of SSE initiatives lend themselves to tackling issues relating to women's well-being and empowerment. Women often make up the core of the membership of agricultural self-help and credit and saving groups, as well as of community forestry initiatives. They are also increasingly forming their own cooperatives and social enterprises, and assuming leadership roles in national, regional and international associations such as the Brazilian Forum of Solidarity Economy, the Federation of Community Forestry Users Nepal and the Coordinator of Fair Trade Small Producers of Latin America and the Caribbean (CLAC).

Employment in SSE organizations can be particularly important for poor women facing labour market discrimination and work-family conflict.<sup>65</sup> In addition to providing employment, SSE organizations and enterprises often facilitate flexibility in time management, providing opportunities for paid work that can be managed alongside responsibilities associated with unpaid care work.<sup>66</sup> Moreover, much of the rise of social enterprise has centred on provision of care and other services that impact on women's wellbeing. By shifting the responsibility for care away from the individual provider and the household, SSE childcare centres, for example, can facilitate the participation of women in the labour force and other economic activities. Indeed the principles of care economy strongly influence several currents within SSE. The notion of *Buen Vivir* embraces the importance of care for both the environment and the economy.

Beyond the aspects of social well-being and women's economic empowerment, the organization of women in SSE organizations and networks is important for women's emancipation and political empowerment.<sup>67</sup> Through such organizations and participatory roles, women can gain voice, as well as networking and advocacy skills, allowing them both to renegotiate traditional gender relations and to access and make demands on more powerful institutions.<sup>68</sup>

Key challenges remain for cooperatives and other organizations in realizing gender equality. Women are often disadvantaged in terms of assets, education and training and may not even speak the dominant language. Such constraints can impede access to the resources and markets needed to establish, expand or sustain an organization. Within agricultural cooperatives women tend to be more numerous in sectors relating to commodities such as fruits, spices, cereals and dairy products, where requirements relating to ownership of land and capital investment are often less onerous.<sup>69</sup> These tend to be sectors at the bottom end of the value chain, often associated with perishable products, earnings from which are low. Furthermore, women in SSE organizations may have weaker ties to support organizations such as cooperative unions, federations and NGOs.<sup>70</sup>

## Box 6: Women's Participation in SSE

In the cooperative and mutual insurance sector, the number of women in leadership positions is as high as 13.6%. This compares with 2.6% in the world's top 500 companies.<sup>71</sup>

There are 100 million home-based workers, primarily women, in the world. Half are located in South Asia. Homenet is an intercontinental network of home-based workers' organisations, policy-makers and researchers that promotes their recognition and well-being through appropriate policies, social security and realization of economic and social rights.<sup>72</sup>

In India, over 30 million people (mainly women) are organized in over 2.2 million self-help groups. In Kerala, the Kudumbashree poverty eradication scheme that aims to enhance local economic development and women's social standing and capabilities has grown to involve nearly 4 million women.<sup>73</sup> The Self-Employed Women's Association (SEWA) is an organisation of poor, informal women workers based in India. More than 94% of the female labour force in India consists of unprotected informal workers. By 2012 SEWA had 1.4 million dues-paying members organized to promote income, food and social security.<sup>74</sup>

In East Africa, women's participation in cooperatives appears to be rising in line with the overall increase in cooperative membership.<sup>75</sup>

Early childhood centres in Quebec that offer parent-controlled non-profit day care employ 40,000 people, making this network the third largest employer in the province.<sup>76</sup>

According to the Spanish Confederation of Worker Cooperatives (COCETA), 49% of people in worker cooperatives are women.

## 6. Food Security and Smallholder Empowerment

How to address persistent problems of food insecurity, nutrition, periodic food crises and the precarious livelihoods of large segments of farming and rural populations are among the most pressing challenges of the 21<sup>st</sup> Century. Future food insecurity looms large as a major issue in the context of youth migration from rural areas and the projected increase in demand for food of 70% over 2009 levels by the year 2050.<sup>77</sup> Given the inherent reliance of rural communities on nature for livelihoods and long-term employment and trade opportunities, efforts to enhance food security and empower smallholders through building-up of capacities and realization of rights need to go hand in hand with measures to promote agro-ecology and preserve plant and animal biodiversity. These and other principles, such as more local and social control of food systems and shortened trade circuits,<sup>78</sup> are at the heart of the concept of food sovereignty promoted by SSE networks such as Via Campesina (see box 7). In a context in which industrial and service sectors are increasingly constrained in their ability to absorb 'surplus' rural labour, and where international trade and investment regimes can undermine domestic agriculture and key aspects of food sovereignty, it is imperative to rethink agrarian and rural development strategies by factoring in the role of SSE more centrally.

Around the world millions of rural workers and producers, often women, are organizing in self-help groups and cooperatives in ways that bode well for food security and smallholder empowerment. By organizing economically in, for example, agricultural cooperatives, and politically in associations that can engage in policy dialogue and advocacy, SSE organizations and enterprises can address both market failures (often reflected in deteriorating terms of trade) and state failures (not least the neglect of agriculture in recent decades) that underpin such problems. Furthermore, their tendency to employ low-input, low-carbon production methods and respect the principles and practices of biodiversity bodes well for sustainable agricultural intensification. Small-scale farmers, often organized in some form of cooperative and practising agro-ecology, are increasingly important actors in food systems. Some governments, for example Bhutan and Cuba, have put in place laws and extensive programmes mandating or actively promoting aspects of agro-ecology which, as noted above, is a key dimension of certified Fairtrade.

In many countries, agricultural cooperatives still constitute the main framework within which rural food producers make a living. In addition to facilitating access to inputs, storage, transport, markets and market information, technology and training, farmers can often increase their bargaining power and negotiate better prices by coming together as a group.<sup>79</sup> Agricultural cooperatives have also facilitated diversification of production, improvements in productivity and quality, and added value through processing of primary commodities. And by returning any surpluses to the members, they contribute to equitable growth.<sup>80</sup> Another powerful contribution of cooperatives and producer organizations is their ability to help small producers voice their concerns and interests, and ultimately increase their influence in policy-making processes.

Cooperatives are significant in providing jobs for rural communities. They provide direct employment as well as seasonal and casual work. However, cooperatives also maintain farmers' ability to be self-employed, given that for many farmers the fact that they are members of a cooperative and derive income from its services allows them to continue to farm and contribute to rural community development. The impact of cooperatives on provision of income for rural populations creates additional employment through multiplier effects, including enabling other rural enterprises to grow and in turn provide local jobs.

Others types of SSE organization and enterprise are also playing important roles in food and rural livelihood security. Women's self-help groups in countries such as India and Nicaragua have become prominent forms of social organization aimed at reviving smallholder agriculture. When combined with appropriate technological innovations they can yield significant gains in terms of production and income.<sup>81</sup> Women's cooperatives in Africa and India are responsible for conserving traditional seeds and small-scale processing activities that can add value and promote local economic development. In numerous countries, community organizations and social

enterprises provide services to the poor and needy in the form of soup kitchens, food banks, collective kitchens and non-profit cafeterias.<sup>82</sup> GMO- and pesticide-free provision of food in school and other public restaurants (hospitals and homes for the aged) play a role in both correct nutrition and health (especially in countries where children are not provided with nutritious meals at home). Local public procurement supporting these initiatives constitutes a component of preventive medicine.

A prominent strand within SSE includes fair trade and alternative food networks that connect rural producers and urban consumers on more favourable terms related to both price and quality of produce, and promote collective provision of food and community urban agriculture, as well as support for community projects. In Europe and North America, such trends partly relate to cultural shifts in which the middle classes are searching for more environmentally and socially friendly and community-centred ways of living.<sup>83</sup> In the United States, local multi-stakeholder food councils have proliferated throughout the country to promote local food security, environmental protection and community health.

### Box 7: SSE in Agriculture and Food Security

With revenues totalling USD 472 billion, the agriculture and forestry sector contributed the largest percentage share (28.85%) of the turnover of the world's largest 300 cooperatives.

Around the world the Via Campesina represents about 200 million small and medium-size farmers, agricultural workers and landless people. It promotes small-scale and sustainable agriculture as a path towards food sovereignty, social justice and dignity, and decent income.<sup>84</sup>

In several African countries, 40-60% of all cooperatives are involved in agriculture (ILO COOP Africa Working Paper no. 7, Dar es Salaam, 2009). For example in Ethiopia an estimated 900,000 people in agriculture generate part of their income through cooperatives.<sup>85</sup>

In Egypt, about 4 million farmers derive their income from selling agricultural produce by virtue of their membership of agricultural marketing cooperatives.<sup>86</sup>

In India the country's largest food marketing corporation, the Amul cooperative organization, has 3.1 million producer members and an annual turnover of \$2.5 billion.<sup>87</sup>

As a coping strategy in the context of economic crisis in Argentina, the Cauqueva Cooperative re-started production of traditional Andean crops. This initiative allowed different generations of local farmers to share their knowledge and experience, combining both traditional and modern methods of production. Sustained by loans and donations the cooperative became self-sustaining owing to the market niche it was able to capture. This initiative has increased farmers' income, deepened social capital and contributed to a new appreciation of local identity.<sup>88</sup>

In Nicaragua, approximately 140,000 women with access to small plots of land, many organized in groups of 50, have received a package of agricultural inputs and livestock as part of the priority Food Production Programme 'Zero Hunger'.<sup>89</sup>

## 7. Universal Health Coverage

Universal access to healthcare and equitable distribution of health resources have been the core objectives of a number of international development initiatives, from the Primary Health Care declaration of Alma-Ata (1978) and its goal of “Health for All by the Year 2000” to the contemporary debate on Universal Health Coverage (UHC). The difficulties in realizing these goals have directed attention to alternative approaches that go beyond public, private or charitable provision. It has also directed attention to the need not only to address immediate health and service delivery problems but also the broader social determinants of health.<sup>90</sup> SSE has a potentially important role to play in global health strategies for the 21<sup>st</sup> Century.

In a context in which political and resource constraints have often limited public provision of healthcare, SSE organizations are emerging as important partners in both health service delivery and health insurance. While any reduction in state responsibility for healthcare provision needs to be viewed with caution, and while SSE initiatives should not be perceived as substitutes for state provision of healthcare, SSE organizations are nonetheless well placed to play a complementary role in health service delivery, given their proximity to their members and the communities they serve. When organized as social enterprises and cooperatives, they also retain a financial motive for efficiency.<sup>91</sup>

Various types of SSE organization including social enterprises can play a significant role in developing and providing locally simple, low-cost routes to improved healthcare in such areas as ageing, disability, HIV/AIDS, reproductive rights, mental health, post-trauma care, rehabilitation and prevention.<sup>92</sup> Fairtrade schemes include a social premium that can go towards supporting health and other community projects. SSE also includes traditional and indigenous medical practices, and phytotherapy.

In large parts of Africa community-based organizations, notably mutual health organizations (organized in networks or federations), have grown substantially since the 1990s. They are often the only means by which informal workers can access health insurance schemes. In West Africa, they are emerging as key players in various national health strategies. Complementarities between SSE initiatives in health and public policy have considerable potential for overcoming the fragmentation between policy-making and ground-level solutions, but require increased administrative capacity and state resources as well as a cohesive local and federated organizational structure.<sup>93</sup>

The creation of social economy enterprises has been a “preventative” tool for increasing the economic resilience of key populations and HIV-affected groups, leading to a reduction in their vulnerability and an increase in their capacity to

make healthier choices. This is shown by the results of projects implemented among affected populations along transport corridors in Southern Africa.<sup>94</sup>

Besides contributing to public awareness campaigns, cooperatives in Africa and Latin America have also been facilitating access to medical care facilities for people living with HIV. For example, they provide home-based care services in Kenya, South Africa, Tanzania, Lesotho, and Swaziland.<sup>95</sup> They also provide micro-insurance against illness and help guard against the risks of specific health conditions. In addition, cooperatives have provided the means of delivering health-care services, examples being pharmacy cooperatives in Ghana and cooperative clinics in Benin.<sup>96</sup> Governments have often drawn from these SSE initiatives to design public health policies.<sup>97</sup>

The expansion of local services *via* community or social enterprise is a prominent feature of the expansion of SSE in Europe and North America. Particularly evident in parts of Europe and North America, these ‘proximity’ services provide care for the young and elderly and other homecare services (e.g. cleaning, food shopping, meal preparation), thereby not only responding to unmet needs but also generating significant new employment.<sup>98</sup>

There is also growing interest in the role of social enterprises, not only in healthcare provision and services, but also in research and development (R&D), given their dual potential: first as for-profit entities in accessing multiple forms of finance; and second as organizations with a social mission in channelling R&D towards research in response to key concerns about global public health.<sup>99</sup>

Beyond the provision of healthcare services, SSE initiatives play a central role in addressing the social determinants of health, not only through their contribution to economic empowerment and food and livelihood security for the people and communities involved, but also through their capacity to make demands on local and national public authorities for social services. Given their multiple social and development objectives, there is growing attention to the role of cooperative banks in strategies that simultaneously aim to improve health and reduce poverty and inequality, as well as supporting financial systems that are less prone to periodic crises.

## Box 8: SSE in Healthcare Provisioning and Insurance

Mutual associations provide health and social protection coverage for 170 million people. The International Health Cooperative Alliance estimates that over 100 million households worldwide are served by health cooperatives.<sup>100</sup> Mutual associations and cooperatives represent approximately one-quarter of the global insurance market.<sup>101</sup>

In Canada, the majority of health cooperatives are currently involved in the provision of home-care services. In the United States, several healthcare cooperatives operate hospitals and clinics and employ large numbers of people.<sup>102</sup> Healthcare cooperatives are among the most popular types of healthcare insurance for US citizens.<sup>103</sup>

In Japan, over 125 medical cooperatives serve nearly 3 million patients.<sup>104</sup> In Sri Lanka, health cooperatives began in the 1960s, mainly to provide services to members of consumer and agricultural cooperatives. There are now more health cooperatives, funded by primary cooperative societies (who pay the fees and recover them from members over time), and by public funding. A number of multi-purpose agricultural cooperatives have also provided their own hospitals in rural areas.<sup>105</sup>

In French-speaking Africa, some 336 micro-health insurance schemes with 1.7 million beneficiaries have been established. A number of developing countries are setting up less formal micro-health insurance schemes; informal systems of mutual assistance and community solidarity are still very widespread, particularly in developing countries, and are providing the basis for more formal social protection schemes such as mutual health benefit insurance systems which cover 155 million people worldwide.<sup>106</sup>

In Benin, the savings and credit cooperative federation FECECAM is providing financial services including affordable micro-health and life insurance to over 500,000 individual members, 90% of whom live in rural areas.<sup>107</sup>

In the northern Kilimanjaro region of Tanzania a dairy cooperative enables women with HIV to increase their income to support the cost of their treatment. The cooperative aims at empowering rural women by providing savings and credit services, and by organizing activities for building entrepreneurial skills and raising HIV awareness.<sup>108</sup>

The 98,000 medical doctors organized in Brazil's 376 medical cooperatives of the UNIMED group provide health services for 12 million Brazilians; in Costa Rica health cooperatives cover 500,000 citizens (15% of the population), and Colombia's SALUDCOOP provides health services to 907,000 citizens and has grown within a few years to become the country's largest private health service provider.<sup>109</sup>

## 8. Transformative Finance

In addition to the need to restructure patterns of production, trade and consumption, it is imperative to transform finance. Two critical challenges apply here: first, that of democratizing access to finance for low-income groups and small producers and enterprises; and second, that of transforming financial systems so that they are not prone to periodic crises and do not misallocate capital to sectors associated with jobless growth and exploitation of finite resources. The SSE can play an important role in both respects.

SSE organizations and enterprises often face difficulties in accessing finance on favourable terms. Their operating principles, based on SSE-related values, tend to run counter to those of conventional finance. Since SSE initiatives (i) prioritize pursuit of their social or environmental goals over that of profit-making, (ii) frequently lack legal status, and (iii) include members without much accumulated capital, banks are often unwilling to offer loans or else they impose conditions on loans that are incompatible with the nature of SSE initiatives. This in turn restricts the ability of SSE organizations to survive, expand and compete with conventional business. Even many well-established cooperatives face credit rationing. Therefore, SSE organizations often turn towards, and even themselves develop, alternative means of financing. In so doing they reinsert solidarity and reciprocity features in the financial sphere. The social enterprise model is increasingly adopting innovative forms of hybrid financing, accessing both private and public loans, new forms of impact investment, state subsidies and grants, and private donations, while reinvesting net earnings to consolidate or expand their activities.

SSE also promotes responsible financing or investment through strengthening the investor's accountability for the social, cultural and environmental impact of the financed initiatives, as well as public policy mechanisms to enhance the capacity of regional banks to support SSE initiatives.

There are growing concerns that the conventional microfinance model, centred on providing loans to individual borrowers, has become too market-driven and too focused on credit for consumption rather than on economic activities, and in some regions has engendered serious problems of indebtedness. Its contribution to poverty reduction, local economic development and sustainable development is in question. However, non-profit investment schemes that reconnect microcredit with solidarity values are more oriented to social *vis-à-vis* financial returns. Often centred in the global North, such schemes can potentially contribute to more equitable North-South relations.

Periodic global, national, and regional financial crises have thrown into stark relief the need for a financial system built on a model less inherently prone to crisis and better able to withstand shocks. Various types of SSE organization can play an important

role in this regard. In the context of the global financial crisis, financial cooperatives continued to provide banking services to members, protected employment and contributed to regeneration of local economies. The resilience of cooperatives in times of crisis is attributed to their long-term approach to accumulation of capital, their ability to control debt, and their anchoring in local economies.<sup>110</sup> Their model of governance is also key: as participatory decision-making and self-management is a feature of cooperatives, members are well aware of the context of crisis and the need to protect their capital without loss of jobs. They can think collectively about new activities, take hard decisions that are perceived as legitimate, establish support funds, and protect employment. As the economic activity impacts on community life, mechanisms based on solidarity between inhabitants are in place to help endure hardship (see community-supported agriculture {CSA} farms' risk-sharing mechanisms and solidarity payments).

Beyond the stabilizing role of cooperatives, a variety of alternative finance schemes exists. Mainly in the South, community-based savings schemes such as Rotating Savings and Credit Associations (ROSCAs) and Savings and Credit cooperatives (SACCOs) are widespread. Their basic principles of autonomy and self-sufficiency differ from those of conventional banking systems: they have the capacity for community-building as they operate on the basis of inter-personal trust, reciprocity and symmetrical distribution of information, which together form the basis of the peer-monitoring system.<sup>111</sup>

Around the world, complementary currency systems suggest that they too can also be a tool for sustainable development, being particularly efficient in times of economic instability owing to various attributes. First, since their use is constrained within a specific space, they can reinforce local economic development and local democratic governance; second, they can revitalise and stimulate production and exchange; and third, they can modify values and social relations. Complementary currencies have proved their worth in funding community-led initiatives, creating a community through currency use, which engenders cooperative behaviour, favours social inclusion, and fosters local and participatory governance.

Such schemes offer a potential for reorienting finance towards social objectives, counter-balancing monetary instability and enhancing financial resilience. They often operate best at local level and on a small scale, being prone to failure when scaled-up rapidly, not least because of the difficulties of sustaining the required high levels of trust and of developing effective regulation. But they point to the potential for crafting a more stable and people-centred monetary eco-system embodying far greater plurality of currencies and financial institutions.

## Box 9: Solidarity Finance

The Global Alliance for Banking on Values is a network of ethical banks with total assets exceeding \$60 billion and around 10 million clients in 25 countries.

Close to 100 million adults in Sub-Saharan Africa use community-based savings methods, but they are also used extensively in Asia and Latin America.<sup>112</sup>

In Guinea, as in other countries, new microfinance institutions have emerged where members themselves democratically elect the management according to the principle of one person-one vote. The Guinean credit and savings mutual association, MECREPAG, provides financial services to 10,000 people. Within a few years only, it expanded its local coverage to cover almost all the coast with six savings and credit unions.<sup>113</sup>

In Tanzania women's savings and credit cooperative membership has more than quadrupled since 2005, increasing to over 375,000 members in 2010, and bringing women's share of SACCO membership to over 43%.<sup>114</sup>

There exist around 5,000 different complementary currency systems worldwide.

In Brazil, Community Development Banks (CDBs) now involve more than a hundred local development schemes offering a diversity of financial tools such as microcredit and social currency. Thanks to partnerships with public banks, CDBs increase their capital and are able to scale up their activities.<sup>115</sup>

### Enabling SSE

This review of the potential role of SSE in addressing several of today's major development challenges suggests that policy-makers in government and inter-governmental organizations should be paying far more attention to forms of economic activity that are inherently inclusive and holistic. Such an approach resonates with the broader post-2015 challenges of (i) better integration of economic, social and environmental objectives, (ii) poverty reduction, decent work, gender equality and equitable development, (iii) addressing the structural causes of global crises linked to finance, food and energy, and (iv) building up resilience for coping with crises and external shocks. Indeed this potential relates directly to the five transformative shifts, noted in the Introduction, that were identified by the High Level Panel on the SDGs, as well as to many of the 16 focus areas identified by the Open Working Group on the SDGs.<sup>116</sup>

But numerous constraints and tensions can still impede progress in this regard.<sup>117</sup> SSE organizations, enterprises and networks often start with a very weak asset base, which undermines their consolidation and sustainability. Core labour standards may not be upheld within some SSE organizations and enterprises. Within SSE organizations, the significant presence of women as members is often not reflected in leadership positions. Such limitations relate to broader societal issues such as traditional conceptions of gender roles; limited access to education and training, land and property rights; and control over household income and assets.<sup>118</sup> And as they grow, social capital or bonds that bind SSE members in relationships of trust can weaken.

Furthermore, SSE organizations often operate on an un-level playing field *vis-à-vis* private enterprise and in a disabling policy and legal environment. As SSE expands, it tends to interact more closely with the state, private sector actors and market forces. While such expansion and connections may facilitate access to much-needed resources, markets and technologies, they can also undermine the autonomy of SSE, prioritise efficiency over equity, and cultivate institutional or managerial cultures that are more hierarchical and less democratic and inclusive. In short, they may divert SSE organizations and enterprises from some of their core values and objectives. Recent splits within the fair trade movement point to the difficulties of consolidating a cohesive SSE movement in the context of market integration, where the interests and priorities of smallholder producers and agri-food business stakeholders may diverge. Governments are becoming more proactive in supporting SSE but may instrumentalize this field as a tool for poverty reduction, for employment generation or for sub-contracting social service provisioning, rather than seeing SSE as a transformative approach to development, involving quite different patterns of production, consumption and distribution of income and surplus, as well as different social and workplace relations.<sup>119</sup>

Given these concerns and challenges, what should governments be doing? A number of important policy implications emerge from the perspectives outlined in this paper. First, trends associated with solidarity and cooperation at the level of SSE organizations need to be matched by solidarity and redistribution generated through social, fiscal, credit, investment, industrial, procurement, training and other policies at different levels of government. It is known that governments and international development organizations can do far more to create the type of enabling policy environment in which the potential of SSE can be realized. Since the turn of the millennium in particular, numerous legal, policy and institutional reforms have been adopted in numerous countries at federal, state and local levels. They include, for example, legal reforms in France, the Philippines and Quebec; creation of SSE-related ministries or departments in Colombia and Luxemburg; national or regional development programmes promoting SSE in Kerala, Nicaragua, South Korea and Uganda; local government initiatives to support SSE organizations in Spain and Colombia; sectoral (e.g. health) programmes in West Africa; and comprehensive policy support in Brazil and Ecuador. Cross-country learning *via* policy dialogue needs to take place to generate and disseminate knowledge of policies conducive to SSE and the institutional and political contexts that facilitate effective policy design and implementation. This occurs for example in various forms of South-South cooperation in Latin America and elsewhere. Much can be gained from inter-governmental and multi-stakeholder learning and dialogue regarding such experiences.

Second, the dynamism and innovation associated with SSE derives in good measure from its autonomy from states. An enabling policy environment must also reinforce the conditions for safeguarding this autonomy through rights-based approaches that

ensure, for example, freedom of association and information, as well as channels and fora for effective participation of SSE actors in policy processes. Participatory governance innovations and institutionalization of mechanisms for effective joint construction of policy design, implementation and review are crucial in this regard.<sup>120</sup>

Third, the discussion suggests a need for policy-makers to reflect on recent shifts in development priorities associated with economic empowerment and social protection. More specifically it is important to guard against narrow interpretations and to broaden the focus (i) beyond the capabilities of the individual producer or entrepreneur towards those of groups, communities and collectivities; (ii) beyond private sector development centred on the profit-maximizing firm, with its tendencies to externalize social and environmental costs, towards “profit-mutualizing” or “less-for-profit” organizations and enterprises that balance economic, social and environmental objectives; (iii) beyond a focus on social protection *via* safety nets towards more comprehensive social policy and universal social protection; and (iv) beyond economic empowerment towards political empowerment and the realization of rights.<sup>121</sup>

Fourth, while a strong case can be made for the potential of SSE in sustainable and rights-based development, the evidence base on the performance and sustainability of SSE remains highly underdeveloped. Policy-makers can support the generation of (i) knowledge based on mapping of the diverse experiences of SSE in different regions, and (ii) better understanding of the nature of the challenges that arise from both the internal dynamics and the external relations of SSE actors with states, market actors and institutions. In the context of both the UN discussions of the contours of the post-2015 development agenda and the 2014 International Year of Family Farming, members and observers of the UN Inter-Agency Task Force on SSE emphasize the need to:

- ▶ enhance the recognition of the role of SSE enterprises and organizations in sustainable development;
- ▶ promote knowledge of SSE and consolidate SSE networks;
- ▶ support the establishment of an enabling institutional and policy environment for SSE; *and*
- ▶ ensure coordination of international efforts and create and strengthen partnerships.

The Task Force stands ready to facilitate debate, learning and policy dialogue on the role of SSE in development pathways that simultaneously foster economic dynamism, social and environmental protection, and socio-political empowerment.

# Notes

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