



Social Solidarity Economy and Sustainable Development Financing

Contributions to the ICESDF 12 May Dialogue Session

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As the world becomes more and more interconnected, with capital flows over the states borders, it's impossible to still consider the financial tools and architecture as being solely market-driven and oriented by private goals, interests and speculations¹. We've seen consequences of this perspective such as fragilizing the poor, augmenting inequalities, and destroying the life conditions for future generations. That's why financial tools and architecture should be considered and treated as *essential public common goods*, and therefore should be oriented by agreements where all sectors of society in the different countries, including the global marginalized and poor, have the power to define its form and means of implementation. Short put: There should be an enhancement of public driven financial tools and architecture, with transparent and participative governance.

That's why we fully endorse the contributions from civil society organizations² and expressed here by my colleagues today. They are fully aligned with the *Social Solidarity Economy Recommendations to the Post-2015 Development Agenda*³ along with other analysis and reports⁴.

Besides the need of accountability and transparence on corporate activities and financing, we would like to reinforce that governments and international institutions should also highlight and promote **initiatives acting under a different economic logic**, which show us different and more promising ways than the conventional financial world. In the economic field, there is a new *actor of development*, besides the private and public sectors: Social Solidarity Economy (SSE)⁵ initiatives are characterized by a myriad of economic initiatives which are collectively owned or managed by the communities and have inherent social, cultural and environmental goals: While performing economic activities, these are not profit oriented, being therefore perfectly fit to promote sustainable development and equity. They exist in all 5 continents in a vast range of sectors. This is a reality, often invisible when discussing sustainable development. A subset of these initiatives consists of Social Solidarity Economy financial tools, from which we cite five examples below.

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- 1 For an analysis of this perspective in the post-2015 agenda, please refer to the following document: http://www.globalpolicy.org/images/pdfs/GPFEurope/Corporate_influence_in_the_Post-2015_process_web.pdf
 - 2 The statement of Nicole Bidegain during the High Level Meeting of ECOSOC with World Bank, IMF, WTO and UNCTAD, on April 14-15, is also an important reference: <http://www.rightingfinance.org/wp-content/uploads/2014/04/Nicole-Bidegain.pdf>
 - 3 The draft of these recommendations, approved during the 5th International Meeting on Social Solidarity Economy, is available at <http://www.ripeSS.org/recommendations-from-sse-for-the-post2015-agenda/?lang=en> . A final version will be handed to the UN by the end of the first semester of 2014.
 - 4 One example is the report on "[Advancing Regional Recommendations to the Post-2015 Development Agenda](#)", conducted by the UNGLS in 2013.
 - 5 "*Social Solidarity Economy is based on human values and principles of solidarity that advocate the recognition of others as the foundation of human action and the source of the renovation of politics, economy and society. Its activities and organizations of associative, cooperative, and mutual nature created to respond to the need for jobs and the well-being of people, as well as those citizen movements geared toward democratizing and transforming the economy*", [RIPeSS Charter](#). Other brief definition of SSE can be found at <http://www.luisrazeto.net/content/what-solidarity-economics>

1. Community Development Banks⁶

These banks are owned by the community. Their criteria for financing productive initiatives is based on the needs of the community, where the financial return is only a factor to be considered, less important than the social, cultural and/or environmental impact. Guarantee to the demanders of the loan is non-monetary: it's given by the neighbours or by its pairs, and not by economic factors, since this population does not have accumulated capital or patrimony. Social Currency (only valid in the community) is used as a means to promote the local circulation of products and services and promote the local commerce points.

2. Rotatory (ROSCAs) and Solidarity Revolving Funds⁷

In Brazil, the Revolving Funds provide an excellent example on how to finance a large infrastructure project with outstanding positive impacts to the affected communities. In an area of long periods of drought (the semi-arido region), instead of the Government providing water access to the people by hiring a big corporation to produce 1 million household water cisterns, this infrastructure project is being executed by thousands of local organizations through direct partnerships of government with local revolving funds where there is active engagement of the communities in collectively building the public financed cisterns, in a very innovative public-private partnership⁸.

3. Community Supported Agriculture⁹

Groups of consumers relate directly with a group of agroecological food producers. An agreement is established where the consumers will support these producers by buying the food before it is grown, giving the producers the necessary guarantee about their future crops, and allowing as well the investment of small farmers in new crops and innovations in their production, working as a funding process.

4. LETS (Local Exchange Trade Systems)¹⁰

Usage of local currencies to guarantee monetary and non-monetary trade transactions among community dwellers without the need of formal financing from banks.

5. SSE funds for development

The *Fiducie* (Quebec/Canada)¹¹ is a public-private trust that offers longterm loans to Social Solidarity Economy initiatives. The majority of the votes is in the hands of the social solidarity economy actors organized in a national network (the Chantier). The funders have votes, but the governance is not proportional to the amount given. It is instead defined by the representativeness of each actor related to the social, environmental, cultural and economic targets which are envisaged.

These are only some out of very many existing examples, usually surviving with little or no visibility and support. Deep reforms must be made in frameworking and structuring development public policies and in the international and domestic financial framework so that this new actor can have the means to play its key role in overcoming the challenges humanity is facing today. We cite below some examples of needed

6 For a deeper understanding about Community Development Banks, please refer to the following articles:

- Solidarity Finance and Public Policy: The Brazilian experience of community development banks: <http://bit.ly/1jCcadh>
- The Remarkable Expansion of Community Banks in Brazil - Discovering Palmas' Methodology: <http://casepalmas.files.wordpress.com/2012/10/case-palmas-pdf.pdf>

7 Some information about ROSCAs is available at: <http://bit.ly/1kvVEvn>

8 We recommend the following document on the 1 million cisterns program: <http://www.dry-net.org/index.php?page=3&successstoryId=21>

9 About Community Supported Agriculture: http://en.wikipedia.org/wiki/Community-supported_agriculture

10 Complimentary Currencies and LETs: <http://en.wikipedia.org/wiki/LETS>

11 More information about the trust can be found at: <http://fiducieduchantier.qc.ca/?module=document&uid=62>

policies for that. We expect that they could be acknowledged by this Committee when thinking on how to foster a positive environment for sustainable development funding and when defining public-private partnerships.

1. Create **national legislative frameworks to support Social Solidarity Economy Finances initiatives** and their access to knowledge, innovation, capacity building and capital. There is the need of public policies that explicitly recognize Social Solidarity Economy as a development strategy. Ecuador is a good example¹².

2. Establish laws and international agreements orienting **public procurements to prioritize social solidarity economy products and services** in all sectors. This is not against the freedom to compete, but puts an underlying social, environmental and cultural basis for the nature of the initiatives which will be part of public-private partnerships steered towards promoting sustainable development. There is an urgent need to expand the concept of “public-private” partnerships beyond profit oriented economic actors, which are proven to put their private interests above the public ones. Social Solidarity Economy has in its heart the public well-being while providing services and goods.

3. **Recognize (and therefore promote) Social Solidarity Economy Finances tools** as new actors in the financial world, besides traditional banks and for-profit microcredit organizations. They can be **operators of development funds**, since they know accurately the reality, the specificities and the needs of the communities where they belong.

4. Reform taxation in domestic and international levels, **exempting SSE initiatives of taxes** as a means to stimulate the trading of goods which have positive social and environment impacts where they are produced.

5. **Improve development indicators to be based on non-monetary aspects of life**, not restricted to the consumption power or daily income. Citizenship and happiness can not be limited to monetary factors. This is not the scope of this committee, but we cite it here since the sustainable development indicators are essential when defining fundings priorities and criteria. We need to look at other ways to measure investment returns besides simple financial returns.

6. Guarantee that national and international **sustainable development funds be controlled by representatives of the communities which will benefit from them**. Funders must be considered as a single actor among others. Governments should be considered also as another actor. Civil society can not be reduced to one seat representing all its diversity, but on the contrary should have the majority of the votes in the governance of those funds.

7. Mechanisms of private sector transparency and accountability about social and environment impacts of their activities, as already stated by my colleagues today, are also essential to provide a positive environment for Social Solidarity Economy initiatives¹³.

The solutions exist, but insisting in the same market driven rules will not provide the means for them to flourish and have sufficient scale to change the development path to a sustainable future. There is a need, therefore, to make deep changes in the financial architecture, including the recognition of these new financing and development actors as better tools to accomplish the targets needed by humanity today.

Thank you.

12 <http://reliess.org/consultations-to-develop-the-solidarity-economy-in-ecuador/?lang=en>

13 Corporate accountability should not be reduced to or confounded with voluntary corporate social responsibility.