

REFLECTIONS ON THE SSE CASE STUDIES FEATURED IN THE ASEC SSE ONLINE ACADEMY

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Of the 13 cases presented, 5 are large (over 20,000 client-members), and 8 are small/medium size. Five are working largely in the rural areas (ASSEFA, KSPS, Ulu Gumum, PAKISAMA, and Rungus Community Forest); 4 in urban areas (Habitat, Trubus, WISE and LEADS); and another 4 are present in both rural and urban areas (Parinaama, WishAll, Sarvodaya, and Homenet Thailand).

Almost all of the principal organizations involved are non-governmental organizations (NGOs) working in partnership with self-help groups (SHGs) or Community-based Enterprises (CBEs). The exceptions are the Rungus tribal community which administers the Rungus Community Forest, the Workers in the Informal Sector Enterprise (WISE), and the Komunitas Swabina Pedesaan Salasae (KSPS). All three cases are self-organized and a self-governing CBE, although WISE and KSPS are affiliated with a national NGO network.

All 13 cases described the 5 dimensions (socially responsible governance, edifying ethical values, socio-economic benefits to people/community, environmental conservation, and economic sustainability) of their economic undertakings in a straightforward manner, and virtually compliant with the static framework provided by ASEC. Most of the cases made an attempt to link the SSE dimensions to the sustainable development goals (SDGs).

It is obvious that the static view does not show the inter-relationships of the 5 components and explain how such relationships result in the making of social solidarity economy (SSE). It is important at this stage to level up to a more dynamic perspective and deepen understanding of ASEC's 5-dimension framework. In particular, we must address the task of elaborating the causal relationship between an ethics-based governance and the expected end-result, i.e. a 'triple-bottom-line' economy called SSE.

On Governance - the allocation of power and decisionmaking

But first, we must digress for a while to distinguish the term 'governance' from 'government' because the nuances of these terms are not readily obvious, and not a few use these terms interchangeably. Healy and Robinson (1992) define *governance* as 'the exercise of legitimate authority in transacting affairs, and is broadly understood to refer to the maintenance of social order through endogenously evolved and externally imposed rules'. By contrast, the authors define *government* as 'the exercise of influence and control, through law and coercion, over apolitical community, constituted into a state within a defined territory'.

In the context of NGOs that were featured in the cases presented, *socially responsible governance* refers to the exercise of legitimate authority by those appointed or elected by the NGO stakeholders to positions of authority within the bounds provided for in the articles of incorporation and by laws of the organization, and substantively guided by the *edifying ethical values* commonly shared by NGO stakeholders. The 'social order' maintained by the

NGOs typically included self-help groups (SHGs) which were formed with some help from the partner NGO, and/or autonomous community-based enterprises (CBEs).

A relevant issue is the extent to which SHGs and CBEs participate in governance of their economic domain. To address this issue, it is useful to differentiate the concept of management from that of governance. According to Bene and Neiland (2006), *Management* is 'about the implementation -in a technocratic sense- of decisions and actions (from planning to implementation and assessment) - in accordance with rules'; while *Governance* is about the 'mechanisms and processes by which power and decision-making are allocated amongst the different actors'. NGOs generally provide general oversight and management of development projects but the overall governance of the project depends on the allocation of power and decision-making between the NGO and the SHGs/CBEs. At the earlier stages of the partnership, participation of the SHGs/CBEs in governance might be minimal as the SHG/CBE members grapple with the technicalities of the enterprise. Over the years, their participation in governance would increase as SHG/CBE members gain more knowledge and skills in running the enterprise.

Two models of governance seem to be apparent from the cases presented in the ASEC SSE Online Academy. One type is the NGO/SHG Linkage model in India (e.g. ASSEFA, Parinaama, WishAll) where the NGO serves as a professional coach-cum-service provider until the SHG is strong enough to operate with minimum supervision and coaching from the NGO. The other type is the NGO/CBE partnership prevalent in Indonesia (e.g. Bina Swadaya) and in the Philippines (e.g. PAKISAMA) where the NGO provides fee-based services (e.g. technology, microfinance, marketing) to a largely autonomous CBE.

A major advantage of the NGO/SHG Linkage model is that professional services of the NGO can be extended to the SHG from planning, execution and evaluation of the enterprise. A big disadvantage of this approach is the risk of inducing over-dependence of SHG on the support of the NGO. Based on the experience of ASSEFA, it would take 12 to 15 years for SHGs to be fully self-reliant.

Mean while, the professional service provider-client relationship obtaining in the NGO/CBE partnership is a partnership of co-equals, particularly so because the CBE does not owe its formation to the NGO. The NGO skips the tedious process of forming SHGs by tapping existing CBEs in the locality and offering its services. Rather than developing into a network of SHGs, Bina Swadaya evolved over the years to become a 'Social Enterprise' providing professional services to CBEs. On the other hand, PAKISAMA developed into a confederation of family-based farmer organizations.

Notably, the social mission oriented NGO/CBE relationship differs from the for-profit customer-vendor relationship. The customer-vendor relationship is short-term in nature, its goal being to endorse/sell a product or service as a solution to a problem or need. Once the transaction is completed, the customer-vendor relationship usually ends. In contrast, the NGO/CBE partnership is geared for the long-run, with the NGO acting as an extension of the CBE's team and demonstrating its value to the client in order to solidify the relationship.

In between these two governance models are variants either of the NGO/SHG linkage or the NGO/CBE partnership. Parinaama, WishAll, and LEADS tend towards the linkage model, while the partnership model applies to Habitat for Humanity, Institute for Women Empowerment, Sarvodaya, Homenet Thailand, Ulu Gumum, and PATAMABA.

Ethical Values

The remaining question in governance is: what edifying ethical values do ensure good governance (defined more precisely as “socially responsible” governance in the ASEC framework)? Based on the study by Bene and Neiland (2006), accountability is a strong determinant factor of socially responsible governance. They distinguished two types of accountability - Upward Accountability or ‘the requirement for one party (the agent) to give an account of his action to another party (the principal)’; and Downward Accountability, or ‘the institutional mechanisms or processes through which executing agents or decision-makers are liable to be called to account by their beneficiaries or consumers’.

Accordingly, the strongest determinant of socially responsible governance is not upward accountability but downward accountability. As applied to the ASEC cases, the accountability of NGOs to their partner SHGs and/or to CBEs is the most important factor that contributes to ensuring socially responsible governance.

The Making of SSE

The ASEC framework presupposes a causal, direct relationship between ethics-based governance [cause/generator] and the ‘triple bottom line’ [effect/outcome]. Thus, the expected outcome of an ethics-based governance of economic activities is a “triple bottom line” economy called SSE that generates the following outcomes: (i) provision of socio-economic benefits (job creation, income generation, social security or protection, skills improvement, enterprise development, access to finance, access to market, etc.) to SSE stakeholders (mainly the poor, marginalized and the socially excluded from the non-ethical market-oriented economy); (ii) the conservation of the environment, and (iii) economic sustainability.

Analysis of this causal relationship between ethics-based governance and SSE as the “triple bottom line” economy is, by design, lacking in the static framework. In succeeding sessions of the ASEC SSE Online Academy, the cases could be revisited to ascertain this causal relationship and henceforth increase the understanding of the participants on how SSE evolves and takes shape at the ground level.

REFERENCES

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