

Praia Manifesto

In Favour of Inclusive, Resilient, Low Carbon,
Sustainable Local Economic Development:

Let's Implement Social and Solidarity Economy
and Finance (SSEF) Now!

- 20th of October 2017 -



INAISE
International Association of
Investors in the Social Economy



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We gathered in Praia, Cabo Verde, from 17th - 20th October, for the *4th World Forum of Local Economic Development (LED)*.

Our organisations represent **Social & Solidarity Economy, and Social & Solidarity Finance (SSEF)**.

➤ **We rejoice and take good note of the recognition and historical development of legal and institutional frameworks for SSEF:**

- **The various aspects of SSEF, as well as the relocalisation of sustainable and responsible local economic development, are grounded in the historical practice of our communities and States**, in both the Global North and the Global South. They are anchored in human rights that are indivisible and inalienable. They have continued to develop over the last 50 years **as a response to the growing social and sectorial marginalisation**, caused by the theories, logics, institutions and methods of organisation of the dominant economic and financial system.

This system has constantly increased the structural inequalities and injustices both between countries (through trade and debt), and within countries themselves (between sectors, and between segments of the population).

Since the end of the 19th century, this marginalisation has been amplified by the destruction of natural ecosystems and the impacts on communities, caused by the over-exploitation of our planet's resources and the irreversible increase in temperature from human activities.

Climate change has now become the most central phenomenon in the history of humankind in more ways than one; it has now considerably raised peoples' and institutions awareness of the unsustainable modes of consumption and production that have become the universal way of life in developed countries.

The mechanisms of neoliberalism are both blind and deaf to the impacts of their actions, as seen through the lens of climate change. Their logic is, and the very institutions that support them are, now undermined, including the governance and business models that underpin the way in which they systemically grab wealth. This includes bilateral and multilateral free trade agreements that threaten the endogenous local economic development through dumping of goods and services that have thus far not contributed in any way to sustainable LED; and in the case of agriculture, has frequently contributed to the dismantling and dislocation of traditional local sustainable food systems.

These globalised systems of grabbing wealth and resources reach beyond borders, and affect land, water and seed grabbing, that benefit speculation on the stock exchange. It also impacts other material resources (raw materials, real estate, production) and immaterial aspects such as currencies savings and availability of finance for investment in the real economy, technological knowledge health, education, culture and customary rights..., thus contaminating the whole political, social, economic, financial and cultural sectors.

Apart from the tensions and on-going conflicts that they create, they are also responsible not only for systemic impoverishment of the most vulnerable, but are also having a dangerous impact on the development capacities of middle classes. **This scenario has thus been responsible for the institutionalisation and reproducing poverty from one generation to the next, as well as aggravating the poverty of women in many regions such as Africa. It accentuates the loss of inter-generational quality of life, and blocks all attempts to make any of the progress envisaged in the Sustainable Development Goals (SDGs).**

- Nevertheless communities and local actors are organising all over the world, in the Global North and the Global South, to meet their own needs and grasp the opportunities provided by inclusive, resilient sustainable development. They have built strategies, institutions, mechanisms of good practice born of SSEF, that aim to achieve responsible local economic development grounded in solidarity; thus creating collective wealth and employment, making sense, and building a brighter future for humanity, with particular emphasis on women and youth.

Cooperatives; social enterprises; mutual societies; foundations; NGOs; ethical and community development banks; *patient capital* funds; social stock exchange; producer-consumer short/direct supply chains; territorial initiatives for economic cooperation; circular economy; micro-credit; salaried workers savings schemes, and responsible investments; participatory budgeting; crowdfunding; local, social and complementary currencies; shared housing; community land trusts; sustainable tourism; fair trade; public procurement with specific clauses; frameworks for environmental and social responsibility and governance mechanisms: **all these cover a multitude of practice, institutions, standards, expertise and experience. They clearly demonstrate the social, cultural, economic and financial viability of participatory models of governance, as implemented in the policies and approaches that exist in SSEF for sustainable local economic development. And all at once, they enhance the endogenous wealth of territories and communities.**

- **The global financial crisis that began in 2007 in the USA has amplified the voice in favour of a responsible solidarity-based approach.** Given the globalisation of exchanges, the crisis spread in successive waves to all the countries of the world. For the first time in many decades, the *mass media* covered the violence of the impact on families, over a several month period. This had a pedagogical effect on the general public, in terms of understanding the intrinsic predatory logic of the existing financial and economic policies, the way in which they operate and the lack of any responsible regulation by the designated authorities.

This led to the highlighting of innovative approaches that had previously been "invisible" and also the building of an agenda for change based on local answers to peoples' real needs. These innovation has been called "the resistance" or "propositional". They are anchored in the respect of the principles of sustainable development. They have slowly and steadily developed a parallel range of solutions that are adapted to the local context, and are now emerging as innovative references. They aim to make the most of the potential to accelerate, catalyse and cut costs using the Internet revolution and mobile phone technologies (including by using FinTech tools that are a decisive instruments in ending the monopoly of banks).

The disruptive effects of social networks and community media have also enabled the emergence of new ways of communicating on a different vision and realities, other ways of consuming and producing, that all contribute to the territorial anchoring of SSEF.

The local or international approaches have contributed the appearance of SSEF look-alikes, due to the *mainstreaming* of the principles and guidelines within traditional economy and finance (circular economy, collaborative or sharing economy, crowdfunding, responsible investment, impact bonds, etc.)

This is a sign that the grassroots proposals and SSEF actors are now more in phase than they ever have been with citizens' aspirations. And although there is a risk of instrumentalisation or capture, this is in itself a new challenge for SSEF.

- **This shift and appearance of new realities and local practice led many different local and regional governments, and provinces of federal states, to include SSEF in, and support its actors through their public policies.** They have done this either alone or in networks of national cooperation (cf the pioneer Réseau des Territoires issus de l'Economie Solidaire (RTES) in France; the National Association of Local Governments for SSE, in South Korea), or regional networks (such as REVES at European level). There are also international networks like Global

Social Economy Forum (GSEF) that brings together local governments and SSEF organisations every two years.

These networks are often the leaders in institutional policies and practice and regularly restate their commitments, including in the case of large cities as is clearly shown in the leading examples of cities like Bamako, Barcelona, Belo Horizonte, Chengdu, Guarulhos, Madrid, Medellin, Milan, Montevideo, Montreal, New York, Paris, Porto Alegre, Rio, Rome, Rosario, Salvador de Bahia, Seoul, Yaoundé and so many others.

Many countries have also incorporated SSEF into their constitutions, framework legislation and national public policy in favour of SSEF or its actors. These countries are Argentina, Belgium, Bolivia, Brazil, Cabo Verde, Chile, Colombia, Costa Rica, Croatia, Denmark, the Dominican Republic, Ecuador, the European Union, Finland, France, Greece, Latvia, Lithuania, Luxemburg, Mali, Mexico, Morocco, Nicaragua, Portugal, Romania, Senegal, Slovenia, South Korea, Spain, Thailand, Uruguay, and Venezuela.

This framework legislation, in addition to existing legislation on cooperatives in many countries, covers a multitude of players (notably social enterprises) and sectors, and ranges from **dedicated public procurement with specific clauses** (local organic food for school canteens, community services, providers that respect the principles of social inclusion) to **planned strategic support for whole branches** (transport, waste management, water, energy, housing, health, culture, food) as well as **establishing participatory budgeting, local currencies, interfaces with crowd-funding, or social stock exchanges**. These are all **systemic vectors of changes in practice**. They thus participate in deploying environments that are conducive to mobilising savings and investments through SSEF structures (ethical banks, cooperative loans, cooperatives NGOS etc.), as well as the creation of insurance schemes and risk reduction, be it real or perceived, support of innovation and access to technologies that are often beyond the reach of SSEF.

These measures, laws and policies have enabled the organisation of scaling up and paradigm change to a "macro-SSEF" that is able to propose a genuine systemic metamorphosis of our societies through differentiated approaches (cultures, structures, institutional systems, subsidiarity, shared governance). This is because they are always based on local endogenous resources, knowledge and dialogue between local actors, in territories where solidarity has been reinstated and enhanced.

They aim to **relocalise** the economy, energy and food systems, etc. to build sustainable territories where urban and rural areas are linked so that they can develop and cooperate in harmony, fight the competitive, divisive logic, and create sustainable employment that will enable people to remain in their territories, to innovate and build a new kind of society.

- **In October 2009, the ILO adopted a declaration and action plan in Johannesburg to “Promote social enterprises and organisations as part of the social economy in Africa” as a continental response to the financial crisis in Africa. This was the precursor of the obvious interest now shown by the UN in the great potential of SSEF for innovative responses.** The implementation of the SSE Academy in 2010 consolidated this approach.
- **The aspects of SSEF linked to agroecology have now been clearly identified and are frequently supported by the FAO.** Indeed, in the Nyéléni Declaration on Agroecology (Mali 2015), its definition includes SSE; several policy documents that were unanimously adopted by the *UN Committee on Food Security and Nutrition* also make explicit reference to the good practice of SSEF, without specifically mentioning it.
- **The UN Inter-agency Task Force on SSE (UNTFSSSE)¹ was created in 2013, as well as the International Leading Group on SSE² in 2014.** The latter brings together the central governments and international SSEF groups. **These are historical landmarks of a paradigm change** that strengthen the credibility of the SSEF movement as well as marking the appropriation

¹ <http://unsse.org/>

² <http://www.essfi.coop/en/influencer/secretariat-groupe-pilote-de-less/presentation/>

by new actors. **These institutional initiatives should facilitate the emergence of a truly responsible and inclusive local economic development by connecting it to fresh opportunities through its very nature to the logic, institutions and practice that stem from SSEF.**

- **The *New Urban Agenda*³ was adopted in Quito in October 2016 during the Habitat III UN conference. There are many direct references to practise grounded in SSEF as well as the explicit mention of "social and solidarity economy" as such. This is indeed an historical milestone.** It is the fruit of close cooperation between the international SSEF networks and their allies.

The recognition of "the Right to the City" in the text also means that Local Economic Development and SSEF can be proposed as systemic instruments to strengthen peoples' power to take action and change their relationship to urban development. This relationship had hitherto often been passive and submissive. This stage is essential if we want to renew the metabolisms of our territories and shape them to meet our needs, opportunities, cultures and local contexts rather than based on fantasies shaped in the skyscrapers of New York or Dubai. This approach implies the universal accomplishment of "buen vivir".

- **The World Assembly of Local and Regional Leaders adopted, in October 2016, in Quito, a final Statement⁴ where they made specific reference to their commitment to support the dissemination of SSEF in an inclusive economy, and in the implementation of both New Urban Agenda, and 2030 Agenda on Sustainable Development.** The meeting was organised by the Global Task Force of Local and Regional Governments, coordinated by United Cities and Local Governments (UCLG).
- **The multi-actor Declaration of Mexico on the *Localisation of Finance for Inclusive Change*, (in the official framework of the Habitat III consultations, March 2016), and the *Roadmap for Action on Localising Climate Finance*⁵ that was adopted by COP22 at the Summit of Local and Regional leaders in Marrakesh, were both instigated by the Global Fund for Cities Development (Fonds Mondial pour le Développement des Villes - FMDV). They include clear references to SSEF as a key means of implementing the Climate Agenda and Finance for sustainable, inclusive, resilient local development.**
They explicitly dedicate a « macro » status to SSEF as being a means of proposing operational bottom-up solutions that are economically viable, integrative, and solidarity-based. These solutions are effective in meeting the challenges posed by the Sustainable Development Goals (SDGs), as well as the Paris Agreement, the Addis Ababa Action Agenda, and the New Urban Agenda: all international agreements that determine the policy orientations and national strategies for sustainable development as defined by States.
The Barcelona Declaration on Public Space⁶ (April 2016, also part of the Habitat III process) places again a strong emphasis on SSEF as a lever for sustainable cities, and specifically focuses on its role in cohesion and urban-rural linkages.
- **The Business 20 (B20) that brings together the major groups of corporations in the G20 countries, has recognised cooperatives and social enterprises in the *Policy Paper on Employment and Education*⁷ (G20 2017), as being an integral part of the diversity of models that need to be developed to promote entrepreneurship, mutualise risks and constitute an alternative for social inclusion in work and womens' and youth entrepreneurship as well as for vulnerable groups.**

³ <http://habitat3.org/the-new-urban-agenda/>

⁴ <https://www.global-taskforce.org/world-assembly-local-and-regional-governments-adopts-joint-statement-present-habitat-iii-bogota>

⁵ Download both texts: http://www.fmdv.net/Ressources/Declarations_11

⁶ <http://habitat3.org/the-new-urban-agenda/documents/declarations-from-thematic-meetings/>

⁷ <https://www.b20germany.org/priorities/employment-education/ee-dossier/employment-education-article/news/b20-employment-and-education-taskforce-policy-paper-published/>

The creation of participatory multi-actor institutional spaces for consultation and joint actions dedicated to SSEF, and the many recent recognitions by actors in institutional fields that did not traditionally engage with SSEF provides a historical opportunity that should be seized to make a major paradigm shift through SSEF to orientations and ways of implementing resilient, low carbon, inclusive sustainable development as it has been called for by the international community in all international agreements adopted since the 2015-2016 cycle of negotiations.

These outcomes are the fruit of mobilisation, advocacy and partnership with allies over several decades by the historical, or more recent, international networks of SSEF such as the International Mutual Society Association (AIM), ESS Forum International (ESS FI), the European Federation of Ethical and Alternative banks (FEBEA), the Global Fund for Cities Development (FMDV), the Global Alliance for Banking on Values (GABV), the Global Social Economy Forum (GSEF), the International Cooperative Alliance (ICA), the International Association of Investors in Social Economy (INAISE), and the Intercontinental Network for the Promotion of Social and Solidarity Economy (RIPESS).

Jointly and separately, they have relays in many different countries and key sectors, and are thus in a position to propose methodologies and tools that are specific to SSEF, as well as engaging in and implementing actions to support national or local strategies of sustainable, responsible Local Economic Development in partnership with their allies and local actors.

➤ **Let us restate the key role of SSEF and its potential for change in the global and local agenda of sustainable local economic development:**

- The UN Agenda 2030 insists at several points on the need for peoples to take responsibility for their own development. And the renewed importance of the localisation of this agenda has now been widely included in debates led by key actors such as international networks of local and regional governments, some UN agencies such as FAO, UNDP, UNEP and UN Habitat as well as some countries that have included this dimension in their progress reports on the Sustainable Development Goals (SDGs).

The work of the UNTFSSSE⁸ and the positions of the SSE Leading Group⁹ have shown that the SDGs cannot be fully realised without the effective mobilisation of the SSEF actors and their expertise; this expertise has been specifically designed from their response to local issues, in all the fields covered by the SDGs. Achieving 65 of the 169 SDGs targets at least partially implies SSEF.

The principles and key means of action of SSEF are anchored in the values that are defined in the text of Agenda 2030. It is a recognised vector for localising it, as well as for implementation at all scales of action. It is intrinsically cross-cutting, and can ensure the interconnections between the different SDGs.

It has been widely demonstrated in our respective work in the multi-actor collaborative spaces in which we work, that **SSEF provides a significant tool for Local Economic Development, where it is aligned with the principles and mechanisms of sustainable development.** SSEF creates jobs and localised decent income. It mobilises savings and sustainable reinvestment at local level. It proposes forms of micro-credit and micro insurance that increase the flexibility and resilience of local actors. It strengthens peoples' ability to act by changing social relationships and work in the sphere of production; it does so by controlling the production tools, the capital that is generated and how it is used. It is even able to respond to peoples' fundamental needs, by agroecology that reconnects consumers and producers, thus re-enhancing and refocusing the

⁸ http://untfsse.org/?page_id=499

⁹ www.essfi.coop/wp-content/uploads/2017/07/ENG-D%C3%A9claration-ILGSSE-AGNU_280915.pdf

interdependence of rural – urban linkages, as well as providing opportunities for the creation of wealth and resilience. It also covers the construction and provision of affordable housing, the sustainable provision of local basic services in key sectors such as water, energy, waste management, health, environment, support for the elderly and care for children. Finally it includes cultural activities that have always been a key factor for the creation of peace and integration.

SSEF activities are also generally speaking, very conducive to the empowerment of women and youth. They produce **a redistribution of wealth and quantifiable co-benefits, and reduce social, economic and financial costs and divisions caused by the existing unsustainable economic and financial system.** SSEF is implemented based on co-designing by governments, strategies and mechanisms that are based on social, cultural, environmental and financial aspects. They promote performance indicators of policies and practice that demonstrate their tangible effect in helping to achieve sustainable endogenous local development.

Given the localisation of the practice of SSEF and responsible Local Economic Development, their ecological footprint is clearly lower than that of the globalised economy that is characterised by the delocalised production of goods, made far from where they are consumed, as well as the more volatile savings, given that the investment choices depend on actors who are disconnected from both the place of production and the actual investments themselves.

- **Sustainable LED provides an opportunity to scale up and out SSEF practice in a way that connects the actors and includes them on organised economic sectors and institutions** that are part of the regulatory framework, and the ecosystems of actors and technical support programmes, incubators and technological innovation; as well as providing access to existing funding and financing.

And if these regulations, support programmes and sectors require adaptations to meet the capabilities, mandates, statutes and specific needs of SSEF actors, many examples already exist of national or local legislation in certain countries and local governments that can enable access and speed up the implementation and ad hoc normalisation to include actors and dynamics grounded in SSEF. This is particularly essential in the case of the Global South, where many initiatives remain informal.

Responsible LED can therefore have the effect of multiplying impacts and contribute to strengthening the systemic, integrated dimension of SSEF in a sustainable, resilient, inclusive model of LED, where the wealth that is locally created remains within the territory, and benefits the whole local community.

Sustainable LED and SSEF are therefore vectors of stabilisation and strengthening of the natural, social, and human capital at local level, as well as providing territorial cohesion and resilience to the cycles of the global economy.

- **The close link between sustainable LED and SSEF is also strengthened by the various forums and declarations that restate the complementarity of the approaches and tools, the importance of strengthening the bridge between these two fields, including now with an entire dedicated pillar that has been dedicated to SSEF in the programme of the 4th World Forum on LED.**

This includes the previous Declarations of the LED World Forums in 2011, 2013 and 2015; the Global Social Economy Forums organised by GSEF and its members in Seoul, South Korea, in 2014 and in Montreal, in 2016, aimed to improve the connections between local governments and SSEF actors and initiatives; the many Mont Blanc Meetings (RMB) that have been held since their creation in 2005; and the recent Praia Call to integrate SSE in African LED (July 2017).

Through these various forums, declarations, commitments, institutions and action plans, national, local and regional governments together with SSEF actors of different continents exchange and learn to face the shared challenges and successful solutions. This enables them to better identify the opportunities and means of optimising their potentials.

The commitments made by the bi- or multilateral development agencies such as the AFD (Agence Française de Développement) and the EIB (European Investment Bank) to create funding or guarantees for SSEF branches or actors, is also a sign of a clear change in direction, even if it is still embryonic in terms of volume, ambition and innovation.

In this way, approaches and projects that are more adapted to the contexts of the household income and specific local conditions are thus differentiated from models generated in high-income countries.

This support from international public aid for development actors could enable and support the creation of local markets and internal frameworks that strengthen the emergence of SSEF. And thus the acceleration and domino effect on actors and central and local governments that are considering the implementation of sustainable, innovative, inclusive and resilient LED.

- **In conclusion, we commit to build an approach in partnership** with the UNTFSSSE, the International SSE Leading Group, the *Advisory Group of International SSEF Organisations to the UNTFSSSE*¹⁰ that was created in 2017, the major international networks and themes of the local and regional governments, bi- and multilateral development banks, and all other voluntary organisations representing the economic actors and civil society, **to:**

At local, national and regional levels:

- **Strengthen the organisational approaches of SSEF** by mobilising our networks of experts, actors and partners at various levels of actions; organising a system for transferring knowledge and skills, partially through the *Knowledge Hub* organised by UNTFSSSE, and supported by the *Advisory Group*, as well as by systemic implementation of regional and national cooperation and expertise Hubs of SSEF and sustainable LED, e.g. through peer-to-peer networks such as CITIES¹¹. This expertise will be implemented in agreement with central, local and regional governments, UN Agencies, and all interested organisations and actors.

At international level:

- **Explore in a more detailed manner the links between SSEF and responsible, sustainable LED by building an alliance of shared interests of the key actors of LED. This would liberate the potentialities of territories, and strengthen the links between SSEF and LED** from a conceptual, political, strategic and operational point of view, **and implement a joint programme of actions and partnerships that would aim to:**
 - **Organise joint mobilisation before the High Level Political Forum of 2018** and propose a holistic approach to the implementation of SDGs, specifically 6, 7, 11, 12, 15 and 17 to be reviewed by the HLPF in 2018. And on the basis of the solutions provided by responsible sustainable LED and SSEF.

¹⁰ Members of the Advisory Group are: FMDV, GSEF, ICA, RIPSS and SSE FI. Its purpose is to make its members act collectively to enhance the work of the [UNTFSSSE](#) as set out when it was created in 2013, and to ensure that the orientation of the TFSSE remains aligned with the Taskforce definition.

¹¹ CITIES is an International Centre for sharing knowledge and Innovation on SSE. It was created in September 2016, in Montreal, by GSEF and four founding cities: Seoul, Montreal, Bilbao and Barcelona.

- **Jointly organise the Global Forum of Social Economy (GSEF)**, on “SSE and cities, values, competitiveness for inclusive, sustainable, local development” planned to take place from 1-3 October 2018, in Bilbao, Spain, and invite all the partners of the LED World Forum **to discuss strategic alliances between these two fields of localisation of the major international agreements** for sustainable development of our communities and territories.
- **Constitute a working group composed of interested parties in order to actively contribute to the preparation of the 5th World Forum on LED in 2019**, and strengthen the presence of the experiences and expertise of SSEF in other thematic axes of the Forum. This would **enable improved linkages between logics and strategies of SSEF and LED** that would respect the strategies and implementation of the SDGs, the New Urban Agenda and the Paris Agreement.
- **Fully commit to the joint organisation of the Conference on Financing for SSE** planned by the Leading Group for late 2018 or early 2019. This conference plans **to facilitate the introduction of financial systems that support the development of SSE and are adapted to the specificities of each country**. They will both **enhance what SSE can bring to financing for development, and also diversify finance for SSE** through traditional sources of funding as well as innovations, and improved awareness of SSEF needs, and development of appropriate tools.

In the framework of the 4th World Forum on LED, we wish to reaffirm our support for the approaches and inspiring progress achieved in Cabo Verde and the African continent by the SSEF networks and their partners, and commit to:

- **Dialogue and cooperate with the Cabo Verde government, SSEF organisations, and economic and financial actors** to promote their experience at our international meetings and strengthen their cooperation platforms, such as:
 - **The LED platform for implementing the SDGs** launched by several municipalities on the islands of Santiago, Fogo, Santo Antao and coordinated by the national association of municipalities in Cabo Verde and UNDP, and funded by Luxemburg.
 - **The special low-interest loan for refinancing the microfinance institutions in Cabo Verde**, of 100 million \$ECV (907 k€), on the basis of a partnership agreement between the State, SSEF organisations and the 5 biggest commercial banks of the country. This aims to promote financial inclusion, and increase peoples’ access to microfinance products, with special emphasis on women and youth.
 - **The signature of a framework agreement for cooperation between the Sate and the Platform of civil society organisation** in Cabo Verde, where the Platform will support, among others, the transition from informal economy, the capacity strengthening of SSEF organisations, the promotion and integration of SSEF in local economic development, and the localisation of the SDGs.

At a macro level, the government intends to strengthen decentralisation, and make LED and the localisation of the SDGs play a central role.

Cabo Verde is clearly showing its leadership in bringing together the conditions to “scale up” and develop LED pilot projects based on SSEF, by planning to include SSEF programmes in most of the municipalities and islands. This is seen as a necessary condition to accelerate the process of localising the SDGs.

- **Support political, strategic and technical projects to which the African Network for Social and Solidarity Economy (Réseau Africain de l'Économie Sociale et Solidaire - RAESS) has jointly committed together with its national and local institutional partners, by promoting:**
 - **Advocacy at the level of the African Union and sub-regional bodies – ECOWAS- UDEAC-SADC...)** to include SSEF in their programme as well as developing partnerships with SSEF networks;
 - **Build joint legal and political frameworks for SSEF** at national and local level;
 - **Institutionalise an annual meeting on the role of SSEF and how to use it in the implementation of the SDGs;**
 - **Continue political dialogue with public authorities and local governments, and cooperation and development agencies.**