

## **Social and Solidarity Economy as a Means to Implement the SDGs: Partnerships to bridge the financing gap**

Social and solidarity economy (SSE) is increasingly used as an umbrella concept, which refers to the production and exchange of goods and services by a broad range of organizations and enterprises that pursue explicit social and/or environmental objectives. They are guided by the principles and practices of cooperation, solidarity, ethics and democratic self-management, among others, and can take the form of cooperatives, social enterprises, self-help groups or community associations, among others.

Globally, these alternative forms of production, exchange and consumption are growing in response to social, economic and environmental crises. In this regard, many observers have noted that SSE forms of enterprises have proven to be more resilient economically and socially than more conventional private sector enterprises in the wake of the 2008 global financial crisis.

Through legislation, policies and programmes, many national and local governments are now responding to this significant trend as they recognize the development potential of SSE. To promote SSE internationally, a number of UN Member States have formed an International Leading Group on Social and Solidarity Economy.<sup>1</sup>

Since the 2012 Rio+20 Summit, the UN system has been called upon by representatives of this growing movement to help promote SSE as means of addressing sustainable development challenges worldwide. This call led to the establishment of a UN Inter-agency Task Force on Social and Solidarity Economy (UNTFSSSE), which held its first meeting in September 2013. The UNTFSSSE is now composed of nearly 20 UN entities and other inter-governmental bodies, as well as SSE civil society networks participating as observers.<sup>2</sup>

In its latest position paper, "[Realizing the 2030 Agenda through Social and Solidarity Economy](#)", the UNTFSSSE, shows the relevance of SSE with respect to the 17 Sustainable Development Goals (SDGs). SSE distinguishes itself from the conventional private sector, by notably pursuing economic activities that prioritize social and environmental objectives rather than profit maximization, within democratic governance structures. This different approach thus offers considerable scope to recalibrate economies toward more sustainable and inclusive patterns and increase the chances of meeting various sustainable development goals ranging from poverty

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<sup>1</sup> Colombia, Costa Rica, Ecuador, France, Greece, Luxemburg, Morocco. Observers: Senegal and Province of Quebec. Other Member States are planning to join. The Leading Group has established a multi-stakeholder working group on financing SSE.

<sup>2</sup> UN members of the Task Force include: DESA, ECLAC, ESCWA, FAO, ILO, TDR, UN Women, UNAIDS, UNCTAD, UNDP, UNECE, UNEP, UNESCO, UNIDO, UN-NGLS, UNRISD, WFP, WHO/TDR and the World Bank. Observer organizations include: The European Commission, OECD, International Cooperative Alliance, SSE Forum International, MedESS, RIPESS, EMES, EESC, GSEF, among others (see: [www.unsse.org](http://www.unsse.org)).

eradication, the promotion of decent work, food security, gender equality, health care for all, and sustainable production and consumption, to name a few.

The 2030 Sustainable Development Agenda recognizes the role of multi-stakeholder partnerships as a core means of implementation of the SDGs. During the negotiations, this approach was not without controversy, since much of the discussion focused on public-private partnerships (PPPs) with the corporate private sector. PPPs in the conventional sense are meant to tap into both the know-how and financial resources of the corporate private sector. Based on empirical evidence, however, many actors cautioned that ill-conceived PPPs can lead to the privatization of benefits and socialization of costs as a result of such projects.<sup>3</sup>

In this light, actors in the SSE movement, supported by a number of Member States, have called for a broader concept of partnership, (more in line with the targets of SDG 17 encouraging and promoting effective public, public-private and civil society partnerships), with a view to embracing multi-stakeholder SSE partnerships, where SSE organizations and other community structures and civil society networks work with state institutions to implement programmes and mobilize resources for development. Under such partnerships, private enterprises can play a supportive role but do not lead the partnership initiative. The effective multiplication of such partnerships can play a decisive role in scaling up successful SSE initiatives as a means to realize the 2030 Agenda, as is evident, for example, from the experience of Rwanda and Uruguay in health service provisioning, the expansion of care services in Quebec and work integration in South Africa, South Korea and much of the European Union.<sup>4</sup> The UNTFSSSE, in terms of both its UN agencies and observer members, could play a central role in promoting global efforts to boost SSE partnerships.

A core entry point for facilitating such partnerships is to address the financing gap facing SSE initiatives. The UNTFSSSE has spent considerable time analyzing this challenge. The dominant drive toward high short-term returns makes access to long-term affordable finance a challenge for the real economy in general, especially SMEs, but it is especially acute for SSE actors who do not seek profit maximization and have long term goals. In response to this challenge, many SSE initiatives include “solidarity finance” activities, such as in the form of cooperative banks, credit unions or rotational funds. However, these generally have to rely on local savings that typically cannot meet the demand for credit. This therefore calls for the availability of concessional external finance.

Preliminary discussions with various large international public and private financial institutions with long term development aims (ranging from regional multilateral development banks, bilateral

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<sup>3</sup> See for example the [Report of the Intergovernmental Committee of Experts on Sustainable Development Financing](#), August 2014

<sup>4</sup> See country case studies prepared for the ILO SSE Academy on public policies for SSE ([socialeconomy.itcilo.org](http://socialeconomy.itcilo.org)); the UNRISD Flagship Report, Policy Innovations for Transformative Change ([www.unrisd.org](http://www.unrisd.org)), and country reports of the OECD LEED programme on Improving Social Inclusion at the Local Level through the Social Economy ([www.oecd.org](http://www.oecd.org))

donors to social impact investors) suggest that while SSE initiative seem well worth supporting, the size of the portfolios they manage are so large that they do not have the capacity to handle individual SSE micro-projects.

This hurdle can be overcome through multi-stakeholder partnerships that take the form of "SSE platforms" at various territorial levels. Such platforms would act as intermediaries between external financial institutions and actors on the ground. They would bring together all the relevant actors concerned, including:

- the various SSE sectors (that often do not interact with each other and miss opportunities to develop synergies among sectors);
- local authorities (who can help coordinate multi-stakeholder dialogues and supportive public policies for a cohesive SSE territorial project);
- local solidarity finance institutions (which can act as conduits for external finance toward SSE initiatives); and
- local research institutions and universities (which can play not only an analytical and empirical/statistical data gathering role, but also become SSE training centres for aspiring SSE entrepreneurs as well as policy-makers, and help undertake needs assessments and evaluations of the impacts of SSE initiatives that would be required by external donors).

The financing dimension of such partnerships would thus require not only long-term concessional finance, but also a grant dimension.

This stylized description of such SSE partnerships is what many SSE actors describe as an "SSE ecosystem" needed for a change of scale. The UNTFSSSE could play a global coordinating role in such endeavours, acting as a repository of knowledge of these partnerships, aggregating best practices and helping to facilitate pilot initiatives in various regions. One example is an initiative with the African Development Bank (AfDB), whereby SSE organizations from Mali, Ivory Coast and Cameroon have begun discussions with AfDB with the objective to establish such platforms that could serve to effectively channel the financing of SSE in various countries.

The UNTFSSSE is planning to identify other best practices of multi-stakeholder partnerships that create "SSE ecosystems" necessary for the optimal channeling of external resources to the SSE actors on the ground. It will also work to promote policy dialogue at national, regional and international levels of the ways and means of facilitating such partnerships and their role as a means to implement the SDGs.