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# The Social Economy: Africa's response to the Global Crisis

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## Background

### The Social Economy

The Social Economy constitutes a significant movement worldwide, distinguished by its innovative, dynamic and resourceful nature. Estimates indicate that the Social Economy provides direct employment to more than 10% of the world's labour force. This share is growing in all parts of the world. The continued growth of the social economy is fuelled by the persistence of many needs in modern society that are not adequately met by the investor-driven economy or by the public sector, and the ability of the social economy to respond to these needs in creative, flexible and dynamic ways.

"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"

(ILO declaration on Social Justice for a Fair Globalization)

Social Economy activities put people and their community, rather than profit, at the centre of their goal. Social economy entities do not primarily pursue the goal of profit, but aim at creating economic and social surplus. The Social Economy is defined by a thriving and growing array of enterprises and organisations that include in particular cooperatives, mutual benefit societies, associations and social enterprises. Social economy enterprises are run like businesses, producing goods and services pursuing economic, social and societal goals. Social economy enterprises and organisations serve and enable their members to take part in the market, and defending their economic, social and societal interests and aspirations.

The social economy is particularly widespread and vibrant in Africa, where it is deeply rooted in traditional systems of solidarity, collective enterprises, cooperative ventures, mutual assistance and community development. For instance there are rotating savings and credit schemes, which provide financial intermediation for citizens who are excluded from the formal banking system; mutual social protection groups which provide support to members in need; as well as collective ventures which bring together large numbers of people for specific purposes, such as land clearing or house construction. Some of these traditional social economic entities have been formalized such as registered cooperatives or micro-finance institutions, while others continue to operate in the informal economy.

### ILO and the Social Economy

The ILO has built a long tradition and developed a thorough expertise in supporting the social economy. This has been done through normative action such as the ILO Recommendation 193 on the promotion of cooperatives;

through technical activities (advice on policy and law, access to finance, organizational development, capacity building, international networking, etc.) and in different settings (informal and formal economy, rural and urban communities, a variety of economic sectors and sub-sectors) working with people at the grassroots as well as with decision makers in Government. In addition, the ILO has been establishing strong international partnerships with global social economy stakeholders, such as the International Cooperative Alliance, the Committee for the Promotion and Advancement of Cooperatives, the Consultative Group to Assist the Poor, and many others. Social Economy entities are of particular interest to the Decent Work Agenda because they have the potential to contribute simultaneously to all four dimensions of Decent Work; i.e. fundamental principles and rights at work, women and men decent employment creation, social protection for all, and strengthen social dialogue. There is indeed a perfect congruence between the objectives of the Social Economy and the aims of the Decent Work Agenda.

### The Social Economy and the Crisis

Social economy organisations and enterprises have shown much more resilience in times of crisis than capital-based enterprises. Statistics from many countries show that member-based enterprises have a much higher survival rate than other private enterprises.

However, in the context of the current crisis, even more important is the ability of social economy organisations and enterprises to cushion the impact of the economic downturn, by offering alternative employment opportunities (including through workers' takeovers of bankrupt enterprises for example), creating safety nets that are based on traditional solidarity and community spirit, and keeping financial systems afloat. Social economy organizations will play a key role in reviving local economies, which is seen as one of the most promising strategies to counter the impact of the crisis.



## Conference objectives and outcomes

The objectives of the Conference are to:

- discuss the nature and types of social economy enterprises and organisations in Africa and other regions of the world;
- share experience about social economy initiatives in Africa and elsewhere, with a particular emphasis on the role of the social economy in response to the global crisis;
- discuss the opportunities and challenges for social economy organisations and enterprises, in the context of the global financial and food crisis

- clarify the roles and contributions of social economy actors, promoters, researchers and other stakeholder in advancing the social economy in Africa
- agree on the way forward in promoting the development of social economy organisations and enterprises in Africa in partnership with social partners, governments, civil society and development partners.



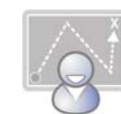
## Outcomes:

The Conference is expected to adopt a document composed of two parts, i.e.

1) A Declaration: This is a general statement of purpose and principles approved by social economy stakeholders during the conference, which recognizes the role of the social economy and its actors in response to the global crisis, and suggests concrete actions for the promotion, advancement and strengthening of the social economy in Africa.

2) An action plan: This is a pragmatic document to put into practice the principles of the Declaration with the aim of mobilizing the social economy in response to the crisis, both at local, national and regional levels; The Action plan will pave the way for a future initiative on the social economy in Africa, and will constitute a framework of action for all participants. It is expected that the action plan will also include a proposal to the ILO Governing Body to consider putting the social economy as an item on the agenda of a future International Labour Conference

In addition, the ILO will compile a conference publication that brings together the background paper, presentations made and speeches held during the conference, the Declaration and the Action Plan; as well as a section introducing the various social economy organisations that participated in the conference.



## Methodology

The methodology underlying the event aims at building broad knowledge on the social economy in the context of the current economic and social crisis; and at sharing and comparing experiences which will enable participants to prepare the backbone of a major initiative.

The main event will alternate presentations, panel discussions and working groups in order to analyse the contribution of the social economy in times of crisis and propose the way forward.



## Participants

The three day conference will bring together over 200 high level delegates, representing:

- ILO tripartite constituents (Ministry of Labour, worker's and employer's organizations) from each sub-region;
- Leaders and managers of African social economy organisations across Africa;
- Social economy promoters and research and academic institutions from Africa, Europe, Asia and South America;
- Development partners and UN organisations (including ILO).

## Venue and date

Birchwood Hotel & O R Tambo Conference Centre, Johannesburg, 19 - 21 October 2009

Participants should arrive in Johannesburg on the evening of 18 October and leave on Thursday, 22 October.

## Organization

The Conference is organized by the ILO Regional Office for Africa in collaboration with the Katholieke Universiteit, Leuven, Belgium, ILO Headquarters, the ILO Cooperative Facility for Africa (COOPAFRICA), the ILO Office in Pretoria and the International Training Centre of the ILO in Turin (ITCILO).