

Closing Remarks at the Conference
“The Social Economy – Africa’s Response to the Global Crisis”
Johannesburg, 19-21 October 2009
delivered by
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on behalf of
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Honourable Chair, Mr Stephen Amoanor Kwao, the Honourable Minister of Employment and Social Welfare,

Mr Siphon Ndebele, Labour Attaché in the South African Embassy, Geneva,
Representatives of Governments, Employers’ and Workers’ Organizations,
Leaders and Promoters of Social Economy Organizations from Africa and elsewhere,

Ladies and Gentlemen,

“We meet in the midst of a critical transition from crisis to recovery to turn the page on an era of irresponsibility”. These are the opening words of the Leaders’ Statement issued by the Group of 20 in Pittsburgh, less than one month ago. It reminds us of the underlying cause that triggered the worst global economic meltdown that we have witnessed in our lifetime: *irresponsibility*. We have studied the mechanisms that turned a financial crisis into an economic crisis, and the economic crisis into a social crisis, but we have yet to acknowledge the root cause of it all: a profound moral crisis. We saw banks and businesses that operated without rules and regulations, without checks and balances, without a moral compass. Global finance had reached a stage whereby money had become a commodity rather than a currency, and where it had become far more profitable to deal in bonds and shares than to trade in goods. We were told that an “invisible hand” would guide an open and free market in such a way that it would bring about prosperity and justice for all – only to realize that the invisible hand showered riches on a few while bringing misery to millions. And those who were the least responsible for unseen excesses and deviations were hit hardest by their effects: our small farmers, our fellow citizens who are trying to eke out a living in the informal economy, and our compatriots who had been lucky enough to find a decent job in government or business. The events of the last twelve months, since the collapse of Lehman Brothers, have brought to light

fundamental flaws in the way the world is doing business; these flaws cannot be corrected by stricter laws and institutions *alone*.

We need a different economic system.

We need an economic system that is grounded in values and principles rather than being driven by the sole desire to maximize profits in the short term; an economic system that puts workers and communities at its centre rather than the narrow pursuit of shareholder value; an economy that seeks to achieve fairness and justice, locally and globally, instead of favouring egoism, greed and voracity. We need an economy that shows concern for our planet and our environment, instead of destroying the very base of our existence through the ruthless exploitation of limited resources.

I am, of course, talking about the social and solidarity economy. Your organizations, assembled here today, represent an astounding diversity of social and economic goals, of governance structures, of membership composition and of legal status – but each one of you recognizes and endorses an identical set of values and principles, each one of you believes in the primacy of people over capital, and each one of you works in the spirit of voluntary participation, self-help and self-reliance. These are the attributes that distinguish a *movement* from a *system*.

The overarching goal of the social economy lies in the quest for social justice, the very motive which, some ninety years ago, led to the foundation of the International Labour Organization. Indeed, the preamble to our constitution states that “universal and lasting peace can be established only if it is based upon social justice”; the Declaration of Philadelphia, adopted at the height of the Second World War, affirms that “poverty anywhere is a threat to prosperity anywhere”. The fundamental relationship between justice and peace has been reaffirmed in ILO’s concept of a “fair globalization” which paved the way, in 2008, for the adoption of the Declaration on Social Justice for a Fair Globalization. It is the latter which, for the first time in ILO’s history, acknowledged the term “social economy”. But it was not the first time that the ILO became involved in the promotion of the social economy.

On the contrary, as far back as 1920, just one year after the establishment of the ILO itself, the then Director-General created a Cooperative Branch which exists until today, and which has been particularly active in Africa. In the 1980s, the ILO developed the concept of “social finance”, which serves as an umbrella for a broad variety of microfinance institutions and services. In the 1990s, we began applying the principles of the social economy to the area of social protection through the promotion of community-based protection schemes. And more recently, here in Southern Africa, we became involved in the promotion of social enterprises. Many other ILO initiatives, such as labour-intensive programmes, the promotion of eco-tourism and fair trade, support to indigenous minorities, local economic development projects, and now the new concept of “green jobs”, can be seen as ramifications of the social economy concept. All these programmes have over decades developed a comprehensive set of strategies and tools which

are readily available – and many of which are displayed outside the conference hall.

Equally important is the close relationship between the characteristics of the social economy and the distinctive features of our Decent Work Agenda. The social economy creates jobs and livelihoods, it extends social protection, it broadens social dialogue and it protects workers' rights. What is more, social economy organizations pursue these four goals simultaneously, in an integrated and mutually reinforcing manner. The Decent Work Agenda provides the conceptual framework for the global Jobs Pact, which was introduced to you on Monday. We strongly believe that the social economy is key to implementing the Global Jobs Pact, internationally and locally, and especially here in Africa.

Ladies and Gentlemen,

We envision the social economy very much as a bridge;

- As a bridge between the informal and the formal economy; we can safely say that the great majority of Africa's informal economy workers and operators belong to at least one association, or one savings club, or one mutual help group, or one cooperative. It is through those groups that the members gain access to the formal economy while at the same time obtaining protection, recognition and bargaining power.
- As a bridge between rural and the urban communities; social economy organizations enable rural producers to connect with urban markets and from there, with the rest of the world. The organizations increase the farmers' prospect of getting a fairer price for their goods and, through transformation, reaping a greater share of the value added which otherwise would go to middlemen.
- As a bridge between traditional and modern societies; the principles of the social economy are deeply rooted in Africa's communities; that is why some types of social economy organizations, such as savings and credit cooperatives and burial societies, have become so successful everywhere on the continent: they combine traditional value with modern management practices.

Let us join forces to build these bridges for the benefit of our fellow citizens.

Let me also emphasize that we do not see the social economy in opposition to the private sector; we consider social economy enterprises and organizations as being an integral *part* of the private sector, but distinguished from other types of business through their distinct values, principles and governance structures.

Ladies and Gentlemen,

The ILO stands ready to support your support your efforts to promote and expand the social and solidarity economy in Africa. I will propose four measures that my organization can take:

- *Advocacy*: we will popularize the social economy concept through our tripartite constituency, our field structure, our development partners and

our sister UN agencies, and also through forthcoming regional meetings. An essential tool for such an endeavour would be a collection of success stories relating to the social economy in Africa.

- *Services*: I mentioned the broad range of tools and strategies already available. We will update, modernize and translate those that exist, and produce others that are still missing, so as to keep abreast with the extraordinary innovativeness and flexibility of the social economy. Tool production, however, will not suffice. We will seek ways to strengthen the capacity of African institutions to adapt these tools to local conditions, and to use them in their own training programmes. Moreover, the ILO will continue to provide advisory services upon your request, in all fields related to the social economy.
- *Knowledge*: we welcome the proposal to build an African observatory of the social economy, and will seek ways to support this initiative. Moreover, we will invest more into research to be able to better document the contribution of the social economy to the socio-economic development of Africa.
- *Standard setting*: we acknowledge the fact that a universal definition of the social economy has still to be developed, and that the International Labour Conference would be an appropriate body to elaborate one, for it to become part of the codex of international law. We will therefore explore the feasibility of putting the social economy on the agenda of a future ILC.

We will further explore the feasibility of organizing this conference on a regular basis, perhaps every two years.

My colleagues from the Turin Centre, ILO's training wing, are proposing three additional activities:

- The ITC will produce a comprehensive publication on this conference as an input into the 2nd African Social Partners Forum and the 1st African Decent Work Symposium;
- The ITC will initiate an ILO task force to review the plan of action and coordinate ILO's possible support to its implementation;
- The ITC will develop a two-week long academy on the Social Economy; we seek your collaboration in designing and running such an academy, the first of which could be organized as early as next year.

Ladies and Gentlemen,

I wish to stress that this conference is the outcome of an extraordinary collaborative effort; I wish to thank the Government of South Africa for hosting the event, and I would like express my gratitude to so many ILO colleagues from the Turin Centre, different headquarter units, technical cooperation projects, the ILO Offices in Pretoria and Harare, and the Regional Office for Africa, who all worked tirelessly to make this conference a success.

Ladies and Gentlemen,

We must turn the page on the era of irresponsibility. We must readjust our moral compass. We must rediscover the age-old principles of solidarity, mutuality and reciprocity, which are the very foundation of African societies. We must find our *own* way to recover from a crisis that we did not make, and we must find our *own* answer to respond to future crises, chiefly those caused by climate change, for which Africa bears no responsibility. I truly believe that the social economy is Africa's very own response to the crisis, her own road towards recovery, development and prosperity.

Thank you.