

**ILO conference
On**

The Social Economy: Africa's Response to the Global Crisis

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SPEECH

of

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Ladies and gentlemen,

It is with *great pleasure* that I am here with you today, to participate in the ILO's conference on 'The Social Economy: Africa's response to the global crisis'. I am aware that originally, this event was meant to cover only 15 African countries. Subsequently the organisers decided to invite representatives from the entire continent, and I very much welcome that decision. Arguably the social economy is Africa's 'real' economy and can be considered the 'third pillar' complementing the traditional concepts of the 'formal' and 'informal' economy. As such, it has a very important role to play in overcoming the potentially devastating impact on Africa of the energy, food and financial crisis. If in Kenya, 55% of its economy derives from cooperatives of various sizes and sectors, there is definitely a need to reflect on how the social economy can become an integral part of the *solution* to the crisis in Africa. Ultimately, the objective of this conference is to raise international awareness of the *potential* of the African social economy and to lay the foundations for a future ILO programme. This is perhaps something that we should have done years ago. With this in mind, my presentation to you today, as a representative of the European Economic and Social Committee, will briefly examine the context of the global crisis and its impact on Africa. I will then comment on how *Africa itself* can make its existing social economy part of the *solution* to the crisis and to the sustainable development of the continent.

The impact of the global crisis on Africa

Before starting, I would like to make the point that when I refer to the 'crisis', I do not only have in mind the financial and economic crisis. Arguably, the food and energy crisis of 2007 and 2008 had a *more* negative impact on the poorest sectors of society than the financial crisis. So in my presentation, I will be taking into account the effects of these *three* crisis, which are expected to have an acutely negative impact on Africa. According to a recent report of the World Bank, growth in Africa in 2009 is expected to be 66% *lower* than in 2007. Similarly, the FAO points to a dramatic increase in the number of hungry people in the world, exceeding 1 billion, which would cancel out the successes on food security of the 1980s and 1990s. All of this is particularly upsetting, given the high levels of economic growth in Africa prior to the crisis, averaging 6 to 7% annually. Such rates of growth were much higher than in most other parts of the world, including Europe. These high growth rates were also complemented by the emergence of Africa as a vocal political actor, promoting regional and continental integration, active in conflict resolution and in governance, for example, the African Peer Review Mechanism. Over the years, African civil society has also increasingly taken the lead in the promotion of participatory democracy.

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Although the impact of the crisis on the African continent was slow to materialise, it has now certainly made its entrance and it has been harsh, reducing trade volumes, foreign direct investment, private financial flows, income from remittances and from tourism. The worst thing about this crisis is that it is the poorest and most vulnerable sections of society who are the most exposed to its impact.

Within this context, it is not surprising that almost all international development organisations have called for *additional* development assistance, or at least to maintain pre-crisis levels, in order to meet the Millennium Development Goals during this difficult period. This is something that the European Economic and Social Committee has also called for, for example, in the Final Declaration of the 10th regional seminar in Botswana for the SADC region, that we organised in June 2009. I am also currently rapporteur of an EESC opinion on the impact of the financial crisis on developing countries, and the European Parliament only this month adopted a resolution on the same subject. So there is much debate and there are many resolutions at the international level.

However, beyond the debates and declarations, we need to move towards *action* and I think that one of the most promising things to emerge from the crisis is the 'shaking up' of existing perceptions of socio-economic models. Just like the industrial revolution in the 19th Century provided the impetus for the emergence of the social economy in Europe, the time is now ripe for new ways of thinking on economic and development models for Africa. The crisis has in fact provided us with an opportunity. An opportunity to raise awareness of the current and future contribution of the social economy to Africa's development. An opportunity to advocate the social economy as a model of economic activity, which makes *solidarity* its guiding principle.

It would appear that key actors such as the World Bank and the International Monetary Fund have recently indicated an interest in the social economy in Africa. From my point of view, this is completely logical, given the high number of sectors covered by the social economy, including farming, banking, insurance, social protection schemes, retail, etc. It is also logical given the inherent flexibility of the sector and the fact that in the developed countries cooperative banks are actually among the most resilient in the current crisis.

The social economy as a solution to the crisis and as an instrument of poverty eradication

Beyond what the World Bank or the IMF consider to be good for Africa, what is important is what Africans consider to be good for themselves. And the scale of the social economy on the continent clearly demonstrates its inherent flexibility and ability to innovate. These elements lead to *local*

ownership, social cohesion, skills development and employment creation. The social economy espouses community based solutions, in the absence of, or in addition to government and international assistance. Most importantly in my opinion, the social economy *truly* reflects Africa's economy. On a continent where between 80 and 95% of the population are employed in the informal sector, the challenge of moving these individuals over to the formal economy is enormous. I am not saying that we should not be trying, but that we do need to be realistic. Formal employment with Decent Work are the long-term objectives, but in my view, the social economy provides the *opportunity* to already incorporate into the workplace the four conditions of Decent work, namely: freedom, equity, security and human dignity.

We only need to consider the work of social economy associations trying to re-integrate HIV/AIDS patients back into the workplace, to understand the links between the social economy and Decent Work. Or to reflect on the benefits of micro-credit and banking services to rural women's organisations struggling to save money in order to send their children to school. These are examples of sectors which are traditionally considered to be the sphere of NGOs, but which do in fact fall within the remit of the social economy.

We do also need to understand and underline the crucial role of women in the development of this sector. If we look at the evidence in most African countries we have to consider that women are often the key actors in the social economy and in local development.

This leads me to my next point, which is the necessity to better communicate and to raise awareness of the scope of the social economy, at the national, regional and international level. At the *national level*, there is a need for a regulatory framework in order to recognise and to register these actors. This would open up the way for more political dialogue with them.

As a representative of a European consultative body, I would strongly advise you to make contacts with the Delegation of the European Commission in your countries, in order to become engaged in the consultative process on the development of your countries. The current crisis will have repercussions in the medium-term, but an even greater challenge is the long-term sustainable development of your countries. I would advise you to structure yourselves at the national level, be that creating or consolidating platforms and networks of social economy actors, in order to be able to speak with *one voice* to your national authorities and EU representatives. I am aware that in a number of African countries such Apex *Cooperative* organisations already exist, for example in Ethiopia, Botswana, Uganda, Mauritius etc. This conference provides you with the opportunity to discuss informally with

representatives of these countries, in order to exchange good practice and to learn from each other and I hope that you make use of this occasion.

At the regional and international levels, structured platforms of social economy actors should also be encouraged, with a view to increasing their political leverage in the process of integration. Regional cooperative networks are already developed in Latin America, and I believe that we could all learn from their example. Finally, at the international level, efforts should be made to introduce into the 'development jargon', the words 'Social Economy'. It is not the terminology itself that matters. In medieval Italy, we called it the 'Civil Economy', today we refer to it as the 'Social Economy', the 'Third Sector', etc. What matters is for policy-makers at the national, regional and international level to have the *reflex* to involve you in the programming and implementation of policies affecting the socio-economic development of your countries and continent.

Ladies and gentlemen, I would like to end my presentation by reflecting on what in Europe, were perhaps the first social economy actors, namely: the Misericordi. The Misericordi provided funeral, ambulance and firemen services in medieval Italy. Centuries later, this group of actors is still remembered, not only because they helped individuals, but because their contribution to the socio-economic development of their communities was officially *recognised* by the authorities themselves. Personally, I believe that it is not for Europeans to teach Africans how to implement the concept of social solidarity, because this concept continues to be the basis of your society, to a much greater extent than it is in Europe. However, where we can assist we are pleased to do so. For my part, I can already inform you that at the European Economic and Social Committee we will certainly bring this topic onto the agenda of our meetings and consultations with civil society from African countries. We have already discussed with the ILO possible avenues of cooperation and I very much look forward to working with all of you on making the social economy an integral part of the European Union's development cooperation with Africa.

I thank you for your attention.
