Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems

CALL FOR PROPOSALS

Introduction

The ILO approach to SSE

Although it has been active on issues related to the Social and Solidarity Economy (SSE) for decades, particularly in relation to cooperatives, the International Labour Organization (ILO) extended its activities in this field through the inclusion of the broader social and solidarity economy in its work. The International Tripartite Conference in Johannesburg in 2009, created the basis for work on SSE. The past nine years has seen the realization of a number of international meetings as well as the publication of a large number of documents, further asserting the importance of the SSE to the mission of the ILO. This work has included the analysis of the links between SSE and the informal economy, the green economy, Local Economic Development, Social Dialogue (representation), Social Protection and Youth Employment. An extensive library of resources and publications on these issues is available on the Collective Brain (www.sseacb.net). The ILO has also supported some key constituents, especially governments and organizations of workers, in order to promote policies and employment strategies that take into account the Social and Solidarity Economy. Growing interest in SSE is observed and countries such as South Africa and Tunisia are formulating dedicated SSE policies, in which the ILO is providing technical assistance. Seven country cases have been published showcasing the environments favouring SSE public policies in each country featured. The ILO is also a member, and current chair of the UN Task Force on Social and Solidarity Economy (UNTFSSE) which is also working extensively on promoting, disseminating and mainstream the SSE within the UN system. In fact, with regards to the transformative potential of finance for Social and Solidarity Economy the ILO and UN research Institute for Social Development (UNRISD) organized an event in 2015 dedicated to the topic named ‘Social and Solidarity Finance: Tensions, Opportunities and Transformative Potential’. The ILO is also working on a research project, supported by the Government of France, on the Role of the Social and Solidarity Economy and Social Finance in Sustainable Development and the Future of Work.

SSE and financial mechanisms

Financial crises, limited access to affordable credit on the part of SSE organizations and the commercialization of microcredit all point to the need to transform financial systems. SSE organizations have difficulty accessing funding which prevents all stakeholders, including governments from realizing the full potential of SSE for the creation of decent jobs, among other things. Arises then the importance of exploring the different financing mechanisms that exist. A variety of alternative finance schemes such as community-based saving schemes, complementary currencies and social impact bonds are playing an important role in community risk management and local development. While they often operate best at local level and on a small scale, these and other SSE initiatives point to the potential for crafting a more stable and people-centred monetary ecosystem embodying a far greater plurality of currencies and financial institutions.

2 From “Social and Solidarity Economy and the Challenge of Sustainable Development” Executive Summary of a TFSSE Position Paper, Geneva 2014;
Assignment background

This project proposal is building on past ILO initiatives, namely the 9th edition of the Social and Solidarity Economy Academy that took place from 25-29 September in Luxembourg which, among other things, highlighted the need to look closer at the financial needs of SSE organizations related to the specificities of SSE enterprises and organizations.

It aims at bridging gaps by building and strengthening networks between actors of the world of finance and actors of the SSE.

As highlighted above, the issue of finance is crucial. Promoting an ecosystem conducive to new forms of entrepreneurship centred on people, participation, solidarity and democracy requires access to specific financial mechanisms adequate to their needs. There are varied experiences that operate based on solidarity and its diverse nature responds to the need for more inclusive finance.

The project aims at fostering a better understanding of the ecosystems (i.e. the relations and interactions between a number of SSE stakeholders) favouring SSE, and the financial mechanisms that support and consolidate them.

Research questions

- What elements (actors, the relationships between them, etc.) make up an innovative SSE ecosystem? In particular, what is the role of social partners in these ecosystems?
- What role does the SSE play in the future of work (work & society, decent jobs for all, organization of work and production, governance of work)? How does the SSE foster the creation of green jobs, and what is its contribution to gender equality and the inclusion of vulnerable groups (women, youth, elderly, persons with disability)?
- What are the specificities of the SSE, requiring specific and dedicated financial mechanisms?
- What financial mechanisms exist within these ecosystems that allow the organizations and enterprises within them to grow, develop and innovate? What conditions are required for these ecosystems to be fully effective?
- What challenges or issues arise in these ecosystems, both financially and in other terms?

In line with the priorities of the donor, the project will cover 6-8 countries to be selected by the ILO in partnership with the donor (Ministry of Labour, Employment and Social and Solidarity Economy of the Government of the Grand Duchy of Luxembourg). In an effort to be consistent with international efforts already undertaken, part of these countries will be members of the SSE Leading Group3. Geographic representativity will also be taken into consideration.

3 The International Leading Group on Social and Solidarity Economy (ILGSSE) is an informal platform for discussion and exchanges of best practices relating to social and solidarity economy. It aims at promoting social and solidarity economy internationally, make this form of entrepreneurship more accessible and increase its inclusion in the implementation of public policies; at submitting tangible proposals for the growth of SSE to national and international bodies; at integrating SSE into a new development model and in the development of solutions related to the Sustainable Development Goals (SDGs). The member States are Colombia, Costa Rica, Ecuador, France, Greece, Luxembourg, and Morocco. Quebec and Senegal serve as observers.
Background

It is estimated that some 200 million new jobs need to be created over the next five years simply to keep pace with the growth of the working age population in emerging and developing countries\(^4\).

In the wake of digitalization and automation, among other phenomena, the world of work is quickly and deeply changing and the need to cope with its complex challenges becomes more pressing. The future of work, marked namely by digitalization, automation and robotization, bring about the fears of job loss and the overall change of nature of many jobs. Machines can be deployed in the workplace on a scale and extent much larger than in the past and at a much faster pace, changing the production process in a way that has far-reaching consequences for productivity, employment, skills, income distribution, trade, well-being and the environment, on a global scale.

This context, in which millions of people are looking for a job in order to live and to feel part of their communities, explains the large and growing interest in the Social and Solidarity Economy\(^5\) (SSE) in the world. The Social and Solidarity Economy can play a great role in maintaining jobs and creating decent work, especially in fields featuring a strong relational and emotional component, such as the care economy. Social and solidarity economy organizations hold distinctive advantages that enable them to operate in sectors like personal care and provide a viable quality employment option where other types of enterprises cannot. Given their core values, operational approaches and organizational models, SSE organizations appear well suited to provide an employment infrastructure also for jobs that emerge in sectors characterized by a high degree of fragmentation, combining the need to coordinate complex forms of decentralization of the production process and the need to provide more security to the workers. Indeed, SSE organizations lend themselves to the adoption of organizational forms that are more flexible and decentralized by resorting to networked collaboration models based on a more rooted and developed stakeholder culture rather than shareholder companies.

Although available data is scarce, the existing literature and observations show that the SSE is already part of a new model of production, exchange and consumption that is emerging, partly in response to the crisis. In this sense, there is an urgent need to improve and strengthen its contribution to society. Whether viewed from the perspective of inclusive social dialogue, economic opportunities for quality job creation, social innovation or more integrated forms of sustainable development, such a potential seems very high\(^6\). Often this potential is far from realized. Constraints related, for example, to finance, technical expertise, limited bargaining power within value chains, and the lack of an enabling policy environment frequently intervene to undermine the growth and sustainability of SSE enterprises.

\(^4\) Based on the ILO Director-General's opening remarks to the World of Work Summit on "Developing with Jobs" www.ilo.org/iic/ILCSessions/103/media-centre/speeches/WCMS_246250/lang--en/index.htm
\(^5\) Although the term social economy, solidarity economy and social and solidarity economy, in some geographical areas, have different meanings, here we use them interchangeably to denote a concept including cooperatives, associations, mutual societies, foundations and social enterprises which, in their production of goods and services, pursue both social and economic objectives.
\(^6\) See, for example, ILO report at: http://www.ilo.org/empent/units/cooperatives/WCMS_166301/lang--en/index.htm;
Bidder’s responsibilities

Under the supervision of ILO’s Cooperatives Unit, the research institute, university or research-oriented organization will be expected to develop the necessary research methodology and coordinate its implementation. This assignment includes, but is not limited to, the following tasks:

| A.1 | Conduct desk research on financial mechanisms for innovative social and solidarity economy ecosystems. |
| A.2 | Elaborate a report on financial mechanisms for innovative social and solidarity economy ecosystems. |

| B.1 | Elaborate the research methodology and tools for investigating the financial mechanisms involved in the innovative SSE ecosystems studied. |
| B.2 | Lead the implementation of the research methodology by participating in the selection and supervision of the national consultants that will produce the country case studies for each ecosystem and the financial mechanisms supporting it (including managing the peer process). |
| • | Develop a participatory research methodology in close consultation with partner organizations, to be presented and shared with national researchers during a technical workshop. |
| o | A methodological note related to the research on SSE ecosystems and the financial mechanisms supporting them, including the different tentative checklists and information on the other research tools that will be designed (e.g. development of questionnaires and clear research objectives for each case study) |
| • | Participate in the selection of national researchers in collaboration with the ILO (including the elaboration of the Terms of Reference for each national consultant, review of CVs of possible candidates) |
| • | Carry out desk research to inform primary research |
| • | Develop the necessary research tools (e.g. checklists, questionnaires, templates for country case studies, evaluation/feedback scheme for each case study) |
| • | Carry out primary research |
| • | Organize and coordinate the technical workshop with national researchers. |

| C.1 | Prepare the overall research analysis, conclusions and recommendations |
| • | Draft a research report |
| o | A synthesis report based on desk research on financial mechanisms for innovative SSE ecosystems, answering the aforementioned research questions. |
| • | Submit draft to ILO and partners for comments |
| • | Finalize the report by incorporating comments and feedback received. |
| o | A final paper with case studies, overall analysis (based on the synthesis report) on financial mechanisms for innovative SSE ecosystems, conclusions and recommendations. |

The selected organization will assume the overall responsibility for the above-mentioned expected outputs of the assignment.

The selected organization will be responsible for all costs under this contract including:

a. Drafting of the different papers and reports. 

b. Organization and coordination of a technical workshop for all national consultants. 

c. Communication and administration costs related to the contract.
Schedule and Reporting

Exact dates for this assignment and deliverables will be communicated at a later stage. It is expected that the research will be carried out over 12 months with the following main tentative milestones:

- Research framework development with methodological note: mid-July 2018
- Organization of the technical workshop: September 2018
- Coordination of case studies and thematic papers: September – December 2018
- Production of synthesis paper – by January 2019
- Finalization of research paper – by March 2019

Completion Criteria

The produced case studies, thematic papers, synthesis paper and final research paper will become the property of the ILO once each one has gone through the pre-determined evaluation and feedback mechanism, and written approval has been submitted by the ENT/COOP team to the selected research organization.

Special terms and conditions

Qualifications and Experience

The research institute, university or research-oriented organization should have the following qualifications:

- Specific knowledge on participatory research methods;
- Experience in research in SSE, social finance, sustainable development, in particular their employment dimension;
- Good facilitation, presentation and analytical skills, as well as ability to elaborate high quality documents, with staff speaking at least French, English and Spanish.

Application procedure

While there is no set format, interested organizations should submit their technical proposal that should clearly outline the institute, university or organization’s (i) background and qualifications to perform the task, (ii) understanding of the task & approach/methodology suggested to carry out the research, (iii) organization of the task including mode of collaboration with partners and counterparts, and possible methodology to be applied. The financial proposal should outline an estimated budget for the overall assignment. The technical and financial proposal (professional fees, travel, and communication, including VAT if applicable) together should not exceed 10 pages excluding annexes. Proof of similar assignment and CV(s) of people to be involved is required as an annex.

Submission of proposals to coop@ilo.org by 20 May 2018
Selection by 30 May 2018
Signature of contract: 4 June 2018 (tentative)