



Guidelines for Local Governments on Policies for Social and Solidarity Economy



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The Global Social Economy Forum is a global social and solidarity economy (SSE) network that aims to serve as a hub for sharing visions and experiences through cross-border collaboration and cooperation based on multilateral (public-private-community) partnerships for an inclusive, equitable and human centred world for all of us.

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Endorsements

Solidarity has been a core value displayed by local and regional governments, especially throughout the Covid-19 pandemic, and it is in our DNA as an international municipal and territorial movement. It is of great value to see that this study, conducted by our member GSEF and their partner UNRISD, looks at the practices of our members with a deeper and scientific angle. This document provides important evidence and is a very useful reference for our learning tools to support the local economic development activities that our communities need.

Sara Hoeflich de Duque

United Cities and Local Governments (UCLG)

The GSEF is a global network of local governments and SSE organizations working to serve as a hub for sharing visions and experiences for an inclusive, equitable and human-centered world.

These Guidelines provide a toolbox with rich experiences and lessons learnt on how to develop public policies and institutions for SSE at the city level. As SSE responds to concrete problems and challenges faced by citizens and local territories, these Guidelines will contribute to building greater awareness and recognition of the potential and strategic role of SSE, both now and in the post Covid-19 era, to better design an economic, social and ecological transition to a more inclusive, resilient and sustainable society.

Laurence Kwark

Global Social Economy Forum (GSEF)

Social and solidarity economy can be a powerful catalyst for transformative territorial processes capable of bridging between the response to the current global Covid-19 crisis and a transition to more just, resilient and sustainable societies.

At UNDP we believe that to fully unfold the potential of SSE it is crucial to recognize its inherently local dimension, promoted and enabled through integrated local development policies and systems.

We therefore highly value and welcome this relevant work, which turns solid research into concise and practical guidance for local authorities, thereby furthering the implementation of the Sustainable Development Goals at the local level.

Andrea Agostinucci

United Nations Development Programme (UNDP)



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CHAPTER 1

Introduction

THE SOCIAL AND SOLIDARITY ECONOMY (SSE) encompasses organizations and enterprises with social and often environmental objectives, guided by principles and practices of cooperation, solidarity and democratic self-management where decision-making power is not linked to the weight of held capital. Organizations, relations and activities that adhere to these distinctive principles are greatly varied. Existing laws on SSE in its various forms apply to a wide range of organizations and enterprises such as cooperatives, non-profit organizations, associations engaged in economic activity, mutuals (often formed to organize finance-related activities), foundations and enterprises that prioritize social and environmental goals over profit.

While SSE organizations and enterprises (SSEOs) often have comparative advantages in certain labour-intensive and employment centred activities, including the provision of collective goods and services to meet basic needs, broadening access to finance, managing common-pool resources, protecting the environment and regenerating and forward fitting economic systems, some are also active in more capital intensive forms of activity, such as manufacturing and processing. Patterns of production and consumption practised by SSEOs are more likely to be environmentally sustainable since they tend to be more sensitive to local environmental conditions than those of for-profit enterprises. In addition, SSE activity is often associated with localized circuits of production and exchange that are conducive not only to basic needs provisioning but also local economic development through income generation, boosting local demand and profits (or surpluses) that can be re-invested for more decent job creation within the enterprise or support for local community projects. Finally, besides their own economic activities, SSEOs are often engaged in broader civil society movements that lobby and challenge governments for better infrastructure and services and contribute to social cohesion through a variety of other social functions.

Interest in SSE has risen sharply in recent years, not least in the wake of crises—such as the global financial crisis of 2008 and the Covid-19 pandemic—when the search for an alternative to “business as usual” intensified among policy stakeholders and SSE is coming to be seen as a strategic means of implementing the Sustainable Development Goals (SDGs). This has been matched by concerted efforts from key international coalitions and alliances such as the United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE), the Intercontinental Network for Promotion of Social Solidarity Economy (RIPESS), the SSE International Forum (ESSFI, formerly known as the Mont-Blanc Meetings) and Global Social Economy Forum (GSEF), which have raised the visibility and deepened the understanding of SSE in international policy circles, in particular regarding its critical role in transforming social and economic relations and activities. The need to “localize the SDGs”, that is to contextualize and achieve the SDGs at the local level, has been emphasized by policy stakeholders and these organizations, which is the primary reason for the production of these *Guidelines for Local Governments*.

As awareness about the role of SSE in facilitating inclusive and sustainable development grows, an increasing number of governments, both at national and local or subnational levels, are adopting policies and programmes that aim to support SSEOs. Local or subnational governments (including municipal, provincial or state/regional levels of a federal government)¹ are increasingly interested in setting up public policies to promote and support SSE in the context of the growing importance given to local sustainable development policies (including quality local public services), but also widespread reduction of fiscal transfers from the central government (Yi et al. 2017). Caught between this fiscal pressure and increased service demands, local policy makers seek advice on which policies and programmes are most people-oriented while being cost-effective in achieving objectives associated with economic,

social and environmental dimensions of sustainable development in their jurisdictions. SSE is well placed to achieve these objectives because of its defining values and principles of community-centredness, democratic self-management, solidarity, ethics and cooperation within and beyond organizations. They have considerable potential to reduce inequalities in a local context. For instance, given the active participation of women, SSE can significantly contribute toward women's economic, social and political empowerment (Yi et al. 2018).

To promote SSE and realize its potential in the context of sustainable local development, policy makers and practitioners must ask the following questions: what are the enabling factors for establishing effective policies and programmes for SSE? Will these be feasible and well-adapted within their various legal, political and socioeconomic contexts? In addition to these questions, there are concerns among policy makers and SSE practitioners that public policies may cause tensions between the state and SSE. Top-down policy design and implementation without inclusion of SSE stakeholders should be avoided since they are often prone to fail and tend

to instrumentalize SSE to serve state, political or market interests (such as co-optation or clientelism).

Dialogue between SSE actors and policy makers at the local, national and international levels is a crucial element for enabling innovative policies. The institutionalization of participation in decision-making processes is a powerful tool to support the development of SSE. In some contexts, effective dialogue and participation can be better facilitated by non-governmental interlocutors which can carry and translate the demands of local actors and, more broadly, mediate the interaction between these actors and policy makers. However, findings and lessons from studies on participation and dialogue between the governments and SSE actors demonstrate that this process is not always smooth and collaborative. Participation and dialogue also create "struggle over the meaning of SSE" (Dinerstein 2013:6) and potential conflict. How the local public policy process mediates the participation and dialogue between different stakeholders is often determined by the skills used to reconcile diverse perspectives of the local policy stakeholders about broader economic, social or political issues.

Box 1.1. Social and solidarity economy at a glance

Social and solidarity economy is referred to using diverse terms and definitions reflecting national and regional history, culture and institutions. It is widespread and is having increasing impact on our economic, social and environmental lives. Since there are no globally accepted official methodologies and indicators specific to SSE, it is difficult to provide an overview of SSE activities across the world. However, some territorial and sectoral indicators demonstrate the contribution of SSE to economic and social development.

In the European Union, as of 2017, there were 2.8 million social economy entities, accounting for 6.3 percent of EU employment. Social economy actors are found in most sectors of the economy, from health and education to banking and utilities. Some are non-profits, but others are large enterprises with international outreach (CIRIEC and EESC 2017).

Globally, as of 2017, according to partial data, 279.4 million people were involved in cooperatives, one of the major forms of SSE organizations and enterprises, constituting at least 9.46 percent of the world's employed population. It is estimated that there are

- at least 375,375 cooperatives employing more than 1,939,836 people in Africa;
- at least 2,156,219 cooperatives employing more than 7,426,760 people in Asia;
- at least 2,391 cooperatives employing more than 75,438 people in Oceania;
- at least 181,378 cooperatives employing more than 1,896,257 people in the Americas;
- at least 143,226 cooperatives employing more than 4,207,744 people in European countries that are members of the European Union;
- at least 221,960 cooperatives employing more than 4,710,595 people in European countries not a member of the European Union.

27.2 million people work in cooperatives around the world, of which around 16 million are cooperative employees and 11.1 million are worker-members. Within the scope of cooperatives, comprising mainly self-employed producer-members, over 252.2 million people are employed, the vast majority being in agriculture. The number of cooperatives throughout the world currently stands at approximately 2.94 million and the number of members in all types of cooperatives is 1,217.5 million (CICOPA 2017).

According to the SSE Legislations resource page provided by Socioeco.org and UNTFSSSE, many countries have SSE-related laws including SSE framework laws and cooperative laws. The page, though incomplete, records 15 laws in nine African countries, eight laws in three Asian countries, 88 laws in 22 European countries and the European Union itself, 110 laws in 17 American and Caribbean countries and the Mercosur itself, three laws in three Middle Eastern countries and one law in one Oceanian country. Among these, 31 laws are SSE framework laws or their equivalent. (Socioeco and UNTFSSSE n.d.).

These *Guidelines for Local Governments* aim to explain the key elements constituting an enabling policy and institutional environment or “ecosystem” for SSE and to provide guidance on how to develop policies and institutions for SSE at subnational levels. An ecosystem for SSE is defined as a set of:

- interconnected SSE actors including SSEOs (both potential and existing) and supporting organizations (for example, SSE networks, public sector agencies, universities and financial bodies);
- SSE processes (such as the establishment of SSEOs, growth of the SSE sector in

the volume of sales and achievement of its objectives, the expansion of scope and variety of social and environmental goals);

- SSE laws and public policies directly and indirectly related to SSE; and
- institutionalized perception and practices (for example, history, culture and tradition) prioritizing social and environmental objectives over profit motives.

All these elements formally and informally coalesce to connect, mediate and govern performance within a given SSE environment. *Guidelines for Local Governments* adopts an ecosystem approach since it emphasizes that: first, a system for SSE is not fixed but evolutionary, growing and evolving according to new needs and new circumstances; second, such a system is receptive to change as a result of institutional and policy changes; third, a myriad of factors contribute to fostering a healthy system that supports and promotes the SSE sector; and finally, that a system needs institutions and policies to address the complex challenges faced by SSE actors.

The chapters that follow have been structured around core themes conducive to fostering and enabling an SSE ecosystem:

2. **Co-construction of Public Policy for SSE** provides guidance on how to establish and manage diverse processes and a wide range of mechanisms and approaches for the co-construction of policies and plans with SSE actors.
3. **Legal Frameworks for SSE** introduces various legal institutions that regulate and support SSE at international, supranational, national and subnational (regional/provincial and municipal) levels and explains different pathways to creating them.
4. **Mainstreaming SSE in Development Plans** explains how to incorporate SSE in development plans and programmes at different levels of government and establish SSE-specific development plans and programmes.
5. **Supporting Organizations for SSE** demonstrates different trajectories of development of supporting organizations for SSE, such as government organizations with specific mandates to

Box 1.2. SSE challenging governments for better infrastructure and services in Liverpool

Across the Liverpool City Region (LCR), there are many community-led housing initiatives that are part of SSE. This includes the Eldonians, who, from an inner-city neighbourhood in the 1980s, successfully challenged Liverpool City Council to regenerate a large, deindustrialized dockside area to create the Eldonian Village. Today, the Eldonian Community Trust houses thousands and employs hundreds of local people in community-owned enterprises. The Eldonians' vision for a 'self-regenerating community' was recognized in 2004 with a UN World Habitat Award.

More recently, the ideas of a Community Land Trust (CLT) have been utilized. In 2016, Granby Four Streets CLT won the national art award, the Turner Prize, in 2015 – the first time for an architectural or housing regeneration project. Granby Four Streets CLT, like its counterpart in Anfield, Homebaked CLT, originated from an anti-demolition campaign against state-funded comprehensive redevelopment of inner-city terraced housing suffering from what policy makers identified as “market failure”.

Granby and Homebaked are among the first projects nationally to adapt the CLT model to the complex task of community-led regeneration of neighbourhoods facing disinvestment. They both employ experimental “do-it-together” approaches to renovating buildings and returning them to community use as affordable housing, shops and workspace. They now play important roles as democratic stewards of land and incubators of a new community economy centred on mutual aid and cooperation.

In 2020, Power to Change funded the establishment of the LCR Community-led Housing Hub, following similar city-regional initiatives in London and Leeds. The Hub aims to build on the pioneering work of Granby, Homebaked and the Eldonians to share knowledge, provide technical support and replicate cooperatives, CLTs and other forms of community-led housing right across the city region. These initiatives remain independent, although local policy makers are now much more aware of their potential as the SSE grows in strength (Heap et al. forthcoming).

support SSE, intermediary organizations engaged in co-construction of policies and their implementation, and SSE networks and associations working in the cities and neighbouring regions and provinces.

6. **Capacity Building for SSE** introduces and explains several public policies and institutions for capacity building and training services on management, governance and other functions to empower and enable SSEOs to become more efficient and sustainable in the market economy and more relevant and impactful for their communities.
7. **Access to Finance for SSE** illustrates various public policy measures to facilitate the access of SSE to both public and private finance for different stages of SSE development, including social and solidarity finance, private and public loans, state subsidies and grants, private donations and more innovative instruments such as social impact bonds and complementary currencies.
8. **Access to Markets for SSE** explains the purchase, supply and consumption process of SSE goods and services in both public procurement processes and private markets and outlines public policies to facilitate SSE's access to both types of markets.
9. **Awareness Raising and Advocacy for SSE** deals with public policies for awareness raising, communication, campaigns and advocacy strategies to inform individuals, groups, communities or SSE organizations and empower them to participate and advocate for SSE.
10. **Mapping of SSE: Research and Data Collection** introduces key areas of research and data collection for SSE and public policies and different approaches on how to promote research, collect and process data and transfer knowledge and lessons on SSE.

All the chapters begin with an introduction explaining the topic and highlighting its importance and implications for SSE. The subsequent sections delve into the details associated with the subject matter of the chapter, which provide policy makers with the scope, substance and relevant policy options related to existing issues or shortcomings in policies. The Guidance section of each chapter provides a

checklist that policy makers can use to establish or strengthen policies and institutions to promote SSE.

For readers, *Guidelines for Local Governments* is intended to foster a clearer understanding of the major principles, values, organizational features and transformative potential of SSE. Target readers include government officials, SSE practitioners, scholars and other stakeholders with an interest in the promotion of SSE through public policies and institutions, particularly in the local context.

The examples presented in *Guidelines for Local Governments* are drawn from seven case studies on city and provincial governments—Barcelona, Dakar, Durban, Liverpool, Mexico City, Seoul, Montreal (in the Province of Quebec)—and other existing sources. We expect its contents to be reviewed and updated to reflect major evolutions of SSEOs and their practices. In this regard, these guidelines support a vision of institutional and policy ecosystems in which the roles, responsibilities and comparative advantages of the various players working for SSE are clearly defined and their transformative activities for the common good are further expanded.

Box 1.3. About the questions and answers in the Guidance sections

Every chapter of the *Guidelines* has a Guidance section with flowchart questions and answers which will guide respondents to relevant information. The questions are designed to draw out respondents' perceptions and complement this with strategic investigations of the context they are working in, so that they can establish what processes are needed to improve current policies and institutions for SSE, communicate with others, document institutions and policies in question, and help plan actions.

The choice between "Yes" and "No" can be based on accumulated knowledge, facts and evidence or informed guesses. Respondents do not have to worry about "getting answers right" as the purpose of the flowchart exercises is that you follow the questions to deepen your understanding of the institutions, policies and processes. When it is not clear whether "Yes" applies, we advise selecting "No" and then making sure that your knowledge of the relevant institutions, policies and processes is accurate and up to date. Overall, the guidance combines both general recommendations that can be adapted in different contexts and specific ones in which policy makers can draw lessons from empirical cases. The insights gained from the Guidance section can help make policies and institutions suitable to a specific local context and can avoid transferring policies and institutions from one city or province to another without reflecting different contexts (Mkandawire 2009). Multistakeholder group exercises following the flowchart offer more benefits since they create spaces where participants can exchange knowledge, experiences and views on institutions, policies and processes and deepen their understanding about how to foster an SSE ecosystem.



CHAPTER 2

Co-construction of Public Policy for SSE

1. Introduction

To develop SSE and achieve its full potential, public policy should take into account the diverse needs and capacities of SSE enterprises, organizations and initiatives. An effective course of action to meet these diverse aims is the co-construction of public policies for SSE by multiple stakeholders including government and SSE actors. Co-construction should involve SSE actors in all stages of the policy process, from a diagnostic of the local SSE landscape to policy design, implementation and evaluation. It is also a means to establish an institutional infrastructure for information sharing and collaborative processes of strategic planning and policy design.

“Top-down” policy initiatives, even when well-intentioned, often cannot take into account the particular needs and realities of local SSE enterprises and initiatives and may result in policies that are ineffective and often costly to amend. Conversely, when demands from SSE practitioners and networks do not reflect the capacity and priorities of the government, they have little chance of being addressed. As such, strengthening partnerships and creating institutional spaces for dialogue and

negotiation between SSE actors and government is necessary for SSE to reach its full potential (Mendell and Alain 2013).

Co-construction through broad representation of SSE actors lessens the risks of partiality toward one group of SSE actors and fragmentation in the conception of SSE public policies. It also reduces information asymmetry, thereby reducing the costs and time lost when measures fail or have to be adjusted. As a result, co-construction leads to more coherent and strategic approaches that transcend a limited, and more frequently applied, sectoral approach. By bringing together a greater number of more varied actors to design and monitor the implementation of new policy, co-construction could lead to more innovative, adaptive and effective policy measures and programmes than those designed or implemented unilaterally by the government. Moreover, by promoting public ownership of government measures and framing the results as a win-win exercise, co-construction processes help to ensure that all stakeholders are committed to the success of the new policy (Mendell and Alain 2013; Chaves-Avila and Monzón 2018).

1.1. Key principles, requirements and challenges

The following key principles and requirements can help guide local policy makers and civil society stakeholders to build mutually beneficial frameworks for the effective co-construction of SSE policies. They can also help to identify and address challenges to enable and facilitate the sustainable co-construction of SSE policies in the local context.

1.1.1. Key principles

- Local policy makers need to recognize that the local government is just one actor among many who are well equipped to solve complex social problems. One way in which they can do this is by coordinating collaborative processes with stakeholders.
- Local policy makers need to acknowledge SSE as a critical element in the local government's overall development strategy and reflect costs associated with SSE in the budgets for development plans and programmes. When local governments operate on tight budgets, co-construction itself can create cost-effective ways for local governments to enable SSE while taking into account both local government capacity and the needs of SSE.
- A broad coalition of SSE actors across all sectors, types and regions needs to be formed to increase their capacity to mobilize partners and negotiate with local government, which can ultimately contribute to the creation of a more effective process of co-construction.
- Local governments should encourage the creation of such broad coalitions where they do not exist or develop incentives for SSE sectors to join existing formal and informal networks.
- Full respect of principles crucial to the effective operation of SSEOs and their representative bodies such as autonomy and self-organization must be ensured, even when financial support is provided.
- Co-construction needs to be applied to all stages of decision making, from pre-decision diagnoses of SSE and policy formulation to implementation and monitoring and evaluation.
- Institutional arrangements for co-construction should be designed and implemented to create a political environment and education processes

conducive to democratic representation and informed participation of SSEOs.

- Local governments implementing SSE policies should coordinate with national SSE policy making where it exists, as well as consider favourable macropolicies, including those for adequate resources and training.

1.1.2. Key requirements

- Co-construction of public policies to scale up SSE requires strong political leadership for buy-in from all parts of government and SSE actors (see also the need for “policy entrepreneurs”). Such inclusive co-construction processes can mobilize a willingness of these actors to work across sectoral and institutional boundaries
- Open, representative intermediary SSE bodies are required to help mediate between SSE actors and government, as they play an essential role in mobilizing SSE and representing it. They reinforce the common identity and values of SSE, effectively educate policy makers on the specificities and diversity of SSE, and help SSE enterprises navigate the policy environment (see also Chapter 5: Supporting Organizations for SSE)
- Effective co-construction requires a degree of intragovernmental and intergovernmental collaboration in which all affected branches and levels of governments are involved and a designated “lead department” or ministry coordinates policy formulation, implementation and monitoring.
- Strong policy leadership is a key requirement. Individuals or groups can bring new policy ideas and measures to fruition through their creativity, strategy, networking and persuasive argumentation to promote policy change. These individuals or groups are often referred to as “policy entrepreneurs”. Policy entrepreneurs can be “internal” that is, individuals or bodies inside the public sector, or “external” that is, individuals or bodies outside the government sector, such as civil society umbrella organizations. Long-term commitment to SSE development and continuity in the implementation and adjustment of SSE policies is essential to their success.

- An understanding of the benefits to government of actively investing in meaningful policy dialogue with SSE representative bodies is required to transform the perception of costly “talking shops” into an expectation of societal returns and successful policy results (Mendell and Alain 2013; Chaves-Avila and Monzón 2018).

1.1.3. Key challenges

- **Lack of consensus on a clear working definition of SSE:** In recent years, several definitions have been proposed by researchers and stakeholders, corresponding to different historical and institutional contexts, which remains a challenge for policy makers. Addressing this means moving from uncoordinated processes involving and supporting only some economic and social sectors or institutional statuses to more comprehensive engagement with SSE actors, which ideally should result in legal definitions being established (see Chapter 3: Legal Frameworks for SSE).
- **Limited ability to measure the impact of SSE:** As SSEOs propose and develop various new solutions to complex societal problems, governments with limited capacity and a siloed approach have difficulty in measuring their impacts in a comprehensive manner. While the situation is changing in some areas, governments typically remain constrained by their sectoral mandates. Interministerial or interdepartmental barriers within governments need to be broken down in order to rethink policies for SSE and their impacts in broader terms, which is sometimes referred to as an “ecosystemic approach” (Mendell and Alain 2013; Mendell et al. 2020) (for the definition of SSE ecosystem, see Chapter 1: Introduction).
- **Absence of credible, broad-based representative SSE organizations:** A government committed to a co-constructed policy-making process needs reliable, broad-based representative organizations that can represent the diversity of the SSE landscape in their territory. Without such representative organizations, governments need to facilitate and encourage collaboration between organizations and movements to work across boundaries. This can include creating spaces for dialogue and negotiation with SSE organizations which in turn should help SSE actors to enhance organizational capacity to negotiate with government (Mendell and Alain 2013). This is particularly true for workers’ associations in the informal sector, given that their often significant impact stands in contrast to a lack of formal recognition. Governments can facilitate the autonomous construction of representative bodies and networks, as discussed in the next section (see also Chapter 5: Supporting Organizations for SSE).
- **Inadequate resource allocation to SSE policy co-construction:** The availability of resources for policy dialogue is a common challenge, especially in developing countries. Changing mindsets by viewing policy dialogue as an investment (rather than an expenditure) for high social returns and reducing the costs of policy failures can help to shift resource allocation decisions. Participatory budgeting at municipal and regional levels can also help shift priorities (Mendell and Alain 2013). Nevertheless, resources from higher levels of government or the international development community may be required for poorer territories (see Chapter 7: Access to Finance for SSE).
- **Limited knowledge and expertise on SSE:** Poor training of public officials who lack knowledge of SSE and the expertise required to implement policy measures for SSE is a widespread challenge. In decentralized institutional settings, this is particularly problematic as the responsibility of designing and implementing policies for SSE falls on local officials who often lack adequate training (see Chapter 6: Capacity Building for SSE).
- **Risk of discontinued political support:** Co-construction of SSE enabling policies is a long-term process. The process itself or its outcomes are not always sustained when there is a change of power in government. Some degree of institutionalization of multistakeholder dialogue, strong public mobilization (see next section) and “locking SSE into law”

(see Chapter 3: Legal Frameworks for SSE) can enhance policy continuity—even if proactive engagement for SSE by political leadership may wane, at least for a while. An additional avenue is the quest for political buy-in on the value of SSE across rival parties, who despite slightly different motives, may see different advantages or reasons to support SSE among their respective voters, as demonstrated in the cases of Quebec and Italy.

2. Institutions, processes and actors

The various institutions for the co-construction of public policies can be classified into two types:

- formal institutional set-ups, involving both government and SSE representative organizations, or SSE consultative/advisory bodies officially recognized by the public counterpart; and
- informal arrangements between government and actors associated with SSE that may offer greater flexibility and fluidity in the co-construction process.

2.1. Formal institutional set-ups

Formal consultative bodies for co-construction of public policy bring together both SSE representative organizations and public officials, and/or SSE consultative or advisory bodies officially recognized by the public counterpart. The official status of these institutions itself enhances the visibility of SSE on the policy agenda and contributes to creating a favourable policy and political environment for SSE. They can be created in various forms at national and subnational levels including public-private partnerships. In the case of Seoul, for instance, the consultative body based on public-private partnerships became a catalyst in generating political momentum in favour of SSE. It also contributed to creating positive political momentum for SSE in other municipalities and nationally. The Seoul case can be viewed as an excellent example of strong SSE “policy entrepreneurship” (see box 2.1).

Institutionalized co-construction arrangements play an important role in ensuring continuity and quality of implementation. However, they are not a guarantee against the reversal of policies, as was, for example, the case in Mexico City (discussed in box 5.1 of Chapter 5: Supporting Organizations for SSE).

Box 2.1. Formal consultative bodies in Seoul, Quebec, Poland and Liverpool

Seoul: The Public-Private Policy-making Partnership for the Social Economy in Seoul (PPPSES) was established in 2012 to discuss and develop basic plans and measures for social economy policy. The PPPSES has continued to hold regular meetings to share updates on the initiatives of the Seoul Metropolitan Government and non-governmental actors, who jointly decide and monitor policy measures and budgets on the social economy in Seoul. With a strong record of effective SSE governance, the Seoul Metropolitan Government inspired the creation of the Social Economy Forum in the National Assembly and social economy committees within the political parties; prompted candidates to announce manifestos on the social economy during their campaigns for general and local elections; and helped create a political environment favourable to the social economy nationwide by giving rise to the Council of Local Governments on the Social Solidarity Economy (CLGSSE) (Yoon and Lee 2020).

Quebec: Unlike at the Canadian federal level, where co-constructed SSE programmes were dismantled after a change of government in 2005, SSE policy co-construction in Quebec has survived several changes of government. Collaborative policy formation enabling the SSE is embedded in the political platforms of all parties. Continuity of SSE policy in Quebec greatly benefited from the adoption of an SSE law co-constructed at the provincial level in 2013, which includes a clause creating a permanent committee of stakeholders to oversee the application of the legislation and/or amendments in the future and mobilize knowledge on SSE as it evolves. Creation of a multistakeholder space for ongoing dialogue (“table of partners”) to advise the government on the elaboration of action plans for the social economy is required by the provincial law (Mendell and Alain 2013; Mendell et al. 2020) (see Chapter 3: Legal Frameworks for SSE).

Poland: The State Committee for Social Economy Development in Poland is an interministerial/intersectoral social dialogue council that operates in accordance with the Order of the Prime Minister. It consists of a partnership between regional (*voivodie*) government representatives from departments and offices responsible for the implementation of state policies on the social economy, and SSE representatives, which are collectively viewed as internal and external policy entrepreneurs. The co-construction of public policies at both national and subnational levels aims to coordinate SSE activities, make strategic decisions and programmes on SSE, and monitor and evaluate the impact of SSE programmes (Chaves-Avila and Monzón 2018).

Liverpool: The Liverpool City Region (LCR) Social and Solidarity Reference Panel was established in 2020 in response to the request of SSE activists in the LCR that their voice be heard in more formal settings. A group of around 20 SSE practitioners created an informal “social economy panel” and made representations to the Metro Mayor, the Local Enterprise Partnership and individual council members across the city region. They spoke with national organizations, social investors and Members of Parliament, setting out ideas about using public spending to support SSE, and they held events to examine how practitioners could be more active and help raise the profile of SSE. In response, the Metro Mayor of the LCR announced early in 2020 that the LCR Social and Solidarity Reference Panel would be established. This would ensure a strong voice through which SSE would be heard. The Panel, seen as an honest and trusted voice for SSE in the city region, will advise the Combined Authority (the LCR government constituted of five local authorities), demonstrating to local policy makers how support for the SSE can be shaped and will provide a conduit between the SSE sector and policy making that will make the whole economy more social. They will discuss with the Metro Mayor the priorities and progress made on any such plans. Many of the members were actively involved in developing a city region response to the Covid-19 crisis and, at the time of writing, the Panel had been launched with an exciting agenda for development (Heap et al. forthcoming).

A well-coordinated co-construction process across multiple levels of government is central to enhancing the coherence of public policies for SSE while ensuring that decisions reflect geographically specific situations.

2.2. Informal arrangements

Informal co-construction arrangements and processes can be an alternative or complement to official institutions. They have the advantage of greater flexibility to bring a broader range of SSE actors to the table, such as representatives of social movements that do not necessarily belong to a registered organization, and informal SSEOs that would otherwise not be represented. Informal co-construction processes also allow for greater fluidity in regular exchanges on day-to-day monitoring, or early warning signals (Chaves-Avila and Monzón 2018). The experience of Barcelona demonstrates how informal processes of co-construction may, in some cases, be preferable to formal structures. It serves as a good illustration of how a local government can address the above-mentioned key principles, requirements and challenges creatively (see box 2.2). Informal arrangements or processes of co-construction, however, have several potential weaknesses in comparison with the formal ones: non-legally binding decisions, arbitrary selection of participants and no legal guarantee of continuation of processes or arrangements.

Some countries have therefore developed hybrid forms consisting of both formal and informal co-construction to complement each other, such as the partnership between *Secretaria Nacional de Economia Solidária* (SENAES, Brazil's National Secretariat for Solidarity Economy) and *Fórum Brasileiro de Economia Solidária* (FBES, the Brazilian Solidarity Economy Forum) (see box 4.1 of Chapter 4: Mainstreaming SSE in Development Plans and box 10.2 of Chapter 10: Mapping of SSE: Research and Data Collection). In such hybrid forms, governments can facilitate collaboration with networks and intermediaries by encouraging their creation where they do not exist or by developing incentives for SSE sectors to join existing networks. For example, in the Provence-Alpes-Côte d'Azur region in France, the regional government supports all processes that encourage collaboration between SSE actors within a locality or sector and actively encourages civil society organizations to join or create networks in order to pool resources and coordinate their actions. This

is beneficial to SSE, civil society organizations and the government, which then interact with fewer interlocutors in a process that may or may not become more formalized (Mendell and Alain 2013).

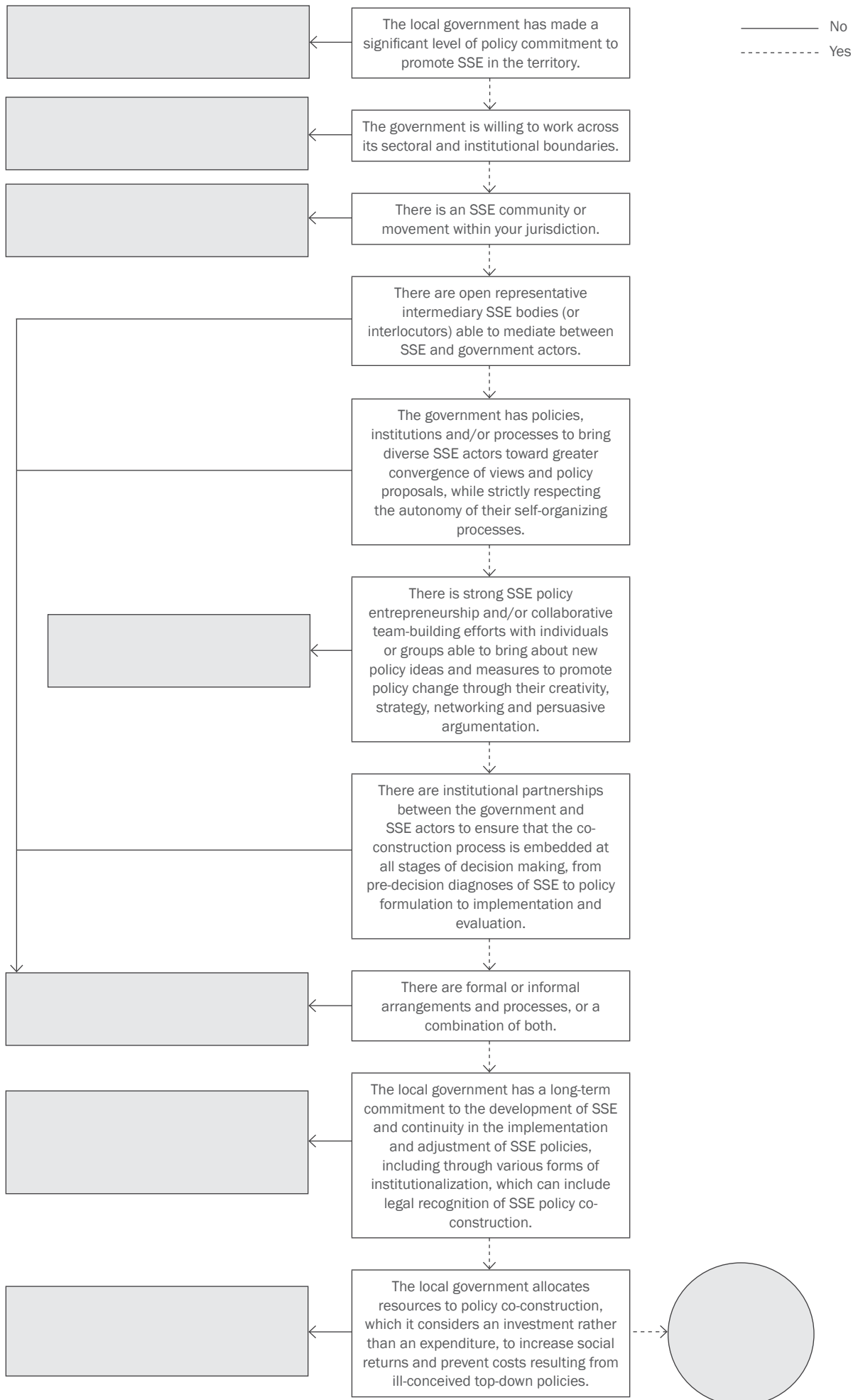
Box 2.2. The informal process of co-construction of public policy in Barcelona

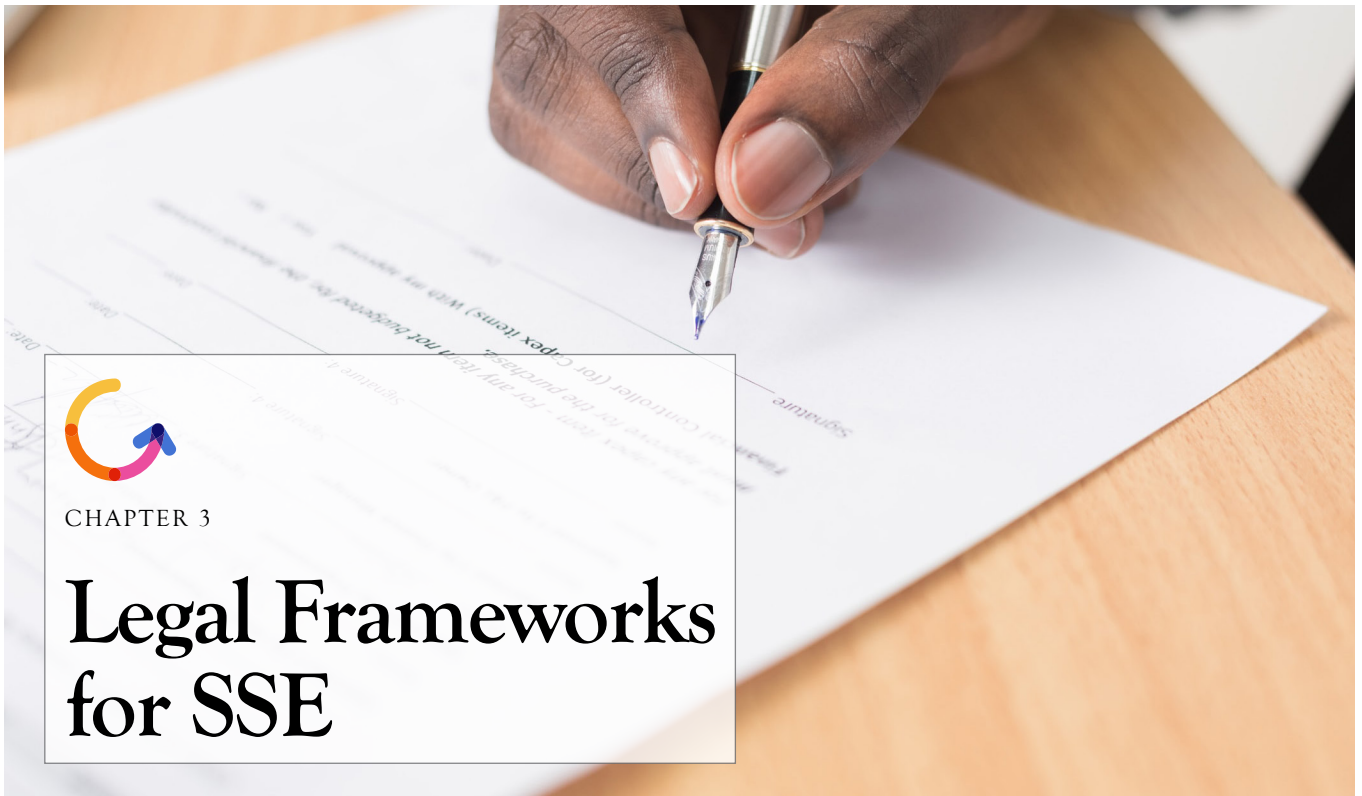
After the 2015 election, one of the critical priorities of the new coalition government was to develop an SSE policy, which was realized through the Plan to Boost the Social and Solidarity Economy *Pla d'Impuls de l'Economia Social i Solidària* (PIESS) (2016–2019). One institutional innovation of the PIESS was the creation of the *Participatory Area* of the SSE policy, which played an essential role in bringing diverse SSE organizations to converge on a common SSE definition and policy priorities that work for all. It is a forum for discussion and joint decision making between SSE stakeholders and those in charge of public administration. In the absence of an adequate formal body, the *Participatory Area* takes the form of an informal consultative and joint decision-making body on matters of public policy on SSE. In order to implement the SSE public policy co-construction approach, the newly established Cooperative and Social and Solidarity Economy Commission carried out several participatory activities (more than 300 meetings in two years): (i) bilateral meetings with representative agencies of the different SSEOE types, as well as companies and leading organizations; (ii) bilateral meetings with various city groups; (iii) engaging with civil society in general, which involved more than 400 persons; and (iv) consulting experts who contributed to improving the proposals of the PIESS. These bilateral dialogues over time evolved into multilateral ones and went from being occasional to regular events, subsequently shaping the *Participatory Area*. In this case, two factors proved central to the successful informal arrangement of the co-construction process of public policy: (i) the determination of the city council to engage diverse SSE entities in SSE policy; and (ii) a budget allocation favourable to its development (Chaves-Avila et al. 2020).

3. Guidance on co-construction of public policies

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening the co-construction of public policies within their respective contexts. For information on how to use this guidance, consult box 1.3 in the Introduction.

To initiate or upgrade co-construction of public policy within your territory, check whether:





CHAPTER 3

Legal Frameworks for SSE

1. Introduction

Adequate legal frameworks play a fundamental role in strengthening SSE ecosystems across all levels of governance. Enabling laws and policies at various territorial levels (supranational, national and sub-national) can significantly enhance the recognition, consolidation and expansion of SSE. Although SSE initiatives also develop in the absence of SSE-specific legislative frameworks, in most cases they face uphill battles in overcoming barriers imposed by ill-adapted legal systems that discriminate against them vis-à-vis conventional forms of profit-maximizing economic activities and relations or misrepresent SSE entities as negligible associations without economic impact.

A positive trend, however, is the recent significant boost in legal recognition of SSE as an economic model that can address multidimensional sustainable development challenges and respond to many of the limitations of conventional profit-maximizing enterprises, such as a lack of resilience in the context of crises. This has been illustrated by the enactment of SSE-supportive legal texts which proliferated after the 2008–9 global financial and economic crisis. A comparative study of 20 developed and developing countries showed that, with few exceptions, most SSE legislation in the studied countries was adopted between 2008 and 2016 (Caire and Tadjudje 2019).

Legal recognition of SSE offers many advantages that include but are not limited to:

- easing the start-up of SSE enterprises or organizations;
- raising the visibility of SSE in the quest for transformative models that address the multiple challenges of sustainable development;
- opening the doors (beyond simple recognition) for special public support measures, such as capacity building, tailor-made financial support, preferential public procurement and better access to markets;
- reinforcing the principles of autonomy and independence of SSE organizations from government;
- bringing some degree of continuity between political cycles and
- discerning the distinct identity of SSE entities (notably their internal democratic governance, priority to social/environmental objectives and limitations on profit distribution) against “false” SSEOs, or companies that practice corporate social responsibility (CSR) but maintain profit maximization as their primary objective (Fici 2017).

The most common trajectory toward the adoption of SSE legal frameworks has been a “bottom-up” process in which growth of the SSE sector at the grassroots level precedes the adoption of SSE-specific laws. In many instances, organizations and networks within the sector working for SSE legislation play a pivotal role in the adoption of SSE laws, notably by showcasing the value of the socioeconomic and environmental dimensions of this entrepreneurial model (Poirier et al. 2018). This process can eventually lead to comprehensive SSE legal frameworks that address the dispersal and lack of coordination in policy support to different types of SSEOs or types of SSE sectors, including some that may otherwise not receive any (or only inadequate) support (Yoon and Lee 2020).

National laws on SSE are not always the first in the sequence of legislation. Depending on political and institutional context, laws on SSE can be adopted at the subnational level, sometimes as precursors to national level legislative action. It would, in fact, appear that there are two main trajectories for the adoption of SSE legal frameworks (see section 3.2 below). No matter what the sequence is, co-construction with the full involvement of the SSE movement should be central to legislative actions (see Chapter 2: Co-construction of Public Policy for SSE). Legislation deliberated and designed by governments without involving SSE stakeholders (a “top-down approach”) is possible but presents a higher risk of failure (Poirier et al. 2018; Mendell and Alain 2013). Meaningful and continuous engagement with SSEOs and a wide range of powerful as well as more marginalized stakeholders (different sectors, communities, generations and other interest groups) in the elaboration and implementation of law and policy is the best protection against failure.

SSE legislation without co-construction with SSE actors tends to produce negative impacts on SSE, including:

- excessive control by public bodies that may jeopardize the autonomy of SSE entities;
- overly restrictive legal frameworks (“straitjackets”) which can stifle flexibility in recognition of evolving organizational forms and innovative approaches;
- “isomorphism”, whereby an SSE entity moves away from its founding principles to act more like a traditional private sector enterprise;²

- “instrumentalization” of SSE as a means to promote a neoliberal agenda of reducing state responsibilities with respect to social and environmental prerogatives (Poirier et al. 2018).

2. Legal frameworks in a diverse global SSE landscape

To identify relevant laws and legal frameworks to SSE, the term SSE first needs to be clarified. We will use “social and solidarity economy (SSE)” as an operational concept to encompass a broad range of organizations and enterprises that have explicit social and often environmental objectives, and are guided by principles and practices of cooperation, solidarity, ethics and democratic self-management (UNTFSSSE 2014) (also see Chapter 1: Introduction). The concept includes the generic nature and specific local denominations (such as “social economy”, “solidarity economy”, or “social enterprises”). When referring generically to SSE entities, we use the expression “social and solidarity economy organizations and enterprises (SSEOs)”.

2.1. Common elements in laws promoting SSE

Laws in favour of SSE, or those regulating and promoting it, can be classified into laws or legal frameworks on SSE as a whole and laws or legal frameworks on specific types of SSEOs such as cooperatives. Laws promoting and regulating SSE, be they stipulated at a supranational/regional, national or subnational level, should define the nature, mission and activities of SSEOs, thus granting them recognition and visibility (OECD/EU 2017). These laws can vary in nature and scope but usually have the following features in common (Poirier 2016):

- purpose and scope of law;
- definition of SSEOs’ organizational categories and legal form or status;
- objectives, values and principles of SSEOs;
- implementation measures, such as governance structure and process, action plan and other measures (these are not always included, at least not initially).

2.1.1. Purpose and scope of laws on SSE

The purpose and scope of laws on SSE vary depending on the legal and policy vision of each government. Laws regulating and promoting SSE can be divided into two types:

- framework laws that lay down general obligations and principles but leave governing authorities with the task of enacting more specific legislation on regulating and promoting SSE; and
- laws relating to one or more specific types of SSEOE or sectors of SSE activities that stipulate specific measures to regulate and promote these.

As explained below, in practice, framework laws are not always the starting point. They often follow the emergence of specific laws that focus on particular types of SSEOEs or sectors of SSE activity.

2.1.2. Legal definitions of SSEOEs:

Objectives, values and principles of SSE

In a broad sense, two approaches to defining SSEOEs can be identified in laws (Fici 2017):

- (i) Legal incorporation of an entity as an SSEOE or a specific form thereof: For instance, in many countries organizations can register, that is legally incorporate under the status of cooperative or association, or newer statuses such as *groupement d'intérêt économique* (Senegal), or the *société à finalité sociale* (Belgium, abolished in 2019). Some laws also provide a list of enterprises and organizations subsumed under the term SSE (Cabo Verde).
- (ii) Recognition of an entity as an SSEOE when it fulfils certain requirements, regardless of its chosen form of legal incorporation: This recognition can be based on the entity's prioritization of social or environmental goals over profits, democratic decision making, or other defining characteristics of SSE. This is for instance the case in Spain.

The first is based on legal status (the legal-institutional approach). The second focuses on the compliance of operational rules with a set of values and principles (normative approach). Many existing laws use both approaches in conjunction (Caire and Tadjudje 2019).

Despite diversity in the legal definitions of SSEOEs, common definitional points include the following (Fici 2017):

- SSEOEs are legal entities established under private law and independent from the state and other public organizations.

- SSEOEs' exclusive or at least a predominant purpose is community or public interest, such as conducting a socially useful activity like integration of disadvantaged people or unemployed workers into the labour market, as determined by law either ex-ante or through a general clause.
- SSEOEs are subject to a total or at least partial constraint on profit distribution, and more generally to specific rules on the allocation of profits and assets, including at dissolution, and in case of loss of their SSE status.
- SSEOEs are subject to specific governance requirements, including the obligation to issue a social report, to involve its various stakeholders in the management of the enterprise and/or to ensure the fair and equitable treatment of its workers.

These definitional points are reflected in many aspects in current SSE laws, such as the definitional content of the Social Economy Act adopted by Quebec's National Assembly in 2013 (see box 3.2), or the SSE law adopted by the French parliament in 2014.

Based on these approaches and definitional points, laws regulating and promoting SSE legally define a wide range of SSEOEs, including:

- **Cooperatives**, which are the most representative and visible family of SSEOEs given their presence in many parts of the world (Caire and Tadjudje 2019). Their increasingly standardized status is well covered in existing guidelines on cooperative legislation published by the International Labour Office (Hagen 2012). It should be noted that in some countries, for historical reasons, cooperatives are partially discredited for their lack of autonomy, internal democracy, or social orientation (see box 10.2 in Chapter 10 on Mapping SSE: Research and Data Collection).
- **Non-profit organizations** of various forms, including associations engaged in economic activity. These can take on a variety of names depending on local contexts, sometimes reflecting traditional or customary organizations that may have much in common with cooperatives.

- **Mutuals**, which are typically formed to organize finance-related activities, such as saving and insurance schemes. In some jurisdictions, they have a distinct status, while in others, they are juridically subsumed under the status of cooperative or association (Caire and Tadjudje 2019).
- **Foundations**, which are commonly understood as a tool for one or more donors to assign resources to accomplish public interest projects without seeking profits. Again, this is not a category recognized as SSE in all jurisdictions because their management system does not necessarily fit conventional SSE criteria even if they fund SSEOs.
- **Social enterprises**, which are often required to meet certain criteria concerning their social, environmental or community objectives and use of surpluses or profits. Across the world, social enterprises are a fast-growing sector. However, it remains a source of controversy as to whether they are part of the SSE family or not due to their flexible positions on the primacy of social objectives, democratic governance (including decision making which should not be linked to the weight of held capital), and regulations to prevent or limit redistribution of profits and assets (“asset lock”). Some initiatives, such as the European Parliament’s *Resolution of 5 July 2018 with recommendations to the Commission on a Statute for social and solidarity-based enterprises*, recommend specifying under what conditions economic entities would qualify as social enterprises which could then use a “European Social Economy Label” (EP 2018).³

2.2. Effective implementation of SSE laws

No SSE laws can be effective without mechanisms to ensure compliance with their rules and regulations. Such mechanisms can include providing information about rights and obligations, but also creating incentives and other enforcement measures (Fici 2017). Many of these measures require regulation on SSEOs including for registration or certification, support, monitoring and evaluation (Caire and Tadjudje 2019).

Since policy support can often undermine the autonomy of SSEOs in management and deci-

sion making, it is essential that laws on SSE feature monitoring mechanisms that ensure their independence and shield them from unwelcome external interference. One option to prevent this is to delegate the monitoring to a non-state or semi-public intermediary support agency, or even to an SSE apex or network organization (such as a secondary/tertiary cooperative). These structures increase responsibility and accountability, as well as autonomy and independence within the SSE sector (Fici 2017; Mendell et al. 2020; Yoon and Lee 2020).

While reporting requirements are a reasonable verification tool, reducing the reporting burden is also important in the process of monitoring compliance, given their frequent and onerous demands (EP 2018).

3. SSE legal frameworks at supranational, national and subnational levels

3.1. Supranational levels

Although they are no legal frameworks at the global level, specifically within the United Nations system, there are a number of texts negotiated inter-governmentally that refer to various elements of SSE. These can provide “guidance” to member states, but they are not tools for enforcement from the top down. For instance, the International Labour Organization (ILO), the Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP), the United Nations Department of Economic and Social Affairs (UNDESA) and the United Nations Research Institute for Social Development (UNRISD), among other UN and plurilateral bodies, have taken the lead in promoting “cooperatives”, the “social economy” and more recently the “social and solidarity economy”. This includes the tripartite ILO Recommendation No. 193 (2002) on the Promotion of Cooperatives,⁴ and ILO Recommendation No. 204 (2015) on Transition from the Informal to the Formal Economy. These recommendations call for an integrated policy framework to be included in national development strategies or plans, as well as in poverty reduction strategies and budgets, taking into account, where appropriate, the role of different levels of government that should address: “the promotion of entrepreneurship, micro, small and medium-sized enterprises, and other forms of business models and economic units, such as cooperatives and other social and solidarity economy units”.⁵ The analytical and advocacy work

of the United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSE)⁶ conducted since 2013 has also played a leading role in promoting SSE in international policy circles, notably as a strategic means of implementation of the UN SDGs.

At the intergovernmental level of the United Nations, a breakthrough was the adoption of the “New Urban Agenda”, Paragraph 58, as part of the outcome document of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) held in Quito, Ecuador, in October 2016. The document officially acknowledged the need to promote an “enabling, fair and responsible business environment” and outlined the particular challenges faced by SSEOs. The “New Urban Agenda” was subsequently endorsed by the United Nations General Assembly on 23 December 2016 in Resolution A/RES/71/256. At the supranational regional level, the European Parliament’s resolution of 5 July 2018 is notable; it includes recommendations to the European Commission to introduce a Statute for Social and Solidarity-based Enterprises. In Latin America, SSE is also discussed as an add-on or a complement to capitalist economies by regional organizations such as the *Unión de Naciones Suramericanas* (UNASUR, Union of South American Nations) and the Southern Common Market (Mercosur) (Saguier and Brent 2014).

Other initiatives exclusively focusing on cooperatives have also been taken at the regional level, notably the adoption in 2010 of a Uniform Act relating to the Law of Cooperative Societies by the *Organisation pour l’Harmonisation en Afrique du Droit des Affaires* (OHADA, Organization of the Harmonization of Corporate Law in Africa). Despite its contribution to forming a common framework for SSE, the law is not sufficiently flexible to accommodate other forms of SSEOs (Caire and Tadjudje 2019).

3.2. National and subnational levels

There are no standard sequences or uniform trajectories for the elaboration, enactment and implementation of SSE laws at the national or subnational levels of government. Laws made at different levels of government function in a hierarchy, which determine how they rank in terms of authority. The authority and scope of laws of each level is determined by the constitution. The hierarchical structure of laws varies from country to country,

and often depends on the forms of government (for example, presidential or parliamentary systems) and the extent of federalism (Clegg et al. 2016).

Laws related to SSE are most often defined at the national and/or provincial levels, but there are instances where municipalities take the lead in specific domains. Enactment processes can be broadly categorized into two types (various empirical cases are described in boxes 3.1, 3.2 and 3.3).

- (i) The “cascading” trajectory, from upper level to lower level governments: when upper level governance, be it national vis-à-vis subnational governments or provincial vis-à-vis municipal governments, govern lower level governance in specific fields or matters, the laws established at the upper level legislature often set the definitions, principles and governance structure. The laws form the basis of the regulations, procedures, codes of conduct, guidelines, instructions and policies for the line ministries and subnational government. When subnational governments have powers and competences derived from the constitution or national laws, they can establish their own SSE laws reflecting local conditions and matters. The subnational laws should be within the scope authorized by the national level laws.
- (ii) The autonomous trajectory of lower level governments: In some countries, the constitution grants powers to, and recognizes competence of, lower level governance in specific fields based on principles stipulated in the constitution on the assignment of responsibilities such as self-government, legality, general competence clause, subsidiarity and delegation of competences. When lower governance has the power and competences derived from the constitution, it can establish its own laws even without prior law-making at the higher level. The interactions between national and local governance including cooperation, information sharing, consultation, guarantee of financial sufficiency, and monitoring often influences the legislation and implementation at lower levels of governance (CDLR 2007).

Box 3.1. The “cascading” trajectory in Mexico

At the top of the legal structure on SSE in Mexico is Article 25 of the 1917 Political Constitution of the United Mexican States, which declares the intention to establish laws on the social sector of the economy or SSE in a broad sense. It has since served as the basis for the promotion and encouragement of public policies for SSE.

In line with the 1917 Constitution, a wide range of organizational or economic sector-specific laws have been adopted (or adapted) in relation to SSE. In 2006, a revision of the Constitution enabled Local Congresses to enact laws for the promotion of cooperatives and subsequently paved the way for Mexico City to enact that same year the *Ley de Fomento Cooperativo para el Distrito Federal* (the Law to Promote Cooperativism in the Federal District). In 2012, a general law for all SSE entities, the Social and Solidarity Economy Law, was enacted to implement Paragraph 7 of Article 25 of the Constitution on the social sector of the economy. It defines the rules for the organization, promotion, encouragement and strengthening of the sector, as well as the responsibility of the state for promoting and encouraging it (Rojas Herrera and Cañedo Villarreal 2020).

Box 3.2. The autonomous provincial trajectory in Canada

Quebec and Montreal, Canada

At the federal level, Canada does not have a legislative framework related to SSE. However, at the provincial level, in 2013, Quebec’s National Assembly unanimously adopted the Social Economy Act. This legislation enforces interministerial collaboration and obliges all ministries to integrate the social economy in the elaboration of new public policies and programmes. It also enshrines long-standing stakeholder dialogue and partnership in law to represent the diversity of the social economy across sectors and target populations. As the implementer of a provincial-level driven legislative process, the Government of the City of Montreal developed a significant relationship with the social economy and created mechanisms to support it. For example, within its policy framework, municipalities are legally authorized to invest directly in certain enterprises and in particular solidarity enterprises, which opened the way to financial partnerships with social economy enterprises. For example, municipalities are legally authorized to invest directly in certain enterprises and in particular solidarity enterprises, opening the way to financial partnerships with social economy enterprises (Mendell et al. 2020).

Box 3.3. Municipal initiative in Seoul

Although in Republic of Korea there is a plethora of legal instruments that define and regulate different dimensions and categories of SSEOs at the national level, there is not yet a unifying statute that encompasses the entirety of the Korean social economy. Bills for the Framework Act on Social Economy, a legislative draft aspiring to provide a comprehensive legislative basis for the entire social economy across Korea, have been submitted to the National Assembly and are still in review process as of September 2020. However, the City of Seoul took the lead in 2014 by enacting the Framework Ordinance on the Social Economy, along with the Municipal Ordinances on Public Purchases and Marketing Support of the Products of Social Economy Enterprises and on Public Procurement for Realization of Social Values. According to the authors of the case study on which this report is based, “the early enactment and effectuation of these laws in Seoul have inspired numerous other local governments as well as the national legislature to motion and enact similar statutes” (Yoon and Lee 2020:8).

Several overviews of existing legislation on SSE and specific types of SSEOs have been put together in recent years. The ILO has for instance produced an online directory of national cooperative laws⁷ and socioeco.org, an initiative by RIPESS, features an inventory of SSE-related legislation in the original languages on its website.⁸ Although these initiatives do not cover all the countries and subnational territories that have passed various forms of SSE laws, they provide an excellent database of SSE-related legislation of many countries, including Argentina (provincial and municipal levels), Brazil (only laws at state (provincial)/municipal level), Colombia, Ecuador, France, Greece, Italy (provincial and municipal levels), Luxembourg, Mexico (see box 3.1), Portugal and Spain, as well as Quebec Province in Canada (see details in box 3.2).

Concerning SSE framework laws, there are some more recently documented examples. For instance, the City of Seoul enacted a Framework Ordinance on the Social Economy in 2014, before SSE-related bills were motioned at the National Assembly (see box 3.3). Besides the Republic of Korea, other countries

that are in the process of adopting comprehensive SSE legislation (at various stages of advancement) include Cameroon, Mali, Mexico, Morocco, South Africa and Tunisia.

4. Guidance on developing SSE legislative frameworks

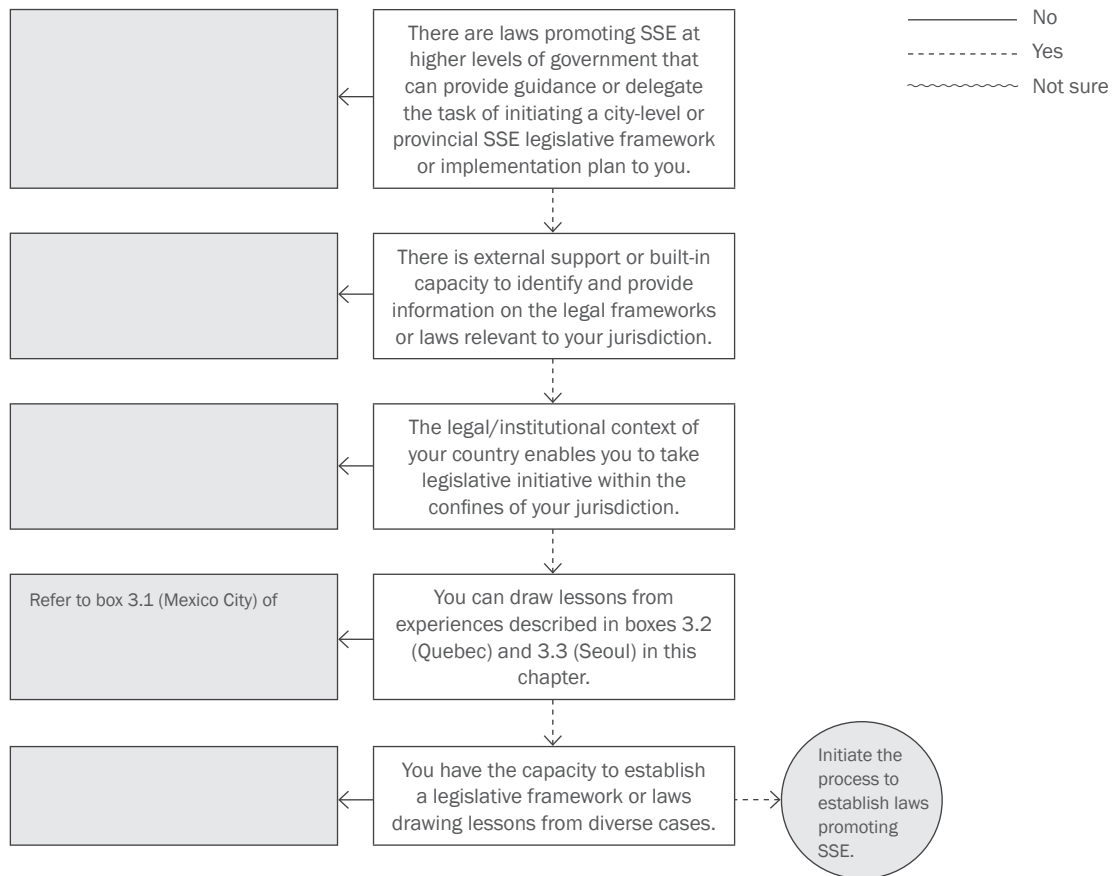
This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening existing laws promoting SSE and/or policy frameworks within their respective contexts and spheres of influence even beyond the subnational level, in a spirit of co-construction with SSE stakeholders and other relevant actors. For information on how to use this guidance, consult box 1.3 in the Introduction.

There are two main starting points for developing legislative frameworks:

- initiating the process (see section 4.1);
- improving existing legal frameworks (see section 4.2).

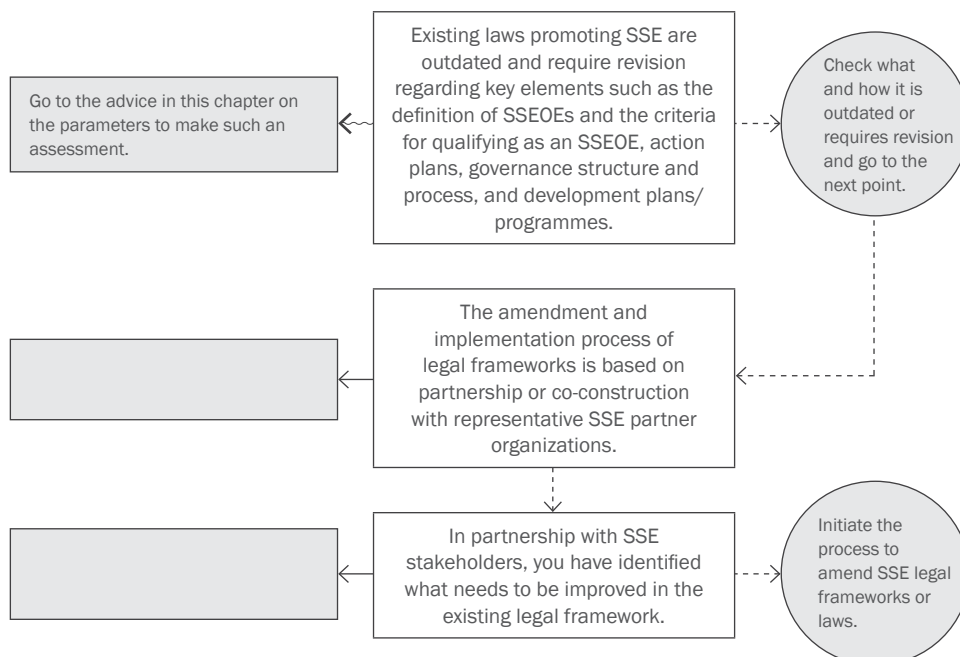
4.1. Initiating the process

To initiate a process of establishing a legal framework for SSE, check whether:



4.2. Improving existing legal frameworks

To improve your existing SSE legal framework, check whether:





1. Introduction

Well-crafted, comprehensive and adaptive development plans and programmes are essential for creating a favourable environment for scaling-up grassroots SSE initiatives within a given territory. It is important to distinguish between two separate but complementary development plan types which will be outlined in this section: (i) a national or subnational development plan that can feature SSE as a core element to achieve defined social and environmental goals; and (ii) an SSE-specific comprehensive development plan that focuses on developing the SSE ecosystem through government action across ministries and departments. Both can facilitate the consolidation of SSE ecosystems, allowing different interventions (such as capacity building and training, access to finance and markets, awareness raising and data collection) to complement each other and mutually reinforce their overall impact over time.

There are a variety of pathways to integrate SSE into development plans or strategies and to establish SSE-specific comprehensive development plans. Various SSE-related policies and programmes which predate the adoption of national development plans can help shape the latter with SSE as a critical element to achieve a host of socioeconomic and environmental

goals. Laws regulating and promoting SSE, which institutionalize legal recognition and policy support for SSE, also help to shape development plans by featuring SSE and related elements as critical components (see Chapter 3: Legal Frameworks for SSE). In some cases, where SSE legislation is absent or inadequate, it is possible to design development plans in which one objective is to promote a process toward adopting new SSE laws as a means to consolidate the sector, as is the case in Mali (Poirier et al. 2018).

When integrating SSE in development plans, a key challenge is transcending sectoral ministerial or departmental remits effectively. Programmes promoting SSE which address multiple goals at the same time can be easily integrated into a broad development plan or strategy. The diversity in organizational forms and sectoral focuses of SSE usually cuts across ministerial or departmental remits within governments at different levels. In this sense, SSE is a “template for policy innovation” capable of “governing in complexity” and finding pragmatic ways to overcome the tendency of government institutions to “operate in silos” (Mendell and Alain 2013).

In this process of integrating SSE into development plans or strategies, it is vital to follow a “mainstreaming” approach for SSE rather than one that could lead to its “ghettoization”. Co-construction of public policy for SSE, and including SSE actors with a strong negotiation capacity, is crucial to the mainstreaming of SSE (Mendell and Alain 2013) (See Chapter 2: Co-construction of Public Policy for SSE). In this sense, United Cities and Local Governments (UCLG), an international umbrella organization for cities, local and regional governments and municipal associations worldwide, has identified SSE as one of its strategies to promote local sustainable development, describing SSE entities as representing a “great opportunity” and “potential allies” of local and regional governments in driving local economic development (LED) strategies (UCLG 2016).

2. Integrating and mainstreaming SSE in development plans and programmes

2.1. Issues directly related to SSE in development plans

Development plans or strategies at various levels of government generally set out sectoral priority areas in which SSE can play a significant role in achieving multiple goals. These commonly include: increasing decent work opportunities, particularly for vulnerable groups and workers/self-employed entrepreneurs in the informal economy; improving the delivery of social services, cooperative housing and real estate development; promoting more sustainable forms of agriculture and better access to food; empowering women; strengthening sustainable tourism, as well as arts and crafts; waste recycling and the preservation of forests, among many others.

Irrespective of which specific sectors are given priority, policies and programmes to realize the objectives of development plans through the promotion of SSE may include the following issues:

- a well-coordinated governance mechanism based on co-construction (Chapter 2: Co-construction of Public Policy for SSE);
- as appropriate, inclusion of the promotion of an adequate (or more adequate) legal framework for SSE (Chapter 3: Legal Frameworks for SSE);
- capacity building and training services (Chapter 6: Capacity Building for SSE);

- access to finance (Chapter 7: Access to Finance for SSE);
- access to public markets (through preferential procurement) and private markets (with conventional and SSEOs and consumers) (Chapter 8: Access to Markets for SSE);
- communications, advocacy and awareness raising (Chapter 9: Awareness Raising and Advocacy for SSE);
- data collection, monitoring and evaluation (Chapter 10: Mapping of SSE: Research and Data Collection).

These elements are also closely related to common components of an ecosystem to promote SSE. When integrating SSE into a development plan, SSE stakeholders need to pay careful attention to all of the issues relevant to their context-specific ecosystem for SSE.

2.2. Coordination and implementation of development plans for SSE

Local government engagement in a coordination process of administrative or supervisory authorities at the national and subnational levels is crucial to integrating and mainstreaming SSE in development plans or strategies. Local governments can participate in such processes of coordination through three main channels:

- First, through an existing ministry with a new mandate related to SSE. Typically, national governments (in some cases local governments) assign the SSE portfolio to a specific ministry (or department) to drive the process of implementation, with the task of coordinating with other relevant parts of government. In many countries, the ministry of labour is in charge; in others, responsibility can fall to ministries dealing with economic affairs, or ministries which may cover issues related to family, community, tourism, arts, agriculture, social development and human rights (Caire and Tadjudje 2019).
- Second, through a public agency and/or administration established for SSE, such as the National Institute of Social Economy within the Ministry of Economy (Mexico); the National Institute for Popular and Solidarity Economy (Ecuador); the National Administrative

Box 4.1. Integrating and mainstreaming SSE in development plans and programmes in multiple contexts: Brazil, Quebec and Durban

Brazil

The National Secretariat for Solidarity Economy (SENAES) within the Ministry of Labour and Employment was created in 2003, pursuant to demands of the Brazilian SSE movement that had earlier constituted the Brazilian Solidarity Economy Forum (FBES). The FBES has an extensive national structure, comprising numerous states and municipalities and a well-developed system for conducting multistakeholder policy dialogues at federal, state and municipal level. It became the prime SSE interlocutor with SENAES.

Institutionalization of SSE deepened through the creation of other entities, including the Public Centres for Solidarity Economy to promote the marketing and consumption of SSE products; and the National Council for Solidarity Economy, bringing together representatives of multiple state institutions and civil society with the objective of mainstreaming SSE within the state apparatus and promoting the co-construction policy approach.

Various activities undertaken by SENAES were incorporated into the four-year national development plan of the federal government. Considerable attention was paid to designing and implementing SSE public policies at state and municipal levels, notably through regional development programmes to address spatial inequalities. One major example was the Programme for Regional Development, Territorial Sustainability and Solidarity Economy, which was an integral part of the 2012–2015 National Pluriannual Plan. This programme led numerous municipal and state governments to introduce laws and establish councils and funds to support SSE (Utting 2017).

With the change in federal government, SENAES was abolished by decree No.9764 of January 2, 2019. Nevertheless, the above mentioned SENAES programme leading to SSE laws at subnational level enabled a number of states to maintain SSE support programmes, even if SENAES federal level programmes were cut.

Quebec

Quebec's Social Economy Act of 2013 legally requires the Quebec government to adopt a Social Economy Action Plan. An initial five-year plan, adopted in 2008 in collaboration with social economy actors, was the basis to argue for the inclusion of five-year action plans in the 2013 legislation. A second Action Plan was adopted for the period 2015–2020. The key objectives are building the capacity of social economy enterprises and promoting their growth, particularly by facilitating their access to markets and social finance. The social economy must now be included in public policy measures and programmes across all government ministries by law. The Ministry of Economy and Innovation is responsible for coordinating implementation. Several ministries have responded in different ways to the framework law by:

- (i) adopting action plans specifically for the social economy;
- (ii) recognizing the role of the social economy in related action plans; and
- (iii) adding the social economy to the mandate of an existing unit or creating administrative units dedicated to the social economy to support social economy enterprises financially and otherwise.

For example, the Ministry of Environment and Climate Change adopted a Sustainable Development Strategy 2015–2020, which provided support for the development of social economy enterprises contributing to the transition to a green and responsible economy. Furthermore, the Ministry of Labour, Employment and Social Solidarity, in its action plan on sustainable development 2016–2020, identifies supporting the development of the social economy in Quebec as one of its goals, including the training of 3,400 home-care workers by 2020 (Mendell et al. 2020).

Durban/eThekweni Metropolitan Municipality (eTMM)

The municipal Inclusive Development Plan (IDP) aims to provide opportunities for the development of SSE within the context of developing the Metropole more broadly. The Cooperative Unit of eTMM recommended that its cooperative development efforts be part of this broader plan. The success in the development of cooperatives in eTMM can be found in the municipality's role as a catalyst in co-constructing policy with all stakeholders. Apart from involving all the relevant line departments within the municipality, all government departments involved with cooperatives such as Agriculture, Social Development Economic Department, Tourism, Trade and Industry and Finance were consulted, along with other key stakeholders such as small business development agencies and umbrella cooperative organizations. Streamlining and consultation with all stakeholders contributed to the success of the eTMM's policy co-construction process and the implementation of the policy (Steinman 2020).

Department of the Solidarity Economy (Colombia); the Directorate for SSE within the Ministry of Labour and Social Security (Costa Rica); the Korea Social Enterprise Promotion Agency (KoSEA) under the Ministry of Employment and Labour (Republic of Korea); or the National Secretariat for Solidarity Economy (SENAES) within the Ministry of Labour and Employment (Brazil).

- Third, in the absence of ministries or public agencies specifically designated

to work and coordinate policy for SSE in an interministerial manner, local governments can convey desired development plans or strategies through ministries responsible for affairs relevant to SSE with the goal of eventually participating in the coordination or co-construction and co-production of those plans or strategies. They may cover agriculture, forestry and fisheries or small and medium enterprises (SMEs), among others.

Effective integration of SSE in the coordination and implementation of development plans or strategies in significant part depends on the local SSE movements, whose representatives need, to various degrees, to be involved in the co-construction of appropriate policies and programmes and their implementation. Good examples of integrating and mainstreaming SSE in development plans in multiple contexts and levels of governance are described in box 4.1.

2.3. Essentials for integrating SSE into a development plan

Common SSE-related elements found in development plans are:

- mapping of the SSE landscape in the given territory (which can include numbers and types of SSEOs and their sectoral areas of focus);
- information on SSE-specific development strategies or plans (see the next section);
- information on the implementing entities of government and partner SSE organizations in the execution of the development plan or strategy;
- information on the budget implication of SSE for a development plan or strategy; and
- plan and methodology for monitoring and evaluating SSE performance against agreed targets and criteria (drawn from Poirier et al. 2018).

3. Development of SSE-specific development plans or strategies

SSE-specific development plans or strategies aim to develop SSE comprehensively through coordinated action across ministries and sectors. They can cover a wide range of components, including the recognition, promotion and development of SSEOs, scale-up, digitalization and upgrade of operational, business and managerial models, promoting gender equality in the sector and attracting a new generation of social entrepreneurs as innovators.

They also shape wider national or subnational development plans to incorporate the role and impact of SSE as a core element to achieving economic, social and environmental goals such as decent work creation, poverty reduction and rural development through social policies such as microfinance, supporting SMEs and informal economy workers, public work programmes and environmental protection programmes (Utting 2017).

With goals related to mobilization of local resources and community development, both SSE-specific development plans or strategies and national or subnational development plans can create mutually reinforcing dynamics (OECD 2020).

SSE-specific plans or strategies are more effective in terms of implementation when they are designed through a co-construction process with organizations representing diverse SSEOs in terms of type, sector and size. Particularly when co-constructed, they contribute to integrating siloed approaches of different ministries and departments into coherent and concerted actions since the promotion of diverse SSEOs requires government policies and programmes to reflect the following priorities:

- a broader range of policy support mechanisms;
- a shift from a sectoral approach targeting one or a few particular types of SSE actors to a more holistic approach that recognizes the concept and role of SSE in national development plans and programmes;
- efforts to improve policy coordination, including intersectoral policies that require the intervention of several administrative entities;
- diverse mechanisms to scale up SSE at national or subnational levels;
- diverse territorial contexts to which policies should be adapted; and
- a participatory process involving a diverse range of SSEOs in policy co-construction (UNRISD 2016; Utting 2017).

The city of Barcelona's SSE development plan provides a good illustration of the unfolding of a municipal level initiative that reflects many of the above elements (see box 4.2).

3.1. Challenges and drawbacks

3.1.1. Ensuring continuity between political cycles

The construction of an effective SSE ecosystem including a development plan or strategy requires commitment to a long and slow process that is likely to outlast changes in political leadership. Laws on SSE can help "lock-in" state support to implement development plans for SSE (See Chapter 3: Legal Frameworks for SSE). Measurable targets which showcase the difference that SSE policies can make on the ground may be required to safeguard the

Box 4.2. Plans to boost SSE in Barcelona and Seoul

Barcelona

As described in Chapter 2: Co-construction of Public Policy for SSE, the city of Barcelona invested in a broad, inclusive and ongoing process of policy co-construction for its 2016–2019 SSE development plan: Pla d'Impuls de l'Economia Social i Solidària (PIESS). The plan endorsed SSE as one of the main focuses of socioeconomic and cultural development within the territory, and accordingly holistically included its content in the development policy of the city. The two umbrella objectives of the plan were Impetus and Reinforcement:

- Impetus included efforts to raise awareness/general social recognition of SSE and efforts to promote and enable the creation of new SSE initiatives and the transformation of conventional businesses into SSE bodies or an approximation of them.
- Reinforcement included measures to reinforce and improve SSE initiatives and their organizational and economic structuring.

To implement these two general objectives, the plan was presented as six lines of work involving the relevant assigned government bodies:

- (i) mentoring and training;
- (ii) funding;
- (iii) cooperation (among stakeholders);
- (iv) communication and reporting;
- (v) facilities and resources;
- (vi) territorialization and community action.

Each line of work was further defined into more specific objectives as goals and concrete actions to be realized in the period 2016–2019. The plan also included follow-up and evaluation elements which involved both quantitative and qualitative assessments through participatory processes (Chaves-Avila et al. 2020).

Seoul

The Seoul Metropolitan Government launched the Social Economy Promotion Plan 2.0 in April 2019. Plan 2.0 sought to develop the social economy, address the needs of citizens by reforming co-construction partnerships such as the Public-Private Policymaking Partnership for the Social Economy in Seoul (PPPPSES) and to boost the social safety net through the establishment of a mutual aid association.

Among other programmes introduced as part of the plan to tackle social problems through SSE, three programmes are noteworthy:

- (i) *The living together project*, which aimed to establish self-help groups in apartment buildings with five or more residents. Self-help groups would develop solutions for social problems in their residential communities in cooperation with resident councils, social economy enterprises and intermediary organizations. More than 150 households were targeted.
- (ii) Supporting local SSEOs in the establishment and provision of local social care services in some districts of Seoul which included meal deliveries, house maintenance and transportation for the less able or elderly.
- (iii) Establishing and supporting technical schools for residents in which skills linked to SSEOs are taught. The programme aims to support residents' creation of SSEOs and employment in SSEOs.

The Seoul Metropolitan Government supported mutual aid groups or self-help groups organized by citizens themselves. These groups supported various schemes to finance SSEOs such as through social impact bonds and the Social Investment Fund (see box 7.1 in Chapter 7: Access to Finance for SSE). Although these are managed by the private sector, the Seoul Metropolitan Government assisted in their establishment and funding (Yoon and Lee 2020).

continuity of the development plan or strategy for SSE through higher visibility in the development agenda. Achieving such targets may help convince opposition parties of the merits of SSE and increase chances of continued political support of SSE promotion policies. Italy and Quebec are a case in point since they enjoy continuous political support, albeit to different degrees, regardless of the frequent rotation of parties and leaders in power

because of their good performance in addition to the organizational power of SSEOs (Utting 2017). Effective communication and advocacy strategies, as well as effective data collection and evaluations of actual performance and impact, are therefore a necessary element to ensuring continuity between political cycles (see Chapter 9: Awareness Raising and Advocacy for SSE and Chapter 10: Mapping of SSE: Research and Data Collection).

3.1.2. Ensuring efficient administrations

Plans set forth with good intentions may fail to deliver due to excessively complex, rigid and non-transparent administrative procedures, or mismanagement by officials in public administrations, ranging from “top-down” methods and dysfunctional management, to corruption and clientelism. Other risks include under-resourced staff, politically motivated mass lay-offs of experienced staff and the recruitment of new staff lacking experience and understanding of SSE. The design and implementation of a development plan needs to go hand in hand with administrative reforms to address these issues, including training of staff, measures to employ accumulated institutional knowledge and experience, simplifying paperwork, greater transparency, strengthened decision-making capacity of partner SSE organizations and regular evaluation of the programmes by institutions external to the implementing entity (Utting 2017; Rojas Herrera and Cañedo Villarreal 2020).

3.1.3. Addressing a lack of policy coherence

Another major challenge in promoting SSE through development plans or strategies is the achievement of policy coherence through coordination within the government. Given that SSEOs are active in sectors as diverse as agriculture, housing or health provision, they will naturally fall under the responsibility of different ministries and administrative departments, in federal governments as well as different territorial jurisdictions. Ensuring that all government units work with the same understanding of SSE and are aware of one another’s efforts to promote SSEOs is a challenging but essential task. Therefore, interministerial coordination boards (ideally with the participation of SSE representatives) or similar bodies can limit risks arising from conflicting expectations on the part of different sectors and SSEOs, or from different promotion measures that cancel each other out.

3.1.4. Resource constraints

Resource constraints remain a pertinent problem in implementing development plans or strategies, particularly in low-income countries. These constraints are often driven by conflicting policies undertaken by parts of the government (usually not working directly on SSE policies), who may favour core features of neoliberal policies, namely downsizing of the state apparatus, stricter fiscal discipline and controls over public spending (Utting 2017). This phenomenon can also affect richer

countries such as Spain, which did not follow up on the promotional measures contained in its 2011 law for the social economy due to political priority being given to implementing austerity policies (Chaves-Avila et al. 2020).

Support for SSE can, however, find its way even into tight budgets when the right arguments are put forward through proactive communication and advocacy among the general public and the most influential parts of government. As was demonstrated in Chapter 3: Legal Frameworks for SSE, it was precisely in the aftermath of the global financial crisis that the number of SSE laws began rising exponentially. After the global financial crisis, which revealed the devastating consequences of neoliberal policies, arguments for SSEOs as socially equitable and more resilient economic entities in the context of crisis attracted the attention of policy makers. The role of SSEOs in delivering social services and basic necessities in local communities during the Covid-19 lockdown can also be a strong element of policy arguments for SSE when faced with scarce budgets (Barco Serrano et al. 2019).

4. Guidance on mainstreaming SSE in development plans and programmes

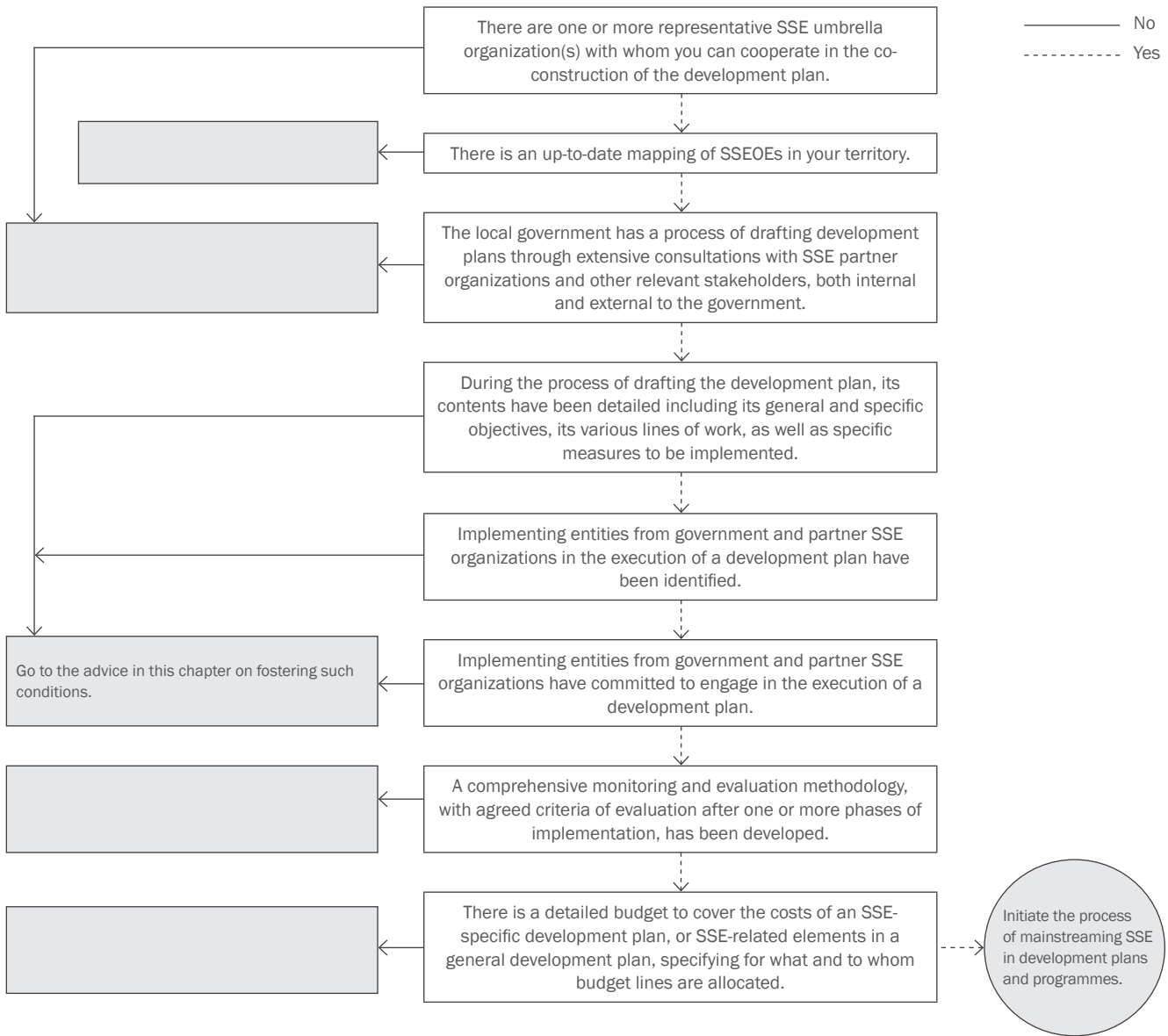
This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening the mainstreaming of SSE in development plans and programmes within their respective contexts, in a spirit of co-construction with SSEOs and other relevant stakeholders. For information on how to use this guidance, consult box 1.3 in the Introduction.

There are two main points of departure in mainstreaming SSE in development plans or strategies:

- initiating the process (see section 4.1);
- improving or updating existing development plans (see section 4.2).

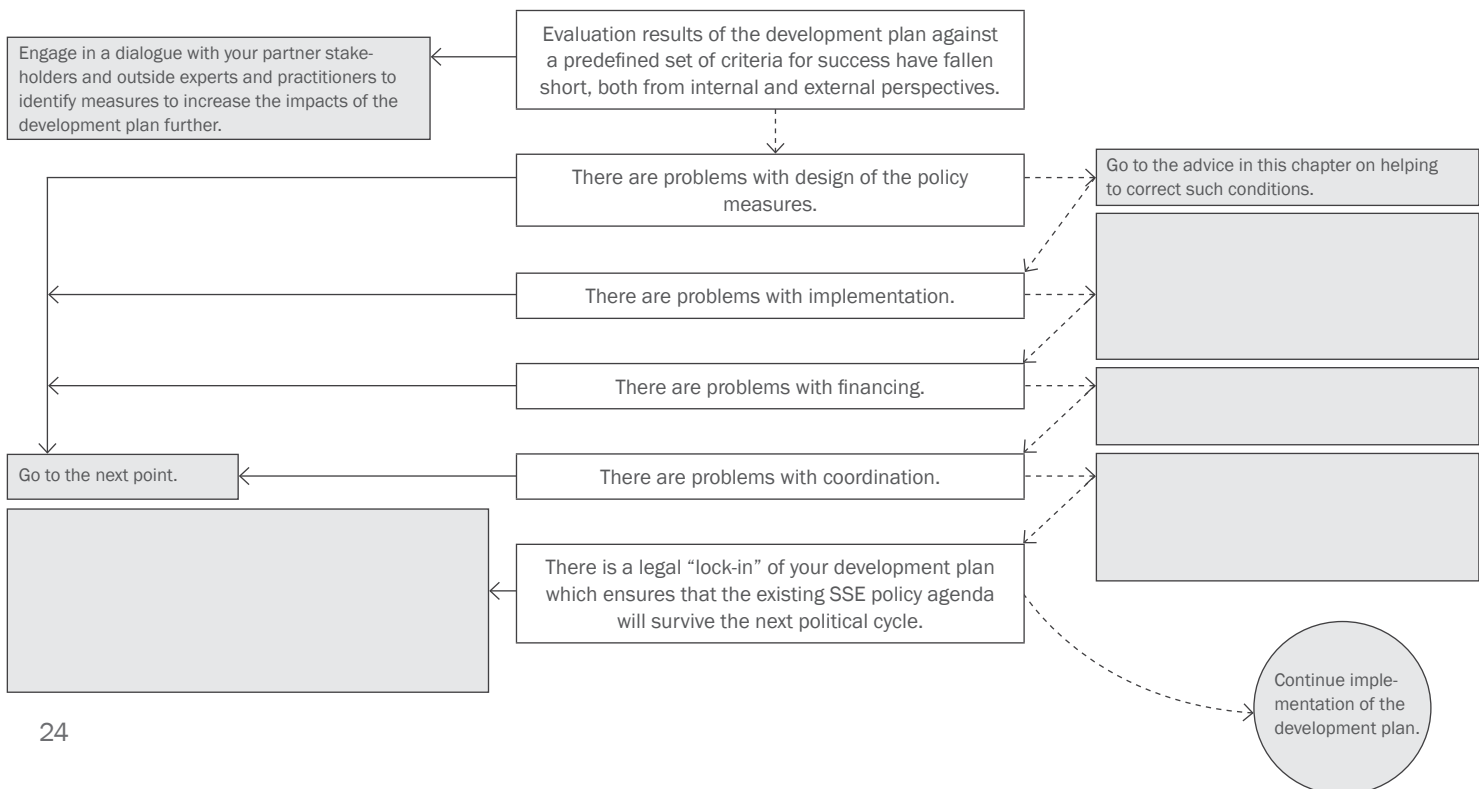
4.1. Initiating the process

To initiate a process of mainstreaming SSE in development plans and programmes, check whether:



4.2. Improving or updating existing development plans

To improve or update your existing efforts to mainstream SSE in development plans, together with SSE partners, check whether:





CHAPTER 5

Supporting Organizations for SSE

1. Introduction

A supporting organization for SSE is a specific type of organization established by the public or private sector, or through a public-private partnership, that undertakes a variety of supporting activities directly affecting the SSE, such as design and implementation of legislation on SSE, development plans and strategy, and public policies for SSE, as well as other services not directly linked to government action. The key feature of a supporting organization is a strong relationship with SSEOs. There are diverse forms of supporting organizations in both the public and private sectors at different levels of governance. They include but are not limited to specific ministries or departments in charge of SSE and intermediary agencies and research centres working on SSE.

To be effective, supporting organizations on the side of public authorities must work in partnership with SSE umbrella networks and organizations for implementation. These networks and organizations are often involved in the co-construction of SSE laws, development plans and programmes (See Chapter 2: Co-construction of Public Policy for SSE and Chapter 4: Mainstreaming SSE in Development Plans). After the “co-construction” of policies, that is, the multistakeholder process of policy design, such partnerships are also essential for the implementation of policies, or “co-production” (Mendell and Alain 2013).

An essential role in the co-construction and co-production of SSE policies is typically played by so-called intermediaries, a form of supporting organization at the intersection of the SSE movement and public policy actors. Their activities, aimed to mediate between SSE actors and the government, include the following:

- mobilizing and representing SSEOs and multiple SSE sectors’ interests;
- reinforcing the common identity and values of SSE;
- educating policy makers on the specificities and diversity of the SSE sector;
- helping SSE enterprises to navigate the policy environment;
- analysing the impact of existing government measures on SSEOs;
- contributing to capacity building at various stages of organizational/enterprise development;
- identifying and disseminating best practices and the conditions under which these can be replicated; and
- facilitating SSEOs’ access to finance and markets (including financial mechanisms adapted to SSE specificities and ways to tap into public and private markets) through financial and technical support (Mendell and Alain 2013).

2. Types of SSE supporting organizations

Depending on the degree of public sector involvement, supporting organizations have one or multiple characteristics of the types shown in figure 5.1, defined by their relationship with the public or private sector

2.1. Government ministries and departments supporting SSE

Supporting organizations within the government are a part of the government that works with SSE. They can be created at various levels of governance. Examples of national and local level organizations include:

- the National Secretariat for Solidarity Economy (SENAES) which was established under the Ministry of Labour and Employment in Brazil in 2003;
- the Korea Social Enterprise Promotion Agency (KoSEA), established under the Ministry of Employment and Labour in the Republic of Korea in 2011;
- the Commission for the Cooperative, Social and Solidarity Economy of Barcelona City Council, which was set up as a driver and catalyst for PIESS, the impetus plan for the SSE (2016–2019), notably through one of its main agencies, Barcelona Activa (see box 5.1);
- Mexico City’s Ministry of Labour and Employment Promotion (MoLEP), which was responsible for the implementation of the city’s 2016 SSE programme entitled “Support for the Development of Cooperative Societies in Mexico City (MXC 2016 Cooperatives)” through the General Directorate of Employment, Training and Cooperative Promotion (see box 5.1).

2.2. Intermediaries between government and SSE

Supporting organizations that play the role of mediator or agent between the government and SSE sector are commonly called intermediaries. They

facilitate and coordinate the flow of information between governments and SSEOs and contribute to creating and improving the SSE ecosystem. They suggest innovations and initiate changes in the SSE ecosystem as a broker or middle agent between the government and SSEOs. Most intermediaries are autonomous and independent in terms of their organizational relationship. Even if they are established by the government, they have a certain degree of autonomy and independence from government. One example of a quasi-governmental agency is the Council of Local Governments on the Social Solidarity Economy (CLGSSE), a coalition of 47 heads of local government in the Republic of Korea that aims to revitalize local communities by promoting the social economy.

The most common type of intermediaries are those established by the private sector or public-private partnerships. Examples include:

- the *Chambres Régionales de l’Économie Sociale et Solidaire* (CRESS) in France, whose Observatory is coordinated by the *Conseil National des CRESS* (CNCRESS) in partnership with institutions of the French national government;
- the *Observatorio Español de la Economía Social* and the *Confederación Empresarial Española de la Economía Social* (CEPES) in Spain;
- the Social Policy Observatory of Malopolskie and the Social Economy Development Academy in Krakow, Poland;
- the *Fórum Brasileiro de Economia Solidária* (FBES) in Brazil;
- the *Comité Sectoriel de Main-d’œuvre–Économie Sociale Action Communautaire* (CSMO-ESAC), in Quebec;
- *Chantier de l’économie sociale* and the Quebec Council of Cooperatives and Mutual Associations in Canada (see box 5.2); and
- the Seoul Social Economy Centre (SSEC) in the Republic of Korea (see box 5.2).

Figure 5.1. Types of relationship between supporting organizations and government



Box 5.1. Governmental supporting organizations in Barcelona and Mexico City

Barcelona

A key supporting organization for implementation of PIESSE, Barcelona's impetus plan for the SSE (2016–2019), is Barcelona Activa, a municipal entity devoted to employment and local development. Among its strategic lines of action, Barcelona Activa aims to achieve "facilitation of the plural economy, promoting SSE, collective entrepreneurship and social innovation". Barcelona Activa has been rolling out this line of action using Economic Development Plans in larger districts of the city, particularly focusing on aspects related to advice and training on SSE, which doubled in 2016–2018. Half of the participants taking part in its SSE-related actions and services did so for the first time, demonstrating a growing interest in SSE within the city through successful outreach.

Barcelona Activa also manages a new municipal facility called InnoBa, inaugurated at the end of 2018. It is the reception and orientation point for SSE projects and offers activities, specialist services, research, training, and spaces for experimentation and incubation for SSE and socioeconomic innovation (Chaves-Avila et al. 2020).

Mexico City

The Ministry of Labour and Employment Promotion (MoLEP) of Mexico City is an example of a government ministry supporting SSE development. MoLEP is the responsible body for the implementation of the Ministry's 2016 SSE programme entitled "Support for the Development of Cooperative Societies in Mexico City". The programme aimed to promote the formation of new cooperative societies as well as strengthen and consolidate those already operational. For that purpose, MoLEP facilitated cooperatives' access to markets by providing them with specialized technical assistance and economic resources. Implementation of the programme involved a combination of screening tests, SSE training and technical and financial support. However, according to Rojas Herrera and Cañedo Villarreal (2020), the implementation process has been negatively affected by:

- an abrupt change in personnel and trainers after a change of government;
- termination of the agreement with a highly reputed university that implemented the training programmes; and
- termination of a long-standing agreement between the Government and the cooperative movement, the Consultative Council of Cooperative Promotion of the Federal District (CCCPFD).

These changes led to a significant decline in the number of trainers under the agreement with the new partner (a jobs training institute attached to the Secretariat of Labour and Social Welfare). Two thirds of the instructors who were newly recruited by the new government had little or no experience in the field, which resulted in a sharp decline in the quality of the technical assistance. Termination of the agreement with the university running the training programmes and the CCCPFD also negatively affected implementation. For instance, abrupt termination of the agreement with the latter in June 2015 removed the "co-construction" dimension of the city's SSE programme and led de facto to an at least temporary transition to a "top-down" implementation approach since the agreement had been the basis for enabling an institutional space for dialogue and decision making on public policy for government and SSE actors (Rojas Herrera and Cañedo Villarreal 2020).

A broad coalition of actors and initiatives, including SSEOs and social movements, is essential for the success of SSE in establishing better collaborative relations with the government, creating innovative SSE initiatives—especially in the informal economy—and creating and occupying policy spaces. Good examples of intermediaries with a broad coalition include: the Participatory Area of Barcelona, the *Chantier de l'Economie Sociale* of Quebec and the FBES of Brazil.

Intermediaries in the form of networks can also represent a specific type of SSE organization such as cooperatives, or multiple types of SSE organizations under the rubric of SSE. Examples of the former include cooperative federations or sectoral organizations such as the Federation of Community Forest User Groups, Nepal, and the *Coordination Nationale des Organisations Paysannes* in the agricultural sector, Mali. The Seoul Social Economy Network with various SSEOs as members is an example of the latter. Intermediaries that exclusively deal with one type of organization usually cannot address the concerns of other types of SSE organizations. The extent to which intermediaries are able to work for

diverse types of SSE organizations influences the development of public policy (Mendell and Alain 2013). Governments need to select partners in ways which increase the possibility of collaboration and mutual reinforcement among a wide range of SSE actors.

3. Guidance on supporting organizations for SSE

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening the deployment of supporting organizations for SSE within their respective contexts, in the spirit of co-construction with SSE entities and other relevant stakeholders. For information on how to use this guidance, consult box 1.3 in the Introduction.

This guidance covers:

- initiating the process of creating supporting organizations (see section 3.1);
- improving existing institutional deployment (see section 3.2).

Box 5.2. Examples of intermediaries in Seoul and Quebec

Seoul

The Seoul Social Economy Centre (SSEC), a leading SSE support intermediary agency, was founded in January 2013 as a public-private partnership with the Seoul Metropolitan Government. Non-governmental organizations had been proposing to shift the focus of the existing municipal SSE policy from providing temporary financial support for individual SSEOs to fostering a sustainable SSE ecosystem conducive to their cooperation. The Seoul Metropolitan Government responded to this by adopting “Seoul Economy Growing on Inclusion and Solidarity” as its main economic policy vision to foster this ecosystem. It laid down plans for the SSEC and commissioned one of its partner organizations, the Seoul Social Economy Network, to run the new centre.

The SSEC’s tasks include:

- identifying SSEOs and providing support for SSE actors;
- identifying and supporting the development and dissemination of SSE business models;
- providing management consulting and marketing support for SSEOs;
- fostering online and offline hubs for networking among SSE actors;
- facilitating public procurement of SSE products;
- researching and proposing SSE policy measures; and
- undertaking other SSE-relevant projects.

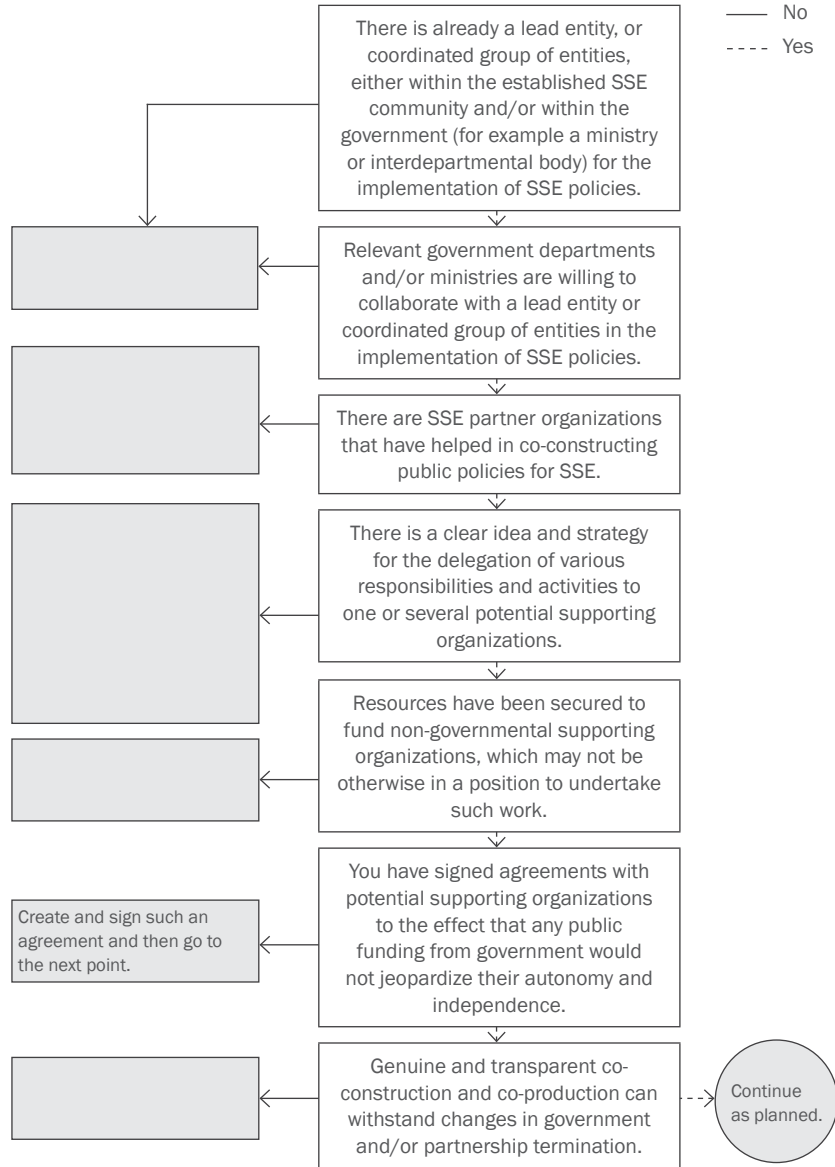
The centre also promotes local SSE development strategies as a solution to regional disparities and actively supports the creation of similar centres in self-governing districts in the context of their own local agendas. As a result, 23 of the 25 districts of Seoul by early 2020 had their own social economy networks and centres under SSEC coordination. In spite of these very positive results, concerns have been expressed that the majority of SSEC activities are still dependent on the Seoul Metropolitan Government budget, which may compromise the centre’s autonomy and poses risks to the continuity of the SSE support policy in case of a change of government (Yoon and Lee 2020).

Quebec

The Ministry of Economy and Innovation provides financial support to network organizations. Quebec’s *Chantier de l’économie sociale* and the *Conseil québécois de la coopération et de la mutualité* are notable examples of such network organizations. Both organizations use such funds to undertake projects in collaboration with other social economy organizations and actors to support SSEOs. Their intermediary nature also allows greater civil society engagement with the social economy while pursuing projects which reflect their mandate. For example, the *Chantier* has pursued projects in the past related to knowledge transfer on social innovation (Mendell et al. 2020).

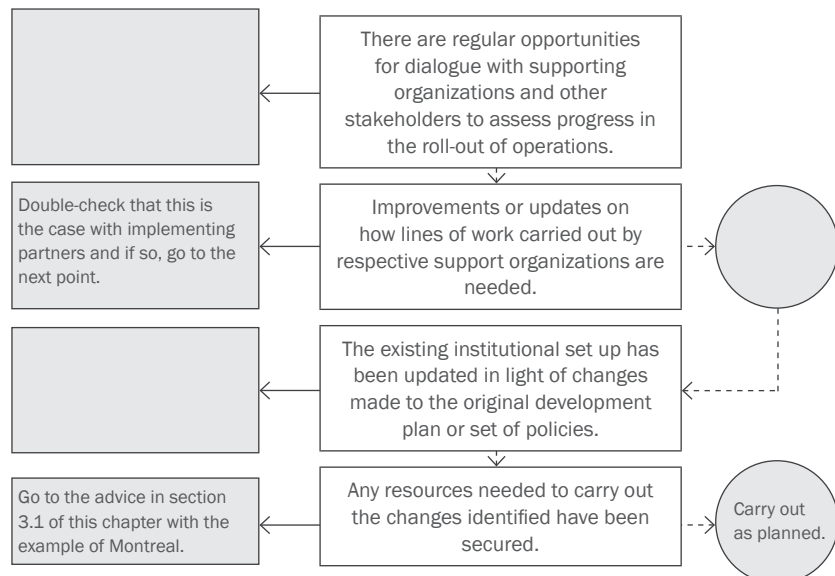
3.1. Initiating the process

To initiate the process of establishing support organizations for SSE within your territory, check whether:



3.2. Improving existing institutional deployment

To improve existing institutional deployment of SSE support organizations, in concertation with SSE partners, check whether:





1. Introduction

Capacity building for SSE aims to empower all SSE stakeholders so that they can create and enhance their ability, commitment and skills to initiate, plan, manage, undertake, organize, budget, monitor, supervise and evaluate SSE activities and relations. Capacity building services on various skills for SSE can be provided to organizations or individuals in both the public and private sectors.

Building capacity at all levels of government, and particularly the local one, is fundamental to promoting SSE. Capacity building for SSE in governments often involves providing the tools to help government officials best fulfil their responsibilities related to creating and implementing SSE laws and policies, budgeting for SSE, promoting the engagement of SSE actors, and ensuring transparency and accountability in the whole administrative process.

Facilitating SSE stakeholders' access to adequate capacity building services is one of the essential components of public policy to create and strengthen a conducive SSE ecosystem. Capacity building for SSE actors encompasses a wide variety of educational and support measures including training and advisory services (for instance, tailor-made mentoring and coaching) that are needed throughout the various

development stages of SSEOs, such as helping them set up, survive, become sustainable and viable in order to scale up their operations and/or societal impact. Indeed, if adequate capacity building services are not factored in from the outset into broader SSE scaling-up policies and strategies, there is a risk that this vacuum can result in high failure rates of newly created cooperatives and social enterprises (Utting 2017).

Capacity building services can be initiated and run by universities, public bodies such as government agencies, or private organizations including business centres and incubation hubs. Often, these services are provided by a combination of public and private actors, either through service contracts or public-private partnerships (see also Chapter 5: Supporting Organizations). Actors providing capacity building services to SSEOs play a key role in creating and maintaining a functioning SSE ecosystem.

As noted above, it should be emphasized that while capacity building measures are primarily focused on the development of SSEOs, training for public officials to help them gain a better understanding of SSE is also essential for good design and implementation of SSE policies, including public procurement for SSE goods and services which is discussed in more detail in Chapter 8: Access to Markets for SSE.

2. Public policies for delivering SSE capacity building services

Governments committed to ensuring an optimal SSE capacity building ecosystem within their territory should:

- in consultation with SSE actors, identify potential gaps, fragmentations and mismatches in the range, quality and quantity of capacity building services offered to meet real needs on the ground (including in terms of geographical accessibility), for example, there may be a lack of capacity building services for young people, or for civil servants dealing with SSE-related issues;
- establish a comprehensive plan or strategy for human resource development (see Chapter 4: Mainstreaming SSE in Development Plans);
- integrate SSE elements into curricula of existing capacity building courses for economic activities such as start-ups and small and medium-sized enterprises (making sure that integrated SSE-related courses are adapted to the specific needs and characteristics of SSEOs, that is they combine elements more generally associated with conventional business development modules with SSE-specific dimensions—often referred to as a “braided approach”);
- allocate resources to initiate or strengthen capacity building programmes specially designed for SSEOs, either as part of the public apparatus or through grant agreements with third party organizations or individual beneficiaries, aiming to ensure that such programmes are both available and affordable even to resource-poor SSE actors;
- ensure that capacity building initiatives are sustainable over time in terms of resource mobilization and impact;
- integrate adequate monitoring and evaluation mechanisms in the deployment of SSE capacity building programmes (adapted from OECD n.d. a).

Policies for capacity building for SSE that targets young people are particularly essential and important to ensure a sustainable ecosystem for SSE (see box 6.1).

Box 6.1. Plan for human resource development for the social economy targeting young people in the Republic of Korea

In 2018, the Ministry of Employment and Labour released the interdepartmental “Master Plan of Human Resource Development for the Social Economy”, as one of the policy measures to address shortcomings of the existing capacity building programmes for SSE. The Plan included increasing the number of social entrepreneurial teams benefiting from the Young Social Entrepreneurship Support Programme. The programme selects young social entrepreneurial teams with innovative and creative business ideas and provides each with a start-up fund, a working space, and training and mentoring to help get started. After its commencement, the programme continues to support their growth into full-blown social enterprises. The programme was introduced in 2011 and had grown significantly by 2019, with 800 entrepreneurial teams selected that year. The Plan aims to further increase the number of beneficiaries to 1,000 teams per year (Yoon and Lee 2020).

In order to optimize the delivery of capacity building services, it is useful to adopt a comprehensive approach that examines the substance and scope of SSEOs’ capacity building demands at different stages of their development—from the start-up phase until they are sustainable in terms of their operations and finances, with potential for scaling up.

Capacity building services for SSE can be divided into five clusters:

- (i) training and education;
- (ii) advisory functions (such as tailor-made mentoring and coaching);
- (iii) financing capacity building services for SSE;
- (iv) incubating services such as SSE hubs, incubators or parks;
- (v) networking for capacity building (adapted from OECD n.d. a).

In practice, services offered in SSE capacity programmes often comprise more than one of the above clusters and can be pursued simultaneously (and may encompass other support measures, such as providing seed capital, which is discussed in Chapter 7: Access to Finance for SSE). However, this categorization is helpful to examine concrete options drawn from experiences at different stages of SSEOE development, where distinct types of interventions may be required or most valuable.

Formal agreements and partnerships are essential to delivering SSE training programmes through external organizations such as SSE intermediaries, as in the case of Quebec, and universities, as in the case of Mexico City (see Chapter 5: Supporting Organizations for SSE). The agreements and

partnerships specify the terms and conditions, including financial arrangements, educational contents, target audiences and autonomy of instructors, among other aspects.

2.1. Training and education

Training and education on the legal and policy environment can cover a range of areas pertaining to SSEOE creation and development such as management, governance, product and service quality, market and finance access, impact or performance measurement. Public policies to boost training in these areas can take three main routes:

- establishing SSE training programmes;
- strengthening existing SSE training programmes outside the government;
- incorporating SSE-specific training in existing education and training programmes.

It should be emphasized that these three options are not mutually exclusive and can complement each other.

2.1.1. Establishing SSE training programmes

Local governments can establish SSE training programmes by themselves or in partnership with the private sector (including non-profit organizations). In both cases, a series of consultations with diverse and relevant stakeholders is essential to addressing overlooked aspects, complementing existing programmes and avoiding duplication. Diverse forms of courses tailor-made for different target groups, online and offline courses can be considered. The Social Economy Academy established by the Seoul Metropolitan Government and the Social Enterprise Academy, a public-private partnership in Scotland, are examples of course providers (see box 6.2). Local governments can also create partnerships with international agencies for training and education programmes such as the ILO's SSE Academy and GSEF's Training and Workshop Series. For all these arrangements, monitoring and regular evaluation of the impact of the education and training programmes are recommended to improve the quality of courses and ensure they respond to SSEOE's needs.

2.1.2. Strengthening existing SSE education and training programmes outside government

In cases where there are already SSE training programmes, local governments can decide to utilize and strengthen them. In that case, public policy interventions should aim to:

- identify gaps in existing programmes through surveys;
- provide resources to address necessary elements hitherto disregarded in existing programmes;
- provide infrastructure and technologies for online as well as offline training; and
- coordinate compartmentalized and fragmented existing programmes.

Box 6.2. Establishing education and training programmes in Seoul, Scotland and Argentina

Seoul

In 2013, through a series of consultations with diverse, relevant stakeholders to develop a roadmap for enhancing human resource capabilities in the social economy, the Seoul Metropolitan Government established the Social Economy Academy, with the mission of providing the basic capability development and practical training needed to start and manage social economy enterprises. The roadmap also contained plans to expand the network of experts and trainees. A survey on past trainees conducted in August 2016 revealed that 88 percent of them continued to work in the social economy sector and that the 31 percent of the trainees who had not initially worked in the field entered it by either finding jobs or starting their own social enterprises. An online learning platform was also developed to provide information on education and training courses, instructors, learning materials and jobs available in Seoul's social economy sector (Yoon and Lee 2020).

Scotland

Based on a partnership between the Scottish Government, a social enterprise and a for-profit enterprise, the Social Enterprise Academy was established as both a social enterprise and a charity. It offers a broad range of learning and development programmes for individuals and organizations enabling social change. Their tutor network is spread across Scotland, enabling them to deliver programmes with a wide reach in communities across the country. Most of the Academy programmes are developed in partnership with networks, community organizations and other support bodies, therefore allowing tailored programmes to be adapted to meet specific local needs. By 2018, over 10,000 learners benefited from the Academy's programmes. The model is currently being replicated globally through a network of Social Enterprise Academy Hubs which are managed by partners from local communities and support ecosystems (OECD 2018).

Argentina

The National Institute of Associations and Social Economy is the body under the Ministry of Social Development of Argentina that carries out the state's responsibilities in terms of promotion, development and regulation of cooperative and mutual action. Among other functions, it acts as a platform to facilitate training in the creation and development of consumer, agricultural, supply, housing and labour cooperatives, as well as mutual associations.*

* <https://www.argentina.gob.ar/inaes>

In the absence of an SSE-specific programme, local governments have the option to identify and select broadly SSE-relevant education and training programmes and incorporate or strengthen SSE-specific elements in those programmes in consultation with stakeholders. Agencies offering programmes on LED, or training for small and medium sized enterprises or start-ups, may be considered as candidates for such collaborations (see box 6.3).

Box 6.3. Incorporating SSE-specific training into relevant education and training programmes in Durban

The city of Durban, in partnership with the local branch of the national Small Enterprise Development Agency (SEDA),* incorporated an incubator element for cooperatives in SEDA's existing training programmes. Under this partnership, SEDA facilitates the establishment and registration of primary cooperatives and supports their business development through a wide range of interventions, including a five-day entrepreneurial training course on business management and development skills. It also offers complementary services such as increasing financial support sourced from partners (Steinman 2020).

* <http://www.seda.org.za/AboutUs>

2.2. Advisory services (mentoring and coaching)

Provision of expert advice to SSEOs is another essential element of capacity building. Identifying experts, especially on niche areas of expertise, and allocating budgets for consultancies, coaching and mentoring services for SSE actors, are crucial for the promotion and growth of SSE. Since such services can provide more flexible and individualized support, they can address issues of a broader scope and provide tailor-made services to overcome specific problems faced by SSE actors. In order to respond to such tailor-made considerations, policy makers can offer or support a variety of advisory services, including:

- one-on-one consulting services for SSEOs, usually based on daily or hourly rates, though sometimes provided by for-profit firms on a pro-bono basis;
- workshops provided to SSEOs at their own facilities or at external training centres;
- on-demand advisory services, such as online or telephone help desk responding to individual consulting queries;

- online and offline resources to guide SSEOs seeking advice, such as interactive guidance flowcharts.

2.3. Financing capacity building activities

Local government can provide financial support for capacity building activities and institutions through subsidies, grants and scholarships for individuals and organizations undertaking and participating in SSE-related education and training. The process of selecting grantees should be merit-based, transparent, objective and non-discriminatory, taking into account differential educational and skills support needed for individuals or organizations. The criteria used in selecting grantees or beneficiaries of subsidies should be clear and open to the applicants. Proper criteria may include the following: past performance; performance on tests or quality of application designed to measure ability, commitment, skills, and alignment with the purpose; and financial needs. The candidates from which the grantees or beneficiaries of subsidies are selected must prove the relevance of their activities to the purpose of the grant or subsidy.

2.4. Incubating services

Incubating services are a combination of capacity building services aimed at helping establish or scale up SSEOs, such as co-working spaces, training, coaching, consulting services, networking and funding. These services are often combined with other supportive programmes offered to social enterprises such as direct financial supports and preferential procurement (see Chapter 7: Access to Finance for SSE and Chapter 8: Access to Markets for SSE). Incubating services target organizations that aim to establish themselves as SSEOs, improve their product range and quality, and increase their organizational, managerial, financial, as well as social/environmental impact. Organizations acting as incubators, or programmes composed of incubating services, see their primary goal as accompanying SSEOs until they become independent and financially viable organizations upon completion of the programme (OECD n.d. a; Steinman, 2020). The government can also include additional elements in the incubating services such as the provision of, or financial support for, physical spaces (sometimes referred to as “parks” for SSEOs), more geographically dispersed “hubs”, or a combination of both, which can be run by public, private or public-private partnerships. In particular,

the provision of space for collaboration and physical interaction within and between SSEOs and government can create an enabling environment for the co-construction of policies.

2.5. Networking for capacity building

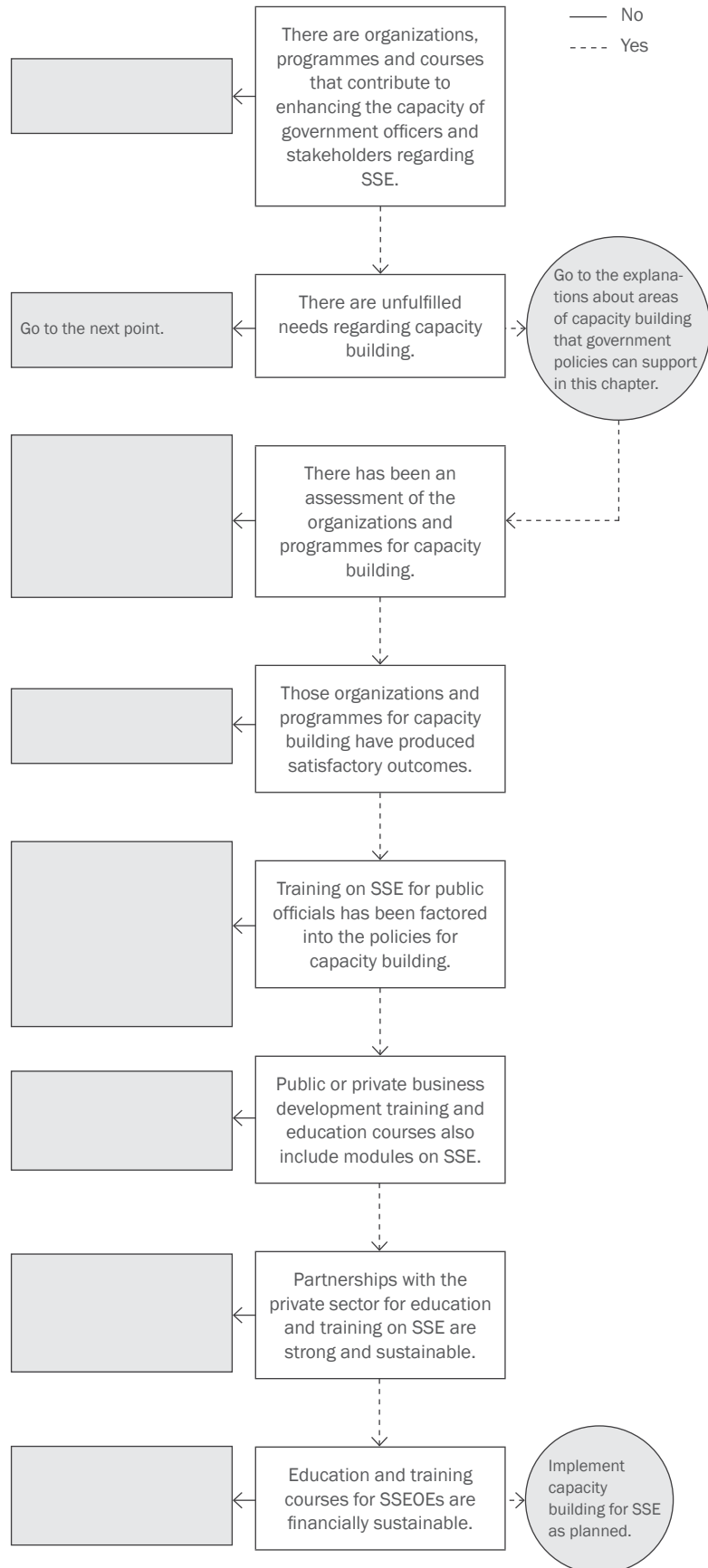
Networking is an integral part of capacity building for SSE, especially at more advanced stages of development. It is central to ensuring “continuous capacity building” during the life cycles of SSEOs and facilitating the exchange of knowledge and experiences across SSEOs. Networking also offers opportunities to develop synergies and complementarities among SSE actors and with private and public actors. Networks are also useful to create business partnerships and value chains among SSEOs that enable access to markets or facilitate access to finance (see Chapter 7: Access to Finance for SSE and Chapter 8: Access to Markets for SSE). For instance, networks can help SSEOs identify partners to share and co-own infrastructure and facilities such as storage space or e-commerce platforms, in particular when they are small, poor in resources or located in remote areas. Networking also enables “political capacity building”, in terms of collectively mobilizing resources to advocate for SSE-friendly policies with governments. Many SSE networks, some primarily funded by governments, carry out on-the-ground SSEOE development support as well as advocacy functions to improve the legal and policy enabling environment for SSE in their territory (OECD/EU 2017).

3. Guidance on capacity building for SSE

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening capacity building measures for SSE within their respective contexts, in the spirit of co-construction with SSE and other relevant stakeholders.

For information on how to use this guidance, consult box 1.3 in the Introduction.

To initiate or upgrade the SSE capacity building landscape within your territory, check whether:





CHAPTER 7

Access to Finance for SSE



1. Introduction

Financing enables SSEOs to start up, develop, grow and realize their multiple objectives in economic, social and environmental areas. Access to finance is key to the creation, growth and sustainability of SSEOs.

Due to their governance and, in particular, prioritization of social and environmental goals over profit maximization, commercial investors solely seeking the latter tend to pay less attention to SSEOs than to for-profit enterprises. Furthermore, SSEOs in their early stages may not have the capacity or the skills to attract the attention or fulfil the demanding conditions of commercial and social investors.

For for-profit enterprises, there are broadly three kinds of financial resources appropriate for different stages of the business cycle. They are:

- (i) seed money to initiate the pre- and post-incubation phases;
- (ii) low interest-rate long-term capital (“patient capital”), allowing breathing space for the enterprise to build its capacity and gradually to gain a market share to become financially sustainable;
- (iii) new forms of financial instruments that are more onerous and only available to enterprises capable of honouring debt owed in the short term at higher interest rates.

While there are apparent elements in common, such as seed money and patient capital, SSEOs need their own appropriate forms of financing corresponding to different stages of their life cycle. In other words, SSEOs require financing instruments which are different from those designed for for-profit enterprises.

Alternatives to the financing framework or instruments for for-profit enterprises can often be found in both the public and private sectors. They include direct government subsidies and grants to SSEOs and membership fees. Social banking and other variants of “solidarity finance”, such as cooperative mutual funds, play a role as an alternative source of financing better suited to enable the creation, production and growth of SSEOs. SSEOs tend to rely on a combination of these different financing instruments. These alternative financing instruments are better suited to help SSEOs balance their institutional needs for economic viability (that is, financial sustainability, innovation and growth potential) and their social mission (for example, decent job creation, environmental sustainability, social protection or integration of marginalized groups) (Ojong 2015) while adhering to their principles of autonomy and democratic member control among others.

Public policies for financing SSE can help address specific financing problems, such as a mismatch between supply and demand, lack of working capital, fluctuations in cash flow, a time lag between funded programmes, by strengthening financial instruments for SSEOs as well as facilitating their access to these.

2. Mapping of financing instruments for SSE

The first step for policy makers to initiate or strengthen public interventions to boost SSE financing systems in their territory is to take stock of the existing forces at play, in collaboration with SSE actors. Four major dimensions of SSE financing can be identified (Barco Serrano et al. 2019; Innovative Financing Initiative 2014). They are:

- *On source*: Sources of finance available to SSEOs are:
 - “internal” sources such as membership fees or loans from members;
 - “external” sources such as contributions, grants (non-reimbursable serving essentially for a start-up), equity (investments with no guarantee of reimbursement or quick returns) and debt (loans) which require predefined shorter or longer-term reimbursement with interest.
- *On stage*: The main financing instruments in different stages of the life cycle of SSEOs are (see also figure 7.1):
 - in the phases of concept and start-up: donations (including government grants), self-financing, philanthropy and patient capital are predominant;
 - in the phases of take-off and stabilization: traditional loans and equities, and proceeds from assets and budget surpluses.
- *On risk*: Financial mechanisms and instruments can be classified based on their risk level as perceived by the investor. The likelihood of SSEOs obtaining credit from the higher-risk categories is rare and only feasible if the entity has already a solid track record in terms of sustained revenue and collateral.
- *On innovation*: New and innovative financing instruments must be feasible and available for SSE. Crowdfunding is an example of an innovative financing method that is feasible for SSEOs.

2.1. Conventional forms of financing

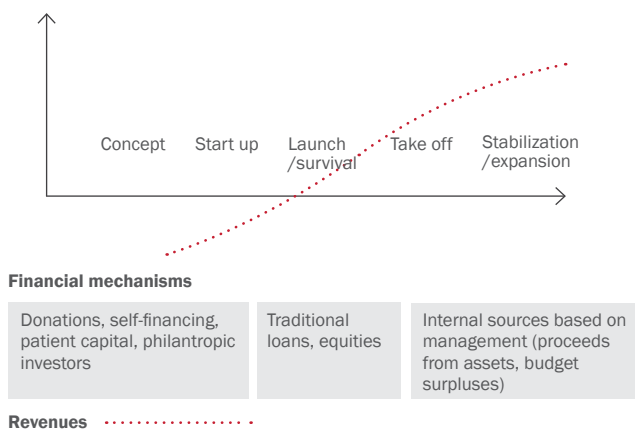
Conventional mechanisms or instruments that SSEOs can use can be grouped in five broad categories. They are:

- Self-financing:
 - capital by members: fees or funds contributed by members;
 - repayable loans from members.
- Surplus or profit from assets or sales of services and goods:
 - gains on the sales of goods and services or long-term assets (which does not apply in the case of liquidation of the SSEOs to conform with “asset lock” principle);
 - liquid assets such as cash and short-term deposits;
 - profits associated with uncollected receivables;
 - lease gains from rented physical assets.
- Grants:
 - donations in various forms such as cash, real estate, motor vehicles, appreciated securities;
 - government subsidies;
 - competitive grants such as conditional grants in the form of social impact bonds (see section 3.1 of this chapter).
- Debt:
 - concessional and flexible loans with no or low interest rates, extended repayment schedules and interest rate modifications during the life of the loan.
- Equity:
 - equity investment, including equities from philanthropic investment such as social venture capital and impact investment;
 - quasi-equity such as flexible forms of repayment of capital, payments linked to corporate results and subordinated repayment with respect to traditional debt securities, such as bonds (adapted from Barco Serrano et al. 2019).

These sources play different roles in financing SSEOs at different stages of their development but can also vary across different types of SSEOs (for more information on different types of SSEOs see Chapter 1: Introduction and Chapter 3: Legal Frameworks for SSE). In figure 7.1, financial mechanisms correspond to the development stages of SSEOs in the centre from left to right. In the concept and start-up phase, finance can mainly be

sourced from members, donors and philanthropic investors. With the launch, revenues become positive and grow during the take-off phase where expected revenue streams allow SSEOs to access loans and equities. SSEOs stabilize and become able to free funds for expansion as they manage to sustain their activities through revenue generated from own assets and activities.

Figure 7.1. The development of stages of SSE enterprises and related financial mechanisms



Source: Adapted from Barco Serrano et al. (2019).*

* Revenues can be generated from selling goods and services to the private and public sector. These revenues should not be confused with finance to support the development of SSEOs.

2.2. Public policies for conventional financing instruments

The social and environmental orientation of SSEOs makes it more difficult for them to attract early stage funding. Quickly moving beyond financial dependence on external sources is thus key for SSEOs. Governments can support their development in this critical phase through adequate public policies even in the context of budget limitations. Through direct provision and the co-construction of an SSE-friendly financing environment, public policies can help SSEOs explore and secure diverse funding sources that are stable, affordable and flexible and so enable them to balance economic, institutional and social concerns.

The government can facilitate SSEOs' access to different sources of financing mainly through two complementary routes: direct provision and creation of an SSE-friendly financing environment.

- Direct provision:
 - provision of subsidies and grants;
 - provision of loans to SSE with no fixed repayment and no interest;

- leasing of government assets such as land, buildings, vehicles and machinery;
- preferential procurement of SSE products and services (See Chapter 8: Access to Markets for SSE).
- Creation of SSE-friendly financing environment:
 - regulations to prevent or limit redistribution of profits and assets ("asset lock");
 - providing information on various financing instruments concerning conditionality, sustainability, cost, reporting requirements and so on;
 - establishing funding partnerships with private funders (both direct and indirect funding);
 - establishing networks and intermediaries to help SSEOs develop the ability to pool resources;
 - creating a social investment marketplace and attracting additional private sector investment;
 - establishing a risk-sharing mechanism to provide guarantees and counter-guarantees to financial intermediaries, providing them with a partial credit risk protection for newly originated loans to eligible SSEOs;
 - establishing fiscal incentives (for example tax exempt status) to encourage SSEOs to reinvest their surpluses (which may be a condition under certain legal frameworks to be classified as an SSEOE).

Local governments often implement combinations of these different approaches to facilitate access to financing for the SSE sector (see box 7.1).

Start-up grants and subsidies can be effective for the creation and professional incubation of SSEOs. But continued provision of subsidies and grants poses several challenges. Subsidies and grants are provided for specific projects, restricted to a well-defined use and have specific timeframes to respect, which can limit flexibility and unduly prevent necessary pivots. Continued dependence on public funding also renders SSEOs vulnerable to the economic risks of sudden defunding of support programmes, and it can also jeopardize their organizational and political autonomy.

Box 7.1. Public policies to facilitate SSE financing in Barcelona, Quebec and Seoul

Multiple financing mechanisms used by the City Council of Barcelona

Three lines of action related to SSE funding were pursued by the City Council of Barcelona until 2018. These were:

- (i) *Improve conditions for access to funding for SSE initiatives:* This included grants and other co-financing formula, which played a very important role in funding SSE projects through competitive tendering reaching over 400 projects.
- (ii) *Promote tools for a new financial culture:* Actions included a matchmaking campaign in partnership with a foundation to raise an equal share of resources from government and private crowdfunding sources, leading to the consolidation of 22 projects.
- (iii) *Increase knowledge about ethical financing among citizens:* The City Council of Barcelona worked with an SSE organization to publish a catalogue of ethical funding, created an online application system for this funding and organized an Ethical and Solidarity Insurance Forum (Chaves-Avila et al. 2020).

Quebec's social finance ecosystem consisting of a wide range of instruments

One of the strengths of Quebec's social finance ecosystem is the range of options now available to social economy enterprises that cover the spectrum of short- to long-term loans, small to large loans (over CAD 1 million) and financing for every stage of development from ideation and start-up to scaling up and expansion through various institutions such as the *Chantier de l'économie sociale* (one of the officially recognized SSE partner organizations in Quebec's 2013 SSE law), the Quebec Social Investment Network and the *Fiducie du Chantier de l'économie sociale* in 2007 (*Fiducie* meaning Trust) (Barco Serrano et al. 2019).

Seoul Metropolitan Government's Social Investment Fund based on public-private partnership

The Seoul Metropolitan Government established the Seoul Social Investment Fund in 2012, based on partnerships with intermediary organizations and partners in private social finance. These would receive investments and loans without interest on the condition that they would match the amount they received from the Social Investment Fund one-to-one, or one-to-three at the very least, in reinvesting or loaning the funds to SSEOs at interest rates no higher than three percent per annum. This makes funding for SSEOs not only accessible but also much more affordable for small and medium-sized SSEOs. In exchange for receiving interest-free loans, partners bear the responsibility for ensuring the repayment of the loans (Yoon and Lee 2020).

The creation of an SSE-friendly financing environment is not only a potentially cost-effective way to improve SSEOs' access to finance. In addition, strengthening and leveraging links between different actors in the SSE finance ecosystem lies at the core of successful co-construction and co-production of public policy and should always accompany direct financial support.

3. Innovative financial instruments

There is a proliferation of new financial instruments that generally cater to the needs of conventional private business, but some can also be applied to SSEOs. Below is a list of some of these instruments that SSE actors can explore and access alongside more conventional funding sources. However, SSEOs and governments need to carefully examine the feasibility and practicality of these innovative financial instruments for their particular needs and in the local context.

3.1. Social impact bonds

Social impact bonds are a common practice by which a government (often a municipality) can replace public services being directly provided by the state, or by an SSEO being directly paid by the state. Instead, it enters into a tripartite agreement with potential private investors and with SSEOs willing to both co-invest and deliver the service. The investor and the SSEOs get reimbursed with interest by the government on condition that the service has been adequately delivered (judged by outcomes, not outputs). If successful, the SSEOs reinvest their share of profits to expand or consolidate operations. For example, the service can consist of accompanying unemployed workers to find a job, which if they do, could save public resources in the form of unemployment benefits (Van Loon 2020). However, this approach has been criticized for many reasons, including: no evidence of improved services or innovation of new services; more time-consuming red tape between the service provider and the investor; the timeframe on which success can be judged is controversial; and accountability on quality may shift to the investors rather than the service users (Roy 2019). The feasibility and practicality of this approach should be examined carefully together with SSE stakeholders (see Chapter 2: Co-construction of Public Policy for SSE).

3.2. Impact investing

Impact investing (or social venture capital) refers to investments directed at companies, organizations and funds with the intention of generating a measurable social and/or environmental impact alongside a financial return on invested capital. One concern about impact investing for SSE is that there are no standardized or widely accepted methodologies or tools to measure social impact (a key requirement in all forms of impact investing). This is not only due

to the lack of an unanimous agreement regarding the importance of such an evaluation, but also due to the difficulty in determining the criteria and indicators to be used, and finding the right balance between the interests of the investors, the financed organizations and the end users or beneficiaries. Moreover, reporting requirements might be too onerous for resource-constrained SSEOs. Another concern is that the impact assessment may be more geared to the interests of the investors who often take a short-term perspective, instead of being a tool for improving the performance of the entire SSE ecosystem over the longer term.

For example, in Quebec, impact investing leveraging private investment to fund not just social service providers but also financial returns and payments to investors on achievement of agreed social and financial outcomes became rather unpopular. Impact investing targeting particular projects or initiatives rather than SSEOs themselves has been seen as directly conflicting with the widely agreed values of the social economy and social finance ecosystem based on solidarity between members, democratic self-management and a broader goal of democratizing the economy and access to capital. To address this problem, the prevailing approach of *Fiducie* (described in box 7.1), for example, is to invest directly in SSEOs, placing primary value on the aspect of collective ownership of non-profit organizations and cooperatives while acting as an intermediary between SSEOs and conventional financial institutions (Barco Serrano et al. 2019).

3.3. Complementary (or social) currencies

Throughout the world, a host of experiments with complementary local (or social) currencies have been carried out, which neither seek to replace nor become an alternative to the official currency but produce a myriad of benefits if a critical mass of local producers, distributors and consumers decide to use them. These currencies enable generated wealth to circulate within the territory without being siphoned off to outside territories. They serve to favour purchases and exchanges with social and environmental goals, foster local solidarity and help disenfranchised groups. Although complementary currency initiatives are often undertaken by citizens' associations, there are cases where municipalities and provincial governments have adopted local currency schemes among their portfolio of financial tools. For example, the city of Barcelona launched a social currency pilot project called

the REC (Citizen's Economic Resource—a digital exchange system equal in value to the Euro, open to all citizens). It is an integral tool of a programme intended to combat poverty and social exclusion in homes in 10 disadvantaged districts of the city. It aims to complement the income of participants with a municipal economic grant, 25 percent of which is paid in REC. When the project began operating in October 2018, 161 local shops belonged to the scheme, with 488 users and monetary value of EUR 124,508 in circulation. By mid-2019, there were 200 shops and 600 active private users (Chaves-Avila et al. 2020).

3.4. Tax share donation

Directly financing SSEOs requires available resources. One interesting innovation to mobilize resources for SSE is a proportion of tax earmarked for SSE by taxpayers themselves, which has been implemented in Italy. In this scheme, taxpayers can allocate 0.5 percent of their income tax to support a registered institution or in favour of a specific field of social interest (Barco Serrano et al. 2019).

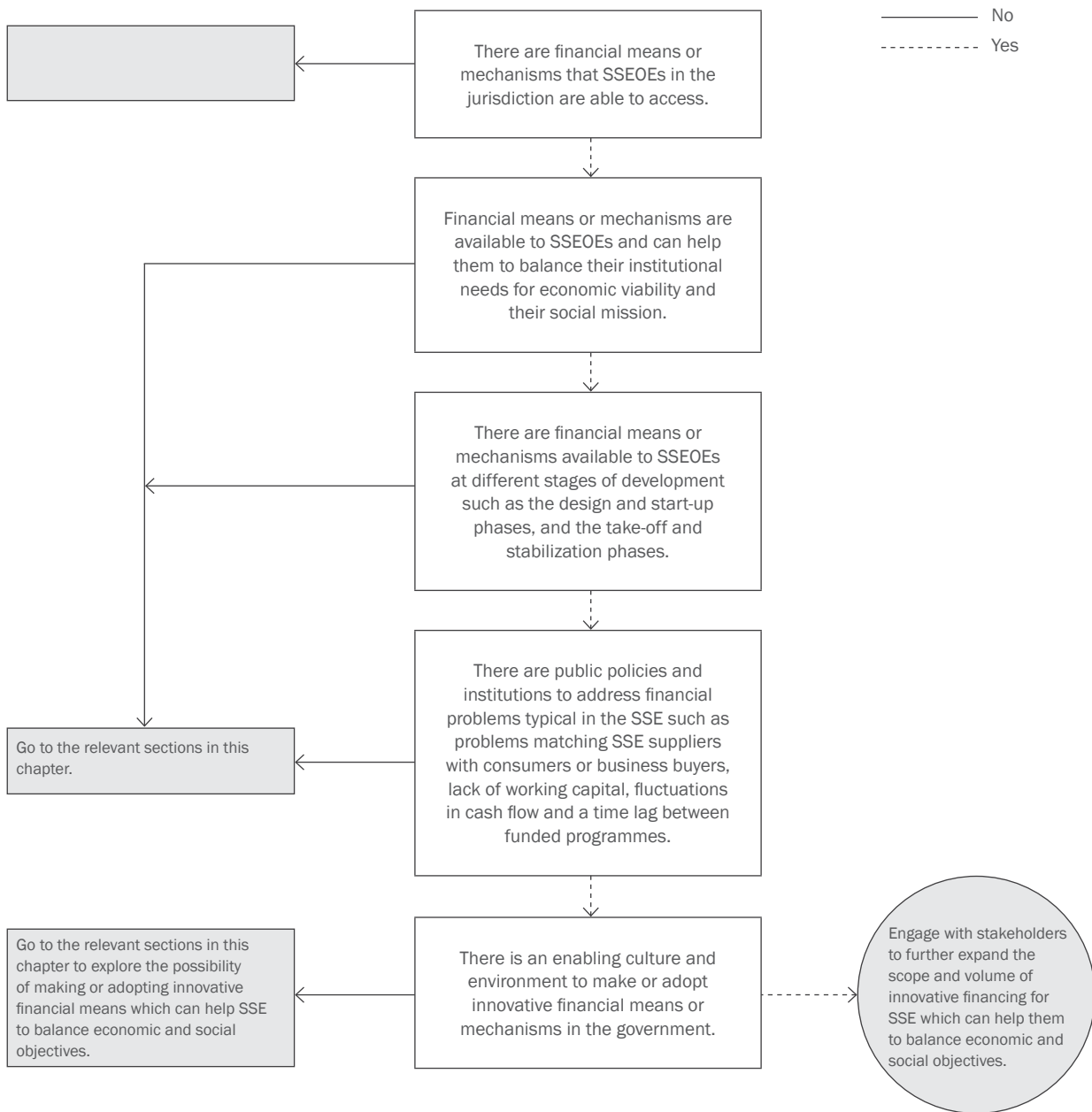
3.5. Crowdfunding

Digital technology provides many new ways to connect projects and organizations with large and institutional funders, but even more so with individual and small-scale investors and donors. In this context, crowdfunding has evolved as a major alternative strategy to finance SSEOs in the early stages of their development (Farhoud 2020). As implied by the term, the main difference to traditional funding is that funds are sought from a crowd who are attracted by the mission and purpose of the project or enterprise and thus are willing to contribute small to medium-sized investments to help them start up and develop. Given the bottom-up character of SSE, this broad-based finance alternative holds considerable potential in this sector.⁹

4. Guidance on access to finance for SSE

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening access of SSE to finance within their respective contexts, in a spirit of co-construction with SSE and other relevant stakeholders. For information on how to use this guidance, consult box 1.3 in the Introduction.

To initiate or improve SSEOs' access to finance at the local level, check whether:





1. Introduction

Adequate access to markets for the delivery of goods and services produced by SSEOs is fundamental for their development and sustainability. Developing a culture of “buying SSE” is a cornerstone for a vibrant and dynamic SSE ecosystem, enabling SSEOs’ access to both public and private markets, which can be strategically supported by public policies.

Public procurement policies that favour SSE are a predictable and sustainable source of revenue for SSEOs. At the same time, SSEOs have opportunities to sell their goods and services in private markets, both directly to consumers (business to consumers or B2C), or indirectly by developing partnerships with other SSEOs or private firms within broader supply chains (business to business or B2B). These opportunities have increased as individual consumers and for-profit enterprises are becoming more sensitive to ethical and responsible purchasing (OECD n.d. b).

Policies to support SSE access to public markets are quite distinct from those policies that can generate greater private demand for SSE goods and services. Some of the policy instruments, such

as online platforms to match supply and demand, however, can facilitate SSE access to both private and public markets at the subnational, national and international level.

2. Public policies to facilitate SSE access to public procurement

Integrating social and environmental considerations and criteria into public procurement procedures is central to facilitating SSE access to public markets. Such policies include but are not limited to the following measures:

- integrating SSE-favouring clauses into laws and regulations on public procurement to inform tender documentation, contract registers,¹⁰ preliminary market consultations and analysis, and supervision of the implementation of public procurement;
- including “reserved contracts” for SSEOs and using social criteria as eligibility conditions for tenders in public procurement procedures, such as employing disadvantaged persons;

- training and awareness raising on social and environmental considerations in public procurement procedures, particularly among contracting authorities;
- communication and dissemination of information on the opportunities for public procurement available to SSEOs (adapted from OECD n.d. b).

When the SSE sector is still at an early stage of development, there may be not many active SSEOs that can meet social and environmental eligibility conditions for public procurement and SSE values and principles may not yet be explicitly integrated into public procurement frameworks. In this case, the following activities are particularly effective for accelerating this development by strengthening SSEOs' access to public procurement:

- government certification of SSEOs;
- research and information sharing on both good and poor practices in public procurement;
- development and dissemination of guidelines or toolkits to encourage contracting authorities to apply social and environmental criteria that have been proven effective;
- mapping SSEOs that can be contracted by relevant authorities;
- providing evidence on the social and environmental impact of SSE.

2.1. Socially and environmentally responsible public procurement

Policies aimed at making public procurement more socially and environmentally responsible create an entry point for SSEOs to both the public and the private market. Governments, whether at the subnational, national or supranational level, sometimes introduce a procurement framework which requires enterprises to meet certain social or environmental criteria, without specifically requiring these enterprises to be part of the SSE. SSEOs can then find and utilize niches within this broader framework.

The three 2014 Public Procurement Directives of the European Union, which offer various opportunities for SSEOs to participate in public procurement when translated into national commitments, are a good example.¹¹

2.2. Reserved contracts for SSE

Policy makers wanting to support SSE through public procurement can opt for a more direct route by reserving contracts explicitly for SSEOs. This approach should be used across departments or ministries at the national level and can be applied directly at the local level (see box 8.1).

Box 8.1. Public procurement for SSE in Seoul and Dakar

Seoul

In 2014, the Seoul Metropolitan Government passed two municipal ordinances: (i) on Public Purchase and Marketing Support for the Products of Social Economy Enterprises; and (ii) on Public Procurement for the Realization of Social Values.

These two ordinances spearheaded the creation of a policy system favouring SSEOs as partners of public procurement. The first defines SSEOs as including certified and pre-certification social enterprises, cooperatives, community enterprises, self-reliance enterprises, producers with severe disabilities, and other businesses, non-profit corporations and non-profit organizations that engage in commercial activities to realize social values. It stipulates that the Mayor should establish and implement metropolitan policy measures promoting the purchase of SSEO products and services. Examples include purchasing SSEO products and services in the 90 days following the finalization of the city's main budget, and publishing reports on purchases of SSEO products and services made the preceding year. The head of each public organization in Seoul is also required to spend 5 percent of their total procurement budget on goods and services from SSEOs.

In order to promote organizations and enterprises protecting workers' rights, the Ordinance on Public Procurement for the Realization of Social Values requires that subsidiary organs and contractors of the Seoul Metropolitan Government comply with all applicable labour laws, guarantee appropriate income for workers and publish—on the Seoul Metropolitan Government website—the details of the processes via which they reached contracts with the city.

Under these forms of active support, the total city-wide value of public procurement from SSEOs nearly tripled between 2012 and 2017. However, the Seoul Metropolitan Government's purchases from SSEOs still amounted to only 1.3 percent of its total procurement, prompting policy makers to raise the required percentage to 3 percent by 2022 (Yoon and Lee 2020).

Dakar

In light of the Covid-19 pandemic, the Senegalese government mobilized local SSEOs through public procurement in the supply of sanitary products and food as local authorities struggled to meet needs. The national government adopted a temporary ordinance to facilitate public procurement processes of local governments. In this framework, the city government of Dakar developed a programme for short-term support for SSEOs. This programme took effect through the procurement of masks, sanitation and hygiene products, as well as food, and by providing direct emergency financing for SSEOs through their fund for mutual savings and loans associations, the *Fonds de Développement et de Solidarité Municipale* (FODEM) (Diop and Samb forthcoming).

2.3. SSE certification

Certification for SSEOE status is an important tool to facilitate SSEOE's access to both public and private markets. It helps public procurement authorities easily identify and select eligible SSEOE's. It also gives information on goods and services produced by SSEOE's to consumers and buyers. Yet the diversity of SSEOE's and criteria to identify them pose challenges to certification of SSEOE's (see Chapter 3: Legal Frameworks for SSE). While SSE certification should be an essential guardian against "false SSEOE's" seeking the advantages of SSE status, it is important to ensure that the qualifications are not too restrictive either. Besides the proposal of the European Parliament referred to in Chapter 3, there are other examples from European countries including the Finnish Social Enterprise Mark (F-SEM), the eS certificate in Poland, the Social Enterprise Mark in the United Kingdom and the "Wirkt" ("It works") stamp in Germany.

2.4. SSE training and awareness raising for public procurement officials

Mainstreaming social and environmental considerations in public procurement is another major challenge. Even when there is a political commitment to do so, the proportion of procurement budgets allocated for these purposes often remains very small in many countries. One reason for this shortcoming is that a considerable number of the tenders for public procurement are structured to value the lowest prices offered rather than high social and environmental returns. The challenge is twofold: (i) to trigger a shift in mindset regarding the use of procurement for social and/or environmental purposes (including in terms of public budget savings from reduced "market externalities" in the medium to long term) and (ii) to raise awareness of the benefits from working with SSEOE's in this endeavour (OECD n.d. b; Yoon and Lee 2020).

Training for public procurement officials to think beyond the "lowest price only" perspective and give practical guidance on how to integrate social and environmental objectives, including through SSEOE's, is essential. This can include whole-of-government procurement guidance materials, as well as training programmes for civil servants. In Poland, for example, a training programme for procurement officials on Work Integration Social Enterprises (WISEs) was launched in 2014. Some 1,000 national and local civil servants were trained

about the legal framework for WISEs and how to write up specifications for contracts, including social criteria (OECD n.d. b).

2.5. Supporting SSE access to public procurement

SSEOE's often face significant capacity constraints in their ability to respond to calls for tender even if they would qualify in principle. This is in part due to heavy bureaucratic requirements, which need to be simplified and streamlined, at least for smaller tenders. To make the requirements more attainable, large tenders can likewise be parcelled into smaller contract lots where SSEOE's have a significant role to play (OECD n.d. b).

Beyond administrative adaptation, governments can actively provide support measures to help SSEOE's navigate through the bureaucratic maze of public procurement and identify appropriate tendering opportunities. This can often be done in partnership with SSE actors and other civil society organizations (see box 8.2).

Online platforms tailored for SSE are increasingly being used to match supply and demand. These often combine opportunities for accessing both public and private markets and are further discussed under section 3.2 in this chapter.

Box 8.2. Partnerships to support SSEOE's in local tendering processes in Strasbourg and Seoul

Strasbourg

In Strasbourg, the Mayor has actively supported the use of public procurement for labour-market integration of vulnerable groups in public works projects. The municipality has partnered with the association *Relais Chantiers* to manage the implementation of its "insertion clause" in local public procurement policy. The municipality, in partnership with the association, guides enterprises through the tendering process (such as timeframe, technical guidelines and procurement documents) and assists enterprises with the appropriate design of the integration process for people from disadvantaged groups (OECD n.d. b).

Seoul

The Seoul Metropolitan Government's partner on SSE, the Seoul Social Economy Centre (SSEC) has introduced various programmes to support public purchases from SSEOE's. One of the most well-known among them is the Group Supporting Social Economy Enterprises' Marketing for Public Procurement. It addresses the information gap between public organizations and SSEOE's regarding the diversity of SSE products available on the one hand, and public procurement market opportunities on the other. The SSEC has been addressing this issue by working with an expert organization since 2014, organizing briefings and educational sessions on SSEOE's for procurement officials, providing all-year-round telephone consultations via the Public Procurement Call Centre, as well as researching and analysing the public procurement market to highlight niches open to SSEOE's (Yoon and Lee 2020).

3. Public policies to facilitate SSE access to private markets

In seeking access to private markets, SSEOs need to compete with for-profit enterprises. While for-profit enterprises are, by nature, primarily focused on price and quality competitiveness, SSEOs pursue social and environmental goals as their primary objective. In private markets, therefore, if other conditions are equal, SSEOs face the risk of being outcompeted by for-profit enterprises because of potential cost disadvantages resulting from their social or environmental mission. SSEOs' social purpose instead often becomes their main selling point, especially given a growing demand among consumers and buyers for more ethically and sustainably produced products and services.

Public policies contribute to facilitating SSE access to consumer markets (B2C) and promotion of SSE partnerships with other SSEOs and private firms within supply chains (B2B). Three main tools stand out in this regard:

- regulation;
- matchmaking partnerships and online platforms;
- marketing campaigns and fairs.

3.1. Direct and indirect regulation

Public regulations can be classified into direct and indirect regulations. Direct regulations facilitating SSE access to private markets encourage market buyers to purchase SSE products and services through regulations and incentives, ranging from purchase requirements to tax exemptions. For instance, in Ecuador, regulatory measures incorporated in the national government's 2014 *Manual of good commercial practices for the supermarket and similar sectors and their suppliers* require retailers to have at least 15 percent of their providers coming from small and medium enterprises (SMEs) or SSEOs. This measure produced a surge of SSE sales to private actors from USD 1.5 million in 2014 to more than USD 12 million in 2016 (Barco Serrano et al. 2019).

Indirect regulation includes SSE certification, which ensures the environmental and social quality of goods and services produced by SSEOs. The government can either create labels or marks, or it can endorse and promote existing labels or trademarks such as fairtrade marks.

3.2. Matchmaking partnerships and online platforms

In order to facilitate SSEOs' access to markets, governments can initiate or participate in the creation of a variety of multistakeholder partnerships and online platforms that help match SSE suppliers with consumers or business buyers.

Online platforms represent a new form of marketplace, helping to access local markets and reach international buyers. They enable matchmaking partnerships whereby SSEOs can find potential buyers, and governments, firms and consumers are able to identify SSE vendors and purchase their products and services. They can, for instance, be used to sell SSE arts and crafts or other products that do not have a sufficiently large local market. Some matchmaking platforms are used exclusively for access to public markets, such as Seoul's Social Economy Procurement Platform, or Mexico City's Electronic Catalogue of Cooperative Societies (Yoon and Lee 2020; Rojas Herrera and Cañedo Villarreal 2020). But online platforms can also be used to serve both SSE public and private markets, as illustrated by the Social Impact Factory, initiated by the municipality of Utrecht and now extending to the whole of the Netherlands. In many less developed countries, however, the potential of an online platform is significantly undermined by insufficient infrastructure, hampering transportation as well as digital communication and payment. In such countries, infrastructure improvement could be an area where public-private-SSE collaboration and multistakeholder partnership are urgently needed to address bottlenecks and problems associated with online platforms.

3.3. Marketing campaigns and fairs

Marketing campaigns and fairs dedicated to SSE can raise awareness and stimulate demand by individual consumers and firms for SSE products and services. SSE fairs and exhibitions are an effective means to make personal connections with potential buyers. They can target niche buyers of SSE goods and services, as in Seoul's annual Social Economy and Public Procurement Expo, enabling representatives of SSEOs and procurement officials to meet one-on-one to discuss potential public purchasing partnership opportunities (Yoon and Lee 2020). In Mexico City, the most widely used and publicized marketing support activities are cooperative exhibitions and fairs, which are viewed as an effective

means to raise SSE visibility with the general public and deliver immediate concrete results in terms of sales of SSE goods and services and diffusion of SSE values and impacts (Rojas Herrera and Cañedo Villarreal 2020).

Public authorities can also join or initiate campaigns to bolster public and private consumption of SSE products and services. These can be undertaken at the local level in partnership with local SSEOs. Such campaigns can be strengthened by joining locally driven international movements, such as the Fairtrade Towns campaign,¹² which started in the United Kingdom but is now active in over 2,000 municipalities throughout the world.

4. Guidance on access to markets for SSE

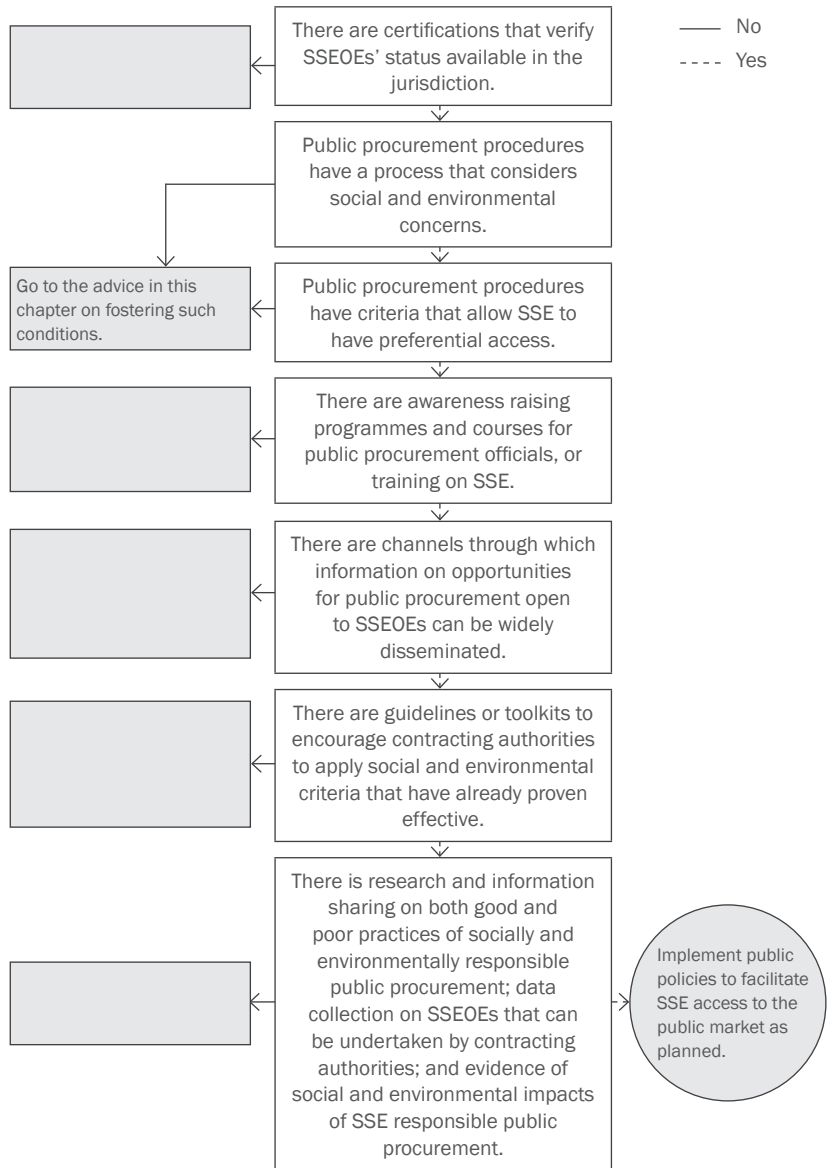
This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening access to markets for SSE within their respective contexts, in the spirit of co-construction with SSE and other relevant stakeholders. For information on how to use this guidance, consult box 1.3 in the Introduction.

This guidance covers:

- public policies to facilitate SSE access to the public market (see section 4.1);
- public policies to facilitate SSE access to private markets (see section 4.2).

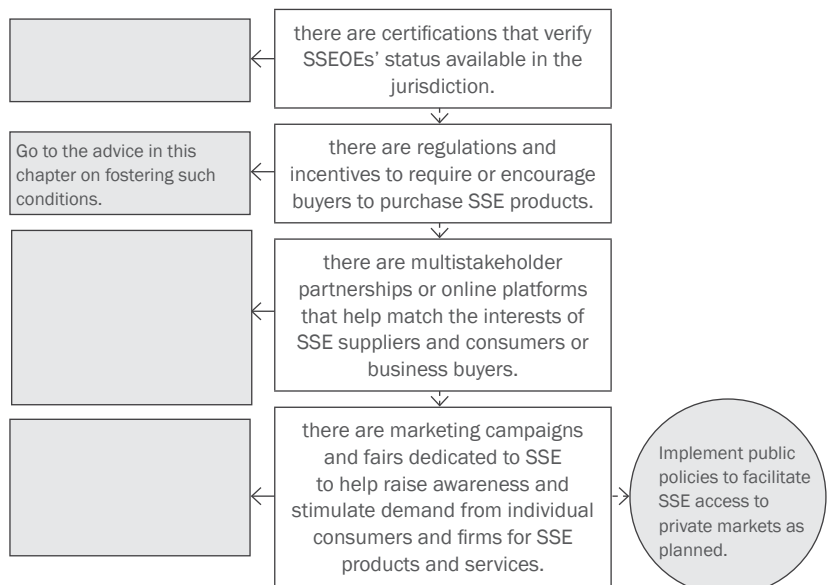
4.1. Public policies to facilitate SSE access to the public market

To initiate or upgrade the SSE access to public procurement processes within your territory, check whether:



4.2. Public policies to facilitate SSE access to private markets

To initiate or upgrade the SSE market access strategies within your territory, check whether:





CHAPTER 9

Awareness Raising and Advocacy for SSE

1. Introduction

A growing and thriving SSE in a given territory depends on developing and nurturing a vibrant “SSE culture”. Such a culture can be fostered by raising awareness about SSE benefits and advantages, including its transformative potential, and advocating for its recognition (Caire and Tadjudje 2019; Scott 2008). SSE still remains little-known among the general public and policy circles in many parts of the world. As a response, governments at all levels can establish or consolidate an SSE communication strategy focusing on awareness raising and advocacy from the local to the global level. Examples of governmental efforts to promote both local and global campaigns for SSE include those carried out by governments in Seoul, Catalonia and Barcelona, Bilbao, Montreal, Luxemburg, Costa Rica, France and several cities in Italy. In addition, international organizations such as the United Nations Inter-Agency Task Force on SSE (UNTFSSSE), the Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS), the Global Social Economy Forum (GSEF), *Centre International de Recherches et d’Information sur l’Economie Publique, Sociale et Coopérative* (CIRIEC) and SSE Forum International (formerly known as the Mont-Blanc Meetings) have also made efforts to raise awareness about SSE at the global level.

The diversity of SSE practices across economic and social sectors is one of its strengths, but a plurality of definitions, not only between but also within geographical areas, is a communication challenge. This challenge should be addressed by finding ways to make SSE-related messages understandable, accessible and relevant to diverse audiences.

2. Establishing an SSE communication strategy

As in other dimensions of public policy on SSE, co-construction of communication strategies with SSE actors is essential to the successful dissemination of their values, principles and impacts. Prior to developing a strategy, it is essential to work with SSE actors and civil society organizations to map out the different approaches and tools already in play to reach out to different audiences within the territory. Public policies can strengthen existing programmes and (co-)initiate activities to raise awareness of SSE in their jurisdiction and beyond.

Defining target audiences—that is, the specific groups of people the communication strategy aims to reach with messages—is one of the most important elements of a communication strategy. Based on

careful identification of target groups, governments can better make and convey content, messages and advertisements. Research on different communities with different levels of knowledge and support for SSE is important in order to reach a large audience while also reflecting their needs.

Precise categories of key target audiences may vary depending on the context, but from a local government perspective, they would typically include:

- the SSE community of practitioners and advocates, whereby information sharing on SSE policy, best practices, new initiatives and so on can be beneficial for these actors and at the same time strengthen their awareness about the government's activities;
- the general public in their capacity as consumers, workers, politically engaged citizens, and business owners and managers aspiring to reconcile economic activity with social and environmental goals;
- the educational community, schools, universities and other learning institutions, who can play a key role in raising awareness on SSE, especially among children and young people; and
- policy experts and advocacy groups—comprising governments, public institutions and civil society organizations, networks and movements committed to advancing policy change capable of transitioning to more equitable and sustainable economies and societies.

2.1. Principles of an SSE communications strategy

Local governments often find it useful to adopt key principles to guide the development and implementation of their SSE communication strategy. These can include the following:

- Data, knowledge and information generated by the local government should be in the public domain where anybody is able to access them.
- Knowledge and information should use standardized definitions and concepts in simple and understandable language.
- The communication activity of every staff member should contribute to advocacy for SSE.
- Internal communication within the local government should be a part of the communication strategy.

- Partnerships should be central to all the communication activities.
- Accessibility and effective dissemination of information should capitalize on continuous innovations in information and communication technologies.
- Communication activities should be reviewed by outcomes (rather than output).

2.2. Key activities, mechanisms and tools of communication on SSE

Governments can employ a broad range of mechanisms and tools for effective communication on SSE. This requires information and communication teams able to undertake the following key activities:

- development and dissemination of content or messages;
- development of materials or media for communication and outreach;
- undertaking communications campaigns and holding events;
- establishing communication partnerships.

2.2.1. Development of content

Compared to other related causes such as the promotion of a green economy or decent work for all, SSE is a more challenging concept to convey to a lay audience due to mix of economic, social, environmental and political dimensions. In particular, a plurality of definitions, not only between but also within geographical areas, is a communication challenge (for specific good practices to facilitate understanding of SSE, see boxes 9.1 and 9.2). For example, within one country, there can be groups that present SSE as an alternative to capitalism, while others perceive it as a complement to the public and private sector (calling it the “third sector” of the economy). These diverse understandings of SSE can be reconciled through notions such as “plural economies” (for instance as is stipulated in the Ecuadorian Constitution), where SSE can contribute to the short-, medium- and longer-term transition toward more just and sustainable economies. For example, the city of Barcelona, which has also embraced the notion of a plural economy, has invested in bringing together different “SSE families” to develop a “shared story”. This approach helps reinforce SSE identity and dissemination. Resources were set aside for this purpose, notably resulting in the publication of materials and handbooks for raising awareness and dissemination of knowledge and information on SSE such as the Collaborative Consumption Handbook and the publication of videos (Chaves-Avila et al. 2020).

In every case it is necessary to adapt messages to the needs and concerns of the target audience. If for example, the city wants to give visibility to a successful public programme on cooperative housing, it can have one version for the general public and another version that targets groups and associations that support the homeless and people in precarious housing, with more detailed information on things like costs, application procedures and waiting periods. Similarly, the government could produce a press release on the launch of a complementary social currency that is easy to understand for the layperson, but in parallel also produce a policy-oriented document that exposes the theoretical underpinnings and policy technicalities in a more sophisticated manner. The latter would be aimed at associations and networks dealing with this issue, which can in turn relay the information to their own circles, and use it to advocate for SSE, for example, at conferences dealing with innovative financial mechanisms for sustainable city development.

Key principles for the development of content and messages include:

- stable communication links with researchers both inside the government and among partner research institutions who can showcase quantitative and qualitative data and analysis on the socioeconomic contribution of SSE within the territory (see Chapter: 10 Mapping of SSE: Research and Data Collection);
- clear communication about the values, features and benefits of SSE;
- convincing and persuasive evidence which is useful for awareness raising and advocacy for SSE (see Chapter: 10 Mapping of SSE: Research and Data Collection);
- messages written in easy and plain terms understandable to non-specialists and the general public.

2.2.2. *Effective outreach and dissemination*

Effective outreach and dissemination to deliver the “SSE message” to the broadest possible audience requires appropriate messages (adapted to different target audiences) and dissemination channels.

Effective outreach and dissemination requires:

- consistent and regular messages (regular news updates on new developments and initiatives by the government, the SSE

community and other relevant actors are good examples);

- freely accessible spaces for messages and information such as a web page.

There are a wide variety of dissemination channels to raise awareness of SSE. Some of these can be “in house” channels to make civil servants themselves SSE advocates or to instruct unemployment offices to actively encourage jobseekers to examine opportunities on the SSE job market (OECD 2018). Some of the main external channels include:

- **Outdoor advertising:** Attractive advertising posters on streets, motorways and public transportation can be a simple, but effective way to bring SSE to the attention of the general public.
- **Conventional media:** Through conventional printed press, radio and television coverage, the SSE message can reach a wide audience. While SSE organizations often find it difficult to access conventional media, local governments have arguably greater media convening power, especially since local SSE initiatives, events and campaigns are more readily covered in local news. Nevertheless, the intrinsic limitations of dissemination through conventional media have propelled the increasing use of digital media in SSE awareness raising (Dacheux and Zouari 2008).
- **Digital media:** Platforms such as Google, YouTube, Facebook, Twitter, LinkedIn, Instagram and others reach millions of users and offer a potential avenue to reach even larger and better targeted audiences than conventional media. The configuration of most of these platforms enables the posting of short, catchy written messages or engaging visual posts that redirect interested users to more detailed content, such as newsletters, articles or press releases typically featured on the contributor’s website. These can be powerful SSE awareness-raising tools, but as mentioned above, require considerable skill, labour and time to gain long-lasting visibility, as such messages can be consumed rapidly and frequently without necessarily gaining active engagement from followers. The way digital media

algorithms are designed tends to create like-minded virtual communities that can help expand contacts and knowledge sharing among users already active or interested in SSE but may have insulating effects that do not “naturally” enable outreach to non-SSE audiences. Creative ways to bypass these built-in limitations could include, for example, reaching out to communities grouped by economic sector and profession relevant for SSE (such as through LinkedIn), or through “influencers” who often have a considerable number of non-SSE followers and encouraging them to become “virtual SSE ambassadors” in the community.

- Partner channels: In some cases, people may be more likely to learn about a government’s SSE policy and promotional messages if a familiar or proximate source provides the information. To increase dissemination of SSE-related messages, communication teams can coordinate messaging with partner organizations who share the same objectives and are known to the target audience, especially if they interact frequently with otherwise hard-to-reach audiences.

2.2.3. Producing digital communication and outreach materials

Digital media is becoming more commonly used and needed for effective awareness raising and advocacy. Teams producing digital communication and outreach materials for SSE need to understand how to optimize (compete for) visibility on various social media platforms, which implies maximizing continuous traffic, the number of followers, incoming links from other websites, frequency of postings, strategic use of keywords and other “visibility ranking criteria” used by these platforms’ algorithms. This can be quite labour intensive for both the technical and content management members of the information and communication team.¹³

2.2.4. Educational material and tools

Educational tools also play a significant role in developing positive attitudes toward SSE and can help to foster an understanding of its specific functioning and role in society. Awareness raising about SSE can begin in late primary and early secondary education, even though the uptake at these earlier stages of education may be low (OECD/EU 2017).

Box 9.1. Development and presentation of SSE content in Seoul

The Seoul Social Economy Portal is a website run by the Seoul Social Economy Centre (SSEC), a leading intermediary agency of the Seoul Metropolitan Government, that allows the accumulation and sharing of a wide range of information. It also invites anyone interested in the social economy to check out current conditions of the social economy and SSEOs in Seoul, policy programmes, announcements and postings, research and educational materials and job advertisements posted by SSEOs. It provides links to the Social Economy Academy’s website, the Story Platform, and the School Cooperatives Platform. Every month, over 100 posts on various policy programmes and other subjects are published on these platforms, which together draw nearly 12,000 visitors a month (Yoon and Lee 2020).

Some governments have spearheaded the promotion of SSE awareness raising in primary and secondary education curricula. For example:

- The French law on SSE created the High Council for the Social and Solidarity Economy (*Conseil supérieur de l’ESS*) which aims, among other things, to promote social entrepreneurship among young people through the public education system. This has led to the development of a wide range of pedagogical tools to explain SSE, its history, values and its economic realities, explicitly designed for use in schools (see: *La sensibilisation à l’ESS en milieu scolaire*).¹⁴
- In its Strategy for the Development of Social Entrepreneurship 2015–2020, the Croatian government included promoting social entrepreneurship at all levels of education as one of its four main implementation measures (OECD/EU 2017).
- The government of the Republic of Korea, with the aim of enabling primary and secondary school students to understand the social economy and practice cooperation, decided in 2018 to add social economy-related content to the public curriculum. Textbooks and teaching materials are to be developed and distributed so that they can supplement social studies and other related subjects. The social economy is also to be featured as an essential subject when the public curriculum is revised in the future.

Additionally, the government also fosters school cooperatives to enable student participation in the creation and management of cooperatives and learning about the social economy in the process. As of April 2018, 60 school cooperatives had been established and operate all over the country (Yoon and Lee 2020).

2.2.5. Events, campaigns and meetings

The organization or co-sponsorship of various types of events, campaigns and meetings on SSE are an important dimension of an effective SSE communication strategy. They can take the form of “SSE Days”, such as “Social Saturday” in the United Kingdom, or efforts to promote SSE fairs, exhibitions, forums and workshops.

In addition, field visits to successful SSEOs are also an effective awareness raising, educational and knowledge sharing tool. They can be designed specifically for youth, public officials, the general public or for the staff of other SSEOs.

2.2.6. SSE communication partnerships

Communication partnerships with SSE organizations are an important tool for awareness raising, advocacy and mutual learning. These partnerships can be from the local to the global level and sometimes serve multiple purposes, communication being one of them.

At the international level, partnerships with SSE organizations and networks, or international organizations that support SSE, offer many opportunities for global awareness raising, advocacy and sharing best practices. International gatherings that deal with local sustainable development challenges can be effective avenues to raise awareness on SSE. For example, the World Forums on LED, organized by the UNDP and partners (including a number of national and municipal governments and agencies) have increasingly become a favourable space to advocate for SSE as a means to promote local solutions for sustainable development, as was showcased at the latest World LED Forum in Cabo Verde in 2017 (UNDP 2017). International governmental and non-governmental organizations, associations and networks of local governments, and SSEOs engaged in the promotion of SSE as a means to achieve inclusive and sustainable local development, also offer spaces for global

Box 9.2. SSE communication partnerships in Flanders and Scotland

Flanders, Belgium

The Social Innovation Factory is an initiative of the Minister of Innovation of Flanders, who responded positively to a request by local SSEOs to establish such an SSE support structure. It is subsidized by the Flanders Agency for Innovation and Entrepreneurship to undertake activities that include raising awareness of social entrepreneurship and social enterprises. In May 2015, the Factory and other partners (including the newspaper *De Standaard*) ran the “Radical Innovators” campaign, a large-scale search to identify “radical innovations for a better world”. The search generated 335 results, from which a panel of judges chose 10 winning innovations. Thanks to broad media coverage, the campaign informed a wide audience of the concepts of social innovation and social entrepreneurship.

Scotland, United Kingdom

The Partnership for Supporting the Social Enterprise Strategy is a multilevel support framework designed and supported by the Scottish Government, launched in 2011 with the aim of developing the capacity of Scottish social enterprise intermediaries—principally through the Scottish Social Enterprise Coalition, Sencot and Social Firms Scotland. The Partnership increases the visibility of social enterprises through a range of activities, such as organizing study visits to social enterprises for parliamentarians from all political parties and sending them monthly e-bulletins; submitting responses to government consultations and motions; and promoting social enterprises’ added value in the media and local communities through national and local events, awards and press activities (OECD/EU 2017).

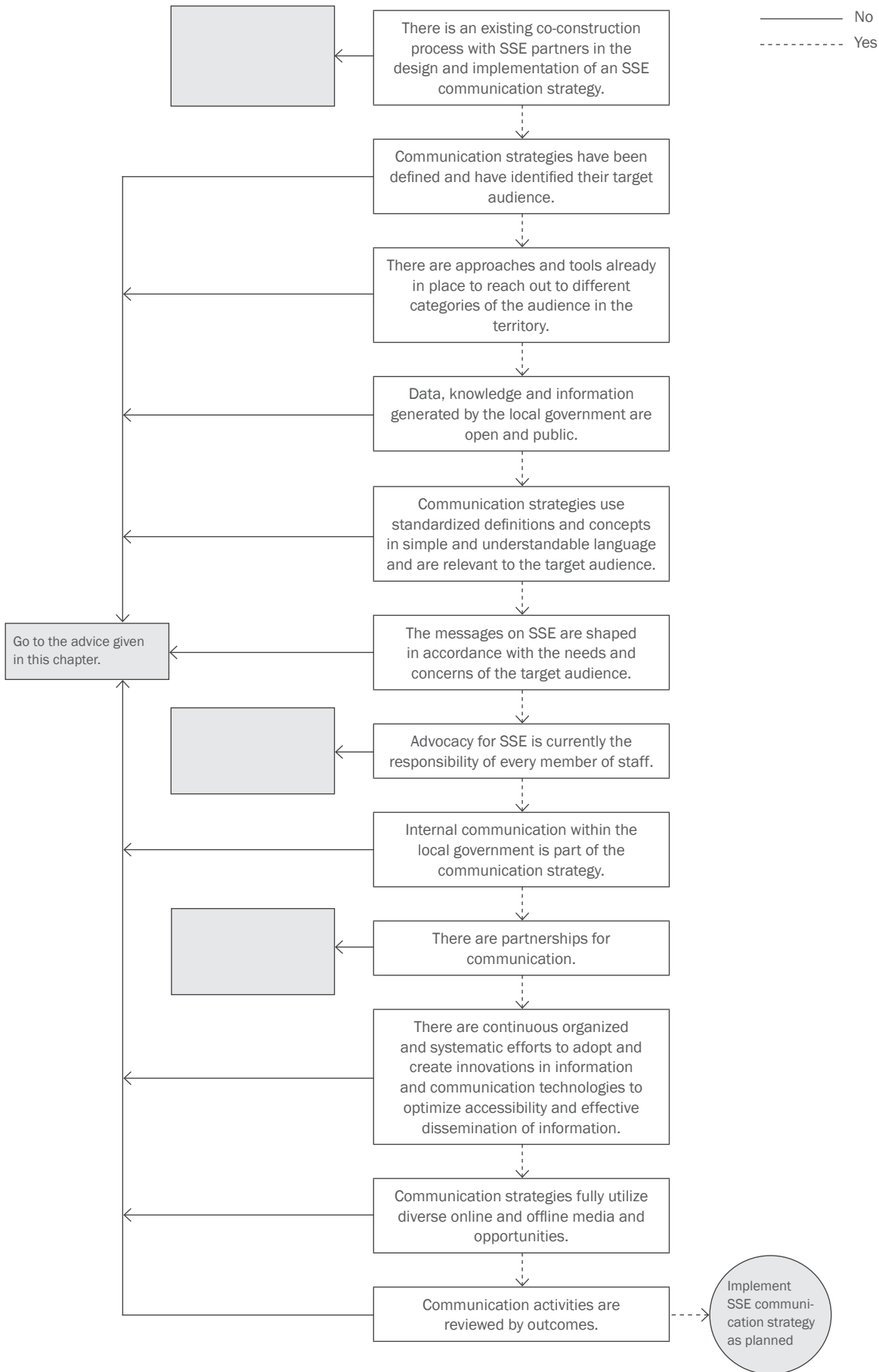
communication partnerships with local governments and SSEOs. They include RIPESS, UCLG, SSE Forum International (formerly known as the Mont-Blanc Meetings), GSEF and the UNTFSSSE.

3. Guidance on SSE communication strategy

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening SSE communication strategies within their respective contexts, in a spirit of co-construction with SSE and other relevant stakeholders.

For information on how to use this guidance, consult box 1.3 in the Introduction.

To initiate or upgrade an SSE communication strategy within your territory, check whether:





CHAPTER 10

Mapping of SSE: Research and Data Collection

1. Introduction

Policy-relevant research and data collection are the linchpin of effective SSE public policy. They have the dual purpose of: (i) showcasing the contribution of SSE to the economy and society, as a lever to generate political momentum in favour of supportive SSE policies; and (ii) providing guidance to improve the effectiveness of SSE policy. Policy makers at local, national and international levels play a decisive role in creating and strengthening the institutional infrastructure necessary for policy-relevant research and data collection.

Research and collection of both quantitative and qualitative data are the basis for the production of statistical information and knowledge on SSE and its contributions to inclusive and sustainable development. In particular, statistical data can provide policy makers with a precise picture of the state of play of SSE in a territory, including its evolution over time. Regular data collection helps to keep track of the number of SSEOs, their fields of activity and their contribution to the economy

and society in terms of employment, GDP or other measures, and it forms the basis for systematic and organized research efforts. Based on resulting data, information and knowledge on SSE, policy makers and relevant stakeholders can make informed decisions about policies and support needed to stimulate the development of SSE.

Public policies can enhance the capacity of research to produce and make sense of this data, to combine it with existing knowledge and to produce new output that can be the basis for better communication and outreach. It should be noted that qualitative research is as important as quantitative research since it complements quantitative data with the knowledge that can only be generated through observations, interviews and stakeholder consultations, as well as literature reviews and analysis. Qualitative research combined with quantitative data is especially useful to take stock of the effectiveness of SSE public policy design and implementation (Driscoll et al. 2007).

2. Research for better SSE policies

In the last two decades or so, researchers around the world have made great efforts to study SSE in its many forms and their impacts, analyse success factors and collect data on a rich diversity of SSEOs in a variety of contexts. Research provides a tool for building knowledge and facilitating learning and helps to better plan, design and implement policies. Drawing on existing research, in particular literature reviews and case studies, and through collaboration with researchers and practitioners on the ground, policy makers can deepen their understanding of SSE, and as a result they can be better equipped to identify and assess the opportunities and impacts of SSE. Freely accessible online platforms also help policy makers to gain knowledge and information on SSE. Those of socioeco.org, the *SSE Collective Brain* run by the ILO's SSE Academy and the UNTFSSSE's *SSE Knowledge Hub* for the SDGs are among the most comprehensive research repositories, each featuring over a hundred articles and presentations on SSE and related policy. Organizations such as GSEF, UCLG and CITIES (the International Centre for Innovation and Knowledge Transfer on the Social and Solidarity Economy), in addition to research, are also committed to facilitating knowledge sharing on SSE among (local) policy makers.

Beyond leveraging research for improving policy, policy makers can also support the uptake of research in SSEOs themselves, by facilitating knowledge transfer and exchange, usually through diverse partnerships. Governments can, for instance, engage with universities and research institutes at the local, national and even international level, such as cooperative universities in Kenya and the United Kingdom, or Mondragón University in the Basque Country, Euricse (European Research Institute on Cooperative and Social Enterprise) and UNRISD. Expertise on conducting and communicating research may also be found in organizations and faculties of universities working on related topics such as centres for agricultural development, think tanks for SMEs and business schools.

Collaborating with research organizations, including universities, think tanks and research institutes, can take various forms depending on the specific needs and resource constraints of local governments. They include but are not limited to:

- Exchange of data and evidence: Policy makers can share data from statistics

collected and surveys undertaken by the government with researchers who can draw new lessons and advance their own research efforts. In turn, researchers can share these context-specific lessons and recommendations with policy makers who can use them to inform the design, implementation and revision of policy.

- Provision of grants for research projects: When policy makers seek more comprehensive insights, lessons and findings on research questions of their own choice, they can commission a university or research institute to undertake a research project. Such projects often involve a literature review, case studies or the collection of new data and typically summarize the findings of the research in a report.
- Exchange of personnel: Researchers often take an interest in how policies are created, and policy makers may gain valuable insights, such as learning about statistical data analysis or acquiring other skills relevant to SSE research. Such fellowships and temporary exchange of personnel may be another way to establish or strengthen collaboration between local policy makers and researchers.
- Collaboration with SSE research at universities: Faculty professors are often on the lookout for interesting case studies and new evidence from research. Some faculties may even decide to devote entire courses or study programmes to SSE-related issues (for example at the University of Bologna and the University of Valencia). Partnership between governments and these faculties is mutually beneficial to policy makers, universities and other stakeholders.

3. Diverse approaches to mapping SSE

A significant amount of quantitative and qualitative research on SSE has been undertaken by statistical agencies and by researchers (academic and policy) at the local, national and international levels. One growing research field is mapping SSE. In Europe and North America, public and private institutions have developed a number of well-honed tools to map the SSE landscape in their territory. When tied to international statistical standards, these tools can enable international comparisons.

A major challenge to these efforts is defining which entities fall within SSE. This varies with context and may depend considerably on whether there is a legal definition of SSEOs in the jurisdiction under study (see Chapter: 3 Legal Frameworks for SSE). Public authorities at all levels have a significant role to play in making administrative data (from institutional registration, tax, directories and other sources) readily available to facilitate research as well as policy making on SSE. Where standardized administrative definitions of SSEOs and data on SSEOs are not available, the application of proxy methods to yield an approximation of the size of the SSE landscape in a territory is also possible. Policy makers in countries or regions where there is no established legal or standard definition of SSE, however, can draw lessons from the experiences of other countries or regions which have developed their own system of collecting data for statistical analysis on SSE.

Many tools to map SSE based on administrative definitions cannot fully capture the landscape of SSE due to the existence of SSE initiatives in the informal sector. In particular, the validity of the tools will be challenged in many developing countries that have abundant SSE initiatives lacking formal registration. Those informal SSEOs are not captured by official data but make a significant contribution to the overall economy. They are frequently referred to in plural definitions of SSE as the “popular solidarity economy”.

Although methods vary between different statistical systems, there are usually three common steps:

- (i) establish a statistical definition of SSE;
- (ii) determine qualifying criteria on the basis of this definition; and
- (iii) establish filters to discern those who belong to the statistical population from those who do not.

These three methods are used to map SSE as explained below.

3.1. SSE satellite accounts

A satellite account is a framework that brings together tailor-made data on a field of economic or social concern, but which remains tied to the central framework of national accounts. The national accounts provide a frame of reference to a satellite account. In the case of SSE, a growing number of countries have built on two major international

initiatives for the framing of internationally comparable datasets in this field, namely:

- The 2006 *Manual on the Satellite Accounts of Cooperatives and Mutual Societies*, mandated by the European Commission and produced by CIRIEC. This established a rigorous conceptual demarcation of SSEOs to be studied in the satellite accounts within the European context through broad consensus among the most prominent European SSE-focused organizations, as well as producing guidelines and a methodology to draw up a satellite account (UNRISD 2019; Fecher and Ben Sedrine 2015).
- The United Nations 2018 *Handbook for Satellite Accounts on Non-profit Institutions and Related Institutions and Volunteer Work*, which built upon its 2003 *Handbook on Non-profit Institutions in the System of National Accounts*, based on research undertaken by Johns Hopkins University. The 2018 version encompasses a broader scope of SSE entities than in 2003, but it still leaves out most cooperatives and mutual societies (UN DESA 2018).

Among European countries that have adopted the SSE satellite account, Portugal is often cited as a good example of having been able to integrate both methodologies (see box 10.1).

Box 10.1. SSE satellite account in Portugal

The Portuguese national institute for statistics regularly collects information on SSE at the national level by using a satellite account approach, prompted by an SSE law passed in 2013. The statistics of Portuguese Satellite Account show, for example, that, in 2013, the SSE represented 2.8 percent of national gross value added and 5.2 percent of total employment.

The implementation of this satellite account approach was the result of a lengthy multistep process which proved to be essential to capture the evolution of SSE. Over 10 years, Portugal extended the scope of its satellite account from non-profit institutions to cover a broader spectrum of the SSE sector, including cooperatives and mutual associations, and more recently voluntary work. This was done based on the methodological approach presented both in the *UN Handbook on Non-profit and Related Institutions and Volunteer Work in the System of National Accounts* and the *CIRIEC 2006 Manual on the Satellite Accounts of Cooperatives and Mutual Societies* (OECD n.d. c).

An advantage of a satellite account is that data available in the System of National Accounts can be used readily without necessarily conducting complementary surveys. The method also favours international comparability and the establishment of “longitudinal” follow-ups, namely comparisons of evolution over time (OECD n.d. c; Bouchard and Rousselière 2015). There are limits to international comparability, however. In the case of Portugal, for instance, social enterprises are excluded from the SSE satellite account but may be seen as an integral part of SSE in another context.

While the adoption of the SSE satellite accounts approach is, by definition, a national project, local governments have a key role in collecting relevant data, either directly by collecting territorial data when it is delegated to them, or indirectly by providing necessary support to statisticians dispatched by the central government. In any event, it is essential to build the capacity of local civil servants to analyse which internationally comparable administrative data is relevant to measure SSE in their context.

3.2. Statistical surveys and observations of SSE

Statistical surveys and observations can be another way to produce “portraits” or “mappings” of SSE. These methods can be institutionalized over time, either within official statistical offices or through official relationships, such as partnerships, with private research institutions and other relevant bodies that may define themselves as “SSE observatories”. The main advantage of statistical surveys is that they enable a deeper understanding of territorial specificities and thus sharpen guidance of effective public policies, especially at local levels.

3.2.1. Statistical surveys

A statistical survey is intended to represent the scope of a phenomenon, to highlight its main components and their relative importance, to document some of its branches or subsectors, to follow its evolution over time, and, if possible, to allow for comparison with other phenomena. Surveys can shed light on important issues to guide public policy in a way that macro-statistical data cannot. For example, a study conducted on the distribution of social economy salaries in Switzerland showed that average wages in the SSE are largely above the minimum wages demanded by the unions (Bouchard and Rousselière 2015). Another study in Italy found that SSEOs are significantly more labour intensive per sector

(such as transportation, manufacture, education, health) than for-profit enterprises, as measured in terms of the incidence of labour costs on added value (Borzaga 2019).

Statistical SSE portraits based on surveys usually combine the collection and filtering of available administrative data with in-depth surveys. For example, the provincial government of Quebec undertook a comprehensive survey to produce its first “National Statistical Portrait of the Social Economy of Quebec” in 2019, using the criteria contained in the legal definition of the social economy adopted in the 2013 Social Economy Act.

In the absence of adequate public statistical infrastructure for SSE at the national level, subnational governments can take the lead in the development of their own territorial surveys. This can serve as a basis for advocating for national SSE statistics, as has been done by the Seoul Metropolitan Government since 2013.

3.2.2. Availability of adequate public statistical infrastructure

The digitization of administrative data from the 1960s and 1970s, combined with technological advances in recent years, has allowed public institutions to maintain and make use of large databases. Statistical institutes can enrich administrative data with mandatory or voluntary surveys. The nature of administrative data is shaped by the sources they come from, such as qualitative data from various forms of surveys and quantitative data about statutory tax returns.

The use of administrative data in drawing a statistical portrait depends on the presence and capacity of statistical infrastructure, on the territory where the study is conducted, and on the presence of a research and statistical institute to process that data. It also depends on the quality of data, that is, whether these administrative datasets contain relevant statistical information or not. The same applies to the datasets of different public and intermediary agencies that often possess and analyse considerable amounts of information on certain sectors of SSE. In some instances, elements of SSE statistical information can be generated through existing public bodies with other missions, such as SME promotion agencies, as has been done by South Africa’s National Department of Small Business Development,

which integrated monitoring and evaluation of cooperatives into SME statistics (Steinman 2020). These can contribute to building partial portraits of the social economy in a given territory.

In addition, the use of administrative data requires a certain degree of institutionalization of the components of SSE, often through legal forms and statuses (see Chapter: 3 Legal Frameworks for SSE). It is important to note that the administrative data is not always sufficient to produce accurate statistics on SSE due to the existence of unregistered or undocumented SSEOs, particularly those in the informal sector. Moreover, to allow for processing at a lower cost, these data must be digitized. Digitalization of large volumes of data, however, can be a challenge for resource-constrained countries (Bouchard and Rousselière 2015). National and local governments, therefore, have an essential role to play in ensuring that as much SSE-relevant

administrative data is available as possible, while remaining publicly accessible and centralized.

3.2.3. Observatories on SSE

The establishment of observatories allows trends in the creation and cessation of SSEOs to be captured and also facilitates the monitoring of SSE evolution in a territory over time. They can be the result of a public initiative, or stem from self-organized SSE networks with whom governments can collaborate. A good example is a “bottom-up” process that started in France in 2002. Observatories have been established by representative bodies of SSEOs, among them regional SSE chambers, namely the *Chambres Régionales de l'Économie Sociale et Solidaire* (CRESS), the *Conseil National des CRESS* (CNCRESS) (which is their national coordinating body) and the *Institut national de la statistique et des études économiques*, the French national institute in charge of public statistics.

Box 10.2. Lessons from mapping SSE: A multistakeholder collaboration in Brazil

Since the creation of SENAES in 2003, a key objective was generating and systematizing data on SSE for appropriate policy design. The immediate challenge was a lack of statistical information about the typical organizations of the solidarity economy in Brazil. An ambitious collaborative project between state authorities, research institutions, practitioners and civil society organizations regrouped under the Brazilian Solidarity Forum was launched to undertake a nationwide mapping of SSE, using methodologies adapted for the Brazilian context. In the absence of consensus on the most suitable legal frameworks, a comprehensive data survey on the solidarity economy had to develop its own criteria for defining its target population. One of the greatest challenges of the SSE mapping was to establish, for the first time, a set of classification parameters of economic organizations and similar solidarity-based initiatives. This challenge, methodological and political at the same time, gave rise to a series of fierce debates prior and subsequent to the mapping.

A core challenge was addressing ways in which to capture SSE initiatives stemming from the informal economy. Some informal SSE enterprises choose to be incorporated through the two main available legal statuses available in Brazil: associations and cooperatives. Others choose to stay and thrive in informality. For cooperatives, a screening was needed to exclude from the SSE statistics cooperatives that have lost credibility due either to their lack of internal democracy or to having been fraudulently created by other enterprises as outsourcing businesses to evade social costs. This stands in contrast to Quebec, for example, where all cooperatives can automatically be included in survey target populations.

A unique method was used to identify SSEOs that choose (or are forced for lack of capacity) to stay in the informal economy. The mapping was designed to function also as a process to mobilize a wide range of actors of the solidarity economy, with the support of research institutions and the government. The goal was to broaden the scope of the data collection as much as possible, through successive identification of enterprises made by the enterprises already researched (“snowball effect”) and, above all, through the commitment of everyone involved to contribute to the discovery and recognition of the least known elements of SSE that had been undervalued and poorly integrated into the organized sectors of the solidarity economy. Remote locations in the country were reached, converting the protagonists of these experiments into visible actors. In order to enter rural and remote areas of the national territory, 230 entities and hundreds of interviewers were engaged and trained to participate in the first mapping, which was conducted in 2,274 municipalities in the 27 states that make up the Federation of Brazil. They collected information on the initial conditions of the enterprises, their development strategies and the benefits provided to their members and social environments. The research went on for almost three years and was completed in 2007.

Using information generated through this first mapping, a database known as the National Solidarity Economy Information System was set up, which provides data on geographical distribution, types of organizations and sectoral activities, among other details. 22,000 enterprises and organizations were identified, the majority of which were associations (59.9 percent), followed by informal groups (30 percent) and, to a much smaller extent, cooperatives (8.8 percent). A second mapping, concluded in 2013, generated even more comprehensive data relating to SSEOs, support organizations and public policies in Brazil (Gaiger 2015; Utting 2017).

3.2.4. Challenges facing SSE data collection in developing countries

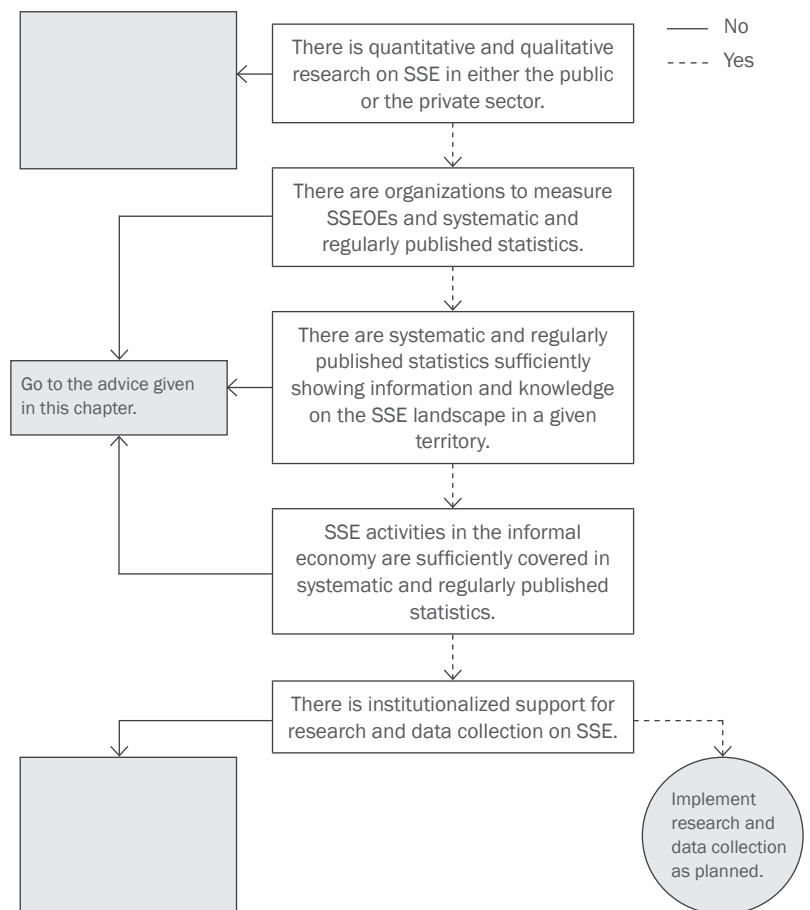
The above methodological tools cannot typically be simply transposed to map SSE in most developing countries.¹⁵ Besides limitations caused by much tighter resource constraints typically facing countries of the global South wishing to undertake rigorous, comprehensive studies of their SSE landscape, there are two additional important challenges that governments and researchers face in these territories that represent the majority of the world population (and indeed potentially the majority of a less recognized global SSE community):

- A large proportion of SSE activity may take place in the informal economy. Administrative data derived from registries or tax returns do not capture SSEOs in the informal economy. In South Africa for example, official figures of the size of the SSE are vastly underestimated because they capture registered cooperatives and non-profit institutions carrying out economic activities, but not informal SSE actors (Steinman 2020). In many countries of the global South, they are described as part of the “solidarity and popular economy” and innovative approaches are needed to map this SSE category (as shown in the two major mapping exercises undertaken in Brazil described in box 10.2).
- The presence of institutional forms such as associations, cooperatives, mutual societies and other social economy enterprises do not have the same implications in different countries, particularly between those of the global North and those of the global South. More specifically, in the global South, there are cases where such organizations do not adhere to the principles of SSE in the same way that those in the North do. Overall, the quest for economic solidarity has different motivating forces in the North and the South, and the resulting legal forms and structures which these efforts manifest in cannot be taken as synonyms or correlates, even if they bear the same name (Gaiger 2015).

4. Guidance on SSE research and data collection

This checklist provides practical guidance to policy makers of subnational governments who are committed to initiating or strengthening research and data collection within their respective contexts, in the spirit of co-construction with SSE and other relevant stakeholders. For information on how to use this guidance, consult box 1.3 in the Introduction.

To initiate or upgrade research and data collection on SSE within your territory, check whether:



↳ Endnotes

- ¹ Local or subnational governments refers to either state or regional government or substate or subregional government such as provincial and municipal governments depending on the administrative context (Yi et al. 2018).
- ² Recommendations for Policy and Research from “The Social Solidarity Economy Momentum” Conference, Trento, 18–20 November 2019. <http://ssecollectivebrain.net/ssemomentum>
- ³ The “European Social Economy Label” has not been passed into legislation for many reasons, in particular because of the potential inconsistency with various national definitions of social economy. In response, the European Commission proposed that the feasibility of creating an EU-wide label should be further discussed with stakeholders: https://www.europarl.europa.eu/doceo/document/TA-8-2018-0317_EN.html
- ⁴ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193
- ⁵ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204
- ⁶ <http://unsse.org/about/>
- ⁷ https://www.ilo.org/dyn/natlex/natlex4.listResults?p_lang=fr&p_count=98746&p_classification=11&p_classcount=1050
- ⁸ http://www.socioeco.org/bdf_motcle-thema-113_en.html
- ⁹ More information on crowdfunding can be found, for example on the European Commission’s website: https://ec.europa.eu/growth/tools-databases/crowdfunding-guide/what-is_en
- ¹⁰ Contract register means a comprehensive list of all term/framework contracts that the government procures, detailing key attributes such as type, duration, value and contractor and procurement/directorate contact details.
- ¹¹ Directive 2014/23/EU on the award of concession contracts, <https://eur-lex.europa.eu/eli/dir/2014/23/oj>; Directive 2014/24/EU on public procurement, <https://eur-lex.europa.eu/eli/dir/2014/24/oj>; and Directive 2014/25/EU, procurement by entities operating in the water, energy, transport and postal services sectors.
- ¹² See <http://www.fairtradetowns.org/>
- ¹³ Drawn from intensive course module on digital marketing and social media, Cadschool Communication Arts and Digital, Geneva, Switzerland. <https://www.cadschool.ch/>
- ¹⁴ http://www.esspace.fr/sensibilisation_milieu_scolaire.html
- ¹⁵ The project for an analysis of social and inclusive business in 16 African countries by MOUVES (now part of Impact France) in 2019 is a rare example of the systematic mapping of social and inclusive business including cooperatives. <https://impactfrance.eco/>

Acronyms

B2B	Business to business	PPPSES	Public-Private Policy-making Partnership for the Social Economy in Seoul
B2C	Business to consumer	RIPESS	<i>Réseau Intercontinental de Promotion de l'Économie Sociale Solidaire</i> (Intercontinental Network for the Promotion of Social Solidarity Economy)
CCCPFD	Consultative Council of Cooperative Promotion of the Federal District	SDG	Sustainable Development Goal
CEPES	<i>Confederación Empresarial Española de la Economía Social</i> (The Spanish Enterprise Confederation of the Social Economy)	SEDA	Small Enterprise Development Agency
CIRIEC	<i>Centre International de Recherches et d'Information sur l'Économie Publique, Sociale et Coopérative</i> (International Centre of Research and Information on the Public, Social and Cooperative Economy)	SENAES	<i>Secretaria Nacional de Economia Solidária</i> (Brazil's National Secretariat for Solidarity Economy)
CLGSSE	Council of Local Governments on the Social Solidarity Economy	SMEs	Small and medium enterprises
CNCRESS	<i>Conseil National des Chambres Régionales de l'Économie Sociale et Solidaire</i> (National Council of Chambers of Social and Solidarity Economy)	SSE	Social and solidarity economy
CRESS	<i>Chambres Régionales de l'Économie Sociale et Solidaire</i> (Regional Chamber of Social and Solidarity Economy)	SSEC	Seoul Social Economy Centre
CSMO-ESAC	<i>Comité Sectoriel de Main-d'œuvre – Economie Sociale Action Communautaire</i> (Sectoral Labour Committee of the Social Economy and Community Action)	SSEOEs	Social and solidarity economy organizations and enterprises
CSR	Corporate social responsibility	UCLG	United Cities and Local Governments
ESSFI	<i>Economie Sociale et Solidaire Forum International</i> (Social and Solidarity Economy International Forum)	UNASUR	Union of South American Nations
eTMM	eThekwini Metropolitan Municipality	UNDESA	United Nations Department of Economic and Social Affairs
FAO	Food and Agriculture Organization of the United Nations	UNDP	United Nations Development Programme
FBES	<i>Fórum Brasileiro de Economia Solidária</i> (Brazilian Solidarity Economy Forum)	UNRISD	United Nations Research Institute for Social Development
GSEF	Global Social Economy Forum	UNTF SSE	United Nations Inter-Agency Task Force on the Social and Solidarity Economy
IDP	Inclusive Development Plan	WISE	Work Integration Social Enterprises
ILO	International Labour Organization		
KoSEA	Korea Social Enterprise Promotion Agency		
LCR	Liverpool City Region		
LED	Local economic development		
Mercosur	<i>Mercado Común del Sur</i> (Southern Common Market)		
MoLEP	Ministry of Labour and Employment Promotion		
OHADA	<i>Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> (Organization for the Harmonisation of Business Law in Africa)		
PIESS	<i>Pla d'Impuls de l'Economia Social i Solidària</i> (Plan to Boost the Social and Solidarity Economy)		

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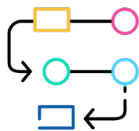
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Guidelines for Local Governments on Policies for Social and Solidarity Economy

With growing awareness about the role of social and solidarity economy in facilitating inclusive and sustainable development, comes an increasing number of governments, both at national and subnational levels, adopting policies and programmes that aim to support SSE organizations and enterprises. To successfully promote SSE and realize its potential in the context of sustainable local development, policy makers and practitioners need answers to a number of questions. What makes particular policies and programmes effective for SSE? Will these be feasible and adaptable within their various legal, political and socioeconomic contexts?

These Guidelines for Local Governments provide responses, explaining the key elements constituting an enabling policy and institutional environment, or “ecosystem”, for SSE. They offer a toolbox that can be used in the development of policies and institutions for SSE at the subnational level.

Readers – from government officials and SSE practitioners to other local stakeholders – will find guidance on the topics and public policy considerations that are essential for fostering and enabling a viable and vibrant SSE ecosystem at the subnational level: Co-construction of Public Policy; Legal Frameworks; Mainstreaming SSE in Development Plans; Supporting Organizations; Capacity Building; Access to Finance; Access to Markets; Awareness Raising and Advocacy; and Research and Data Collection on SSE.