

***Developments  
In Solidarity  
Economy In***

**Asia**

Edited by  
Denison Jayasooria

***Developments In Solidarity Economy In Asia***

# **DEVELOPMENTS IN SOLIDARITY ECONOMY IN ASIA**

Edited by Denison Jayasooria

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## Introduction



## Introduction

Solidarity Economy (SE) is a movement that has been around for a few decades, even if it was not always called by that name. Its primary philosophy is to conduct business in a way that does not exploit people, protects the environment for future generations, and distributes profits fairly to stakeholders.

Profits are also ploughed back into sustaining enterprises for the long-term. Such initiatives include fair trade businesses, cooperatives, credit unions and micro-credit or micro-financing. At the heart of Solidarity Economy is social justice, and its “triple bottom-line” of people, planet and profit succinctly captures the spirit of the movement.

In recent times, SE advocates have been exploring and promoting the idea of such an economic system as an alternative to the present market-driven, neo-liberal economy. This comes as the world acknowledges the failings of capitalism as seen from one financial crisis after another.

A general assessment of SE across Asia shows a picture of strong individual initiatives and some regional networks. Achievements are presently limited to empowerment of the immediate local community without much further reach or scale beyond that. However, there is tremendous potential and therefore we must build on these and scale up operations, outreach and impact.

There is a clear need for greater networking and capacity building for regional institutions. The course of action is two-fold, first for individual SE actors, and second for SE networks.

Individual SE actors must network with other organisations at local, national, regional and international levels. They must also network with local, district/provincial or state, and national governments, as well as

with universities, research institutions and academia. They must build capacity for their individual enterprises, which include developing good governance, adopting SE principles internally, develop community sources of capital, and transforming mind-sets.

For networks, they must chart a value chain for their region or even internationally, develop regulatory or governance structures, and lobby governments for conducive policies and laws. When individual enterprises are strong enough to become part of a network, and networks can scale up to become a regional force linking with other networks, Solidarity Economy as an alternative can be much closer to becoming a reality.

The ASEF KL 2011 (Asian Solidarity Economy Forum, Kuala Lumpur) held from October 31 to November 2, 2011 explored ways to translate individual SE initiatives into a larger economic system. Social enterprises are already widespread. The weakness, however, is the tendency to function in isolation. SE actors need to jointly develop strategies to overcome barriers that prevent SE from becoming a viable, credible alternative to capitalism.

This publication entitled *Developments in Solidarity Economy in Asia* contains 19 chapters and is divided into four parts. It captures an overview of SE developments across Asia and the proposed strategies to scale the movement up to the next level with a wider reach.

In the first part entitled **Overview Reflections on Solidarity Economy** there are three chapters. Chapters 1 & 2 provide reflections of the ASEF gathering and the main gist of the plenary sessions of the conference which are thematic thoughts on perspectives, potential and challenges in Social Solidarity Economy. Ms Deborah Loh provides an excellent summary of the thoughts shared by the various speakers. Chapter 3 documents the developments since November 2011 in Asia.



The second part of four Chapters 4, 5, 6 & 7 is entitled **Conceptual Understanding of Solidarity Economy** and it sheds light on providing an in-depth undertaking of terms, concepts and theory undergirding Social Solidarity Economy.

In Chapter 4, Dr Ben Quiñones Jr. as an economist and pioneer in Asia captures the concepts and developments, where else Dr John Clammer an academic and sociologist seeks to explore economic anthropology and anchors social solidarity within an academic tradition in Chapter 5. Yvon Poirier provides a very useful chapter defining terms and concepts which are often used inter-changeably but have different meanings and roots in Chapter 6. He also provides a good historical overview of the global developments. While Dr Emily Kawano highlights America's perspectives, her focus in Chapter 7 is also in addressing concepts and themes as they have developed and used in her context.

The thematic, conceptual and historical overview moves on into Chapters 8 to 15 to develop in Part 3, **Perspective & National Developments in Solidarity Economy** in their region.

Dr Ben Quiñones Jr. (Chapter 8) and Dr Ed Canela (Chapter 9), provide an overview analysis of organisations across the region by documenting the initiatives which build an alternative economy. The overview survey finding of Asian partners reveal their tremendous potential of impacting community transformation. While this is an initial study, nonetheless it reveals the size of the outreach, the efforts undertaken in concrete action including the shared value base and the alternative model it establishes in the Asian soil.

Prof Farok Zakaria provides in Chapter 10 a helpful picture of the developments in Malaysia with a focus on his universities project in a poor local community. Prof Lee Kwang Taek undertakes a policy review of the enactment of a Social Enterprise Promotion Act in South

Korea which reveals the role of an enabling State which is the focus in Chapter 11.

Mr Sam Chelladurai highlights the developments of the solidarity movement in the South Indian context in Chapter 12. Dr Virginia Juan documents in Chapter 13 the extensive work of APPEND and provides us with a very useful link between micro credit and Solidarity Economy. Prof Jun Nishikawa writes in Chapter 14 concerning how Eastern Japan was devastated by the tsunami and the effective response through Solidarity Economy in addressing human tragedy. The Indonesian experiences of CSR and community enterprise in Indonesia is the focus of Chapter 15 by Dr Peggy Meikel and Dr Lisbeth Mananeke.

The final part of the book focuses on specific **Case Studies in Solidarity Economy** providing a micro and in-depth look of the experiences and impact on the communities. This is the focus of Chapters from 16 to 19.

In Chapter 16, Sam Chelladurai provides an excellent study of the developments of social enterprise in a tribal context. Dr Wong Lai Yong dwells on a collaborative effort between a Japanese and African partner in a unique and innovative approach in sustainable business in Chapter 17.

Rajanita Das Purkayastha on the other hand in Chapter 18 links the theme of community development with environment impact in highlighting the case study of an environmentally sustainable community in rural West Bengal, India. The efforts of the Work Together Foundation in providing support to underdeveloped and developing countries is a key example of South-south cooperation and solidarity formation at the people to people level from an Asian country. Ms Marie Lee develops this South Korean experience in Chapter 19.

I take this opportunity to thank every writer who has made a specific contribution in this publication. There had been some delays in publishing these papers however it is now ready for wider circulation, reflection and study. As a regional network, the Asian Solidarity Economy Council seeks to document our experiences so as to enlarge the knowledge base of this pioneering field.

I also thank Ms Valerie Siganga & Ms Rajanita Das Purkayastha (from Binary University), Rose Cheng Jayasooria and Ben Quiñones Jr. for assisting in proof reading the text. Your labour of love is priceless and a major contribution to the documentation of Solidarity Economy in Asia.

A special word of thanks to Prof Dato Joseph Adaikalam and the Centre for Social Entrepreneurship, Binary University which served as the anchor organisation for ASEF KL2011 and also facilitated this publication

Research, documentation and case study writing in solidarity economy is an on-going process and we are in the right set forward to conceptualise, to execute, to review, to monitor and also to measure the impact in fostering sustainable communities with 'triple bottom line' goals including good governance and edifying values based on human rights and responsibilities for the common good of all.

Denison Jayasooria  
Subang Jaya, February 11, 2013

## **PART 1**

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# **Overview Reflections on Solidarity Economy**

1

# Lessons From ASEF KL 2011 Gathering

By Datuk Dr Denison Jayasooria & Benjamin R Quinones



## Lessons by Dr Denison Jayasooria

We very successfully hosted the 3rd Asian Solidarity Economy Forum from Oct 31 to Nov 2, 2011 at Kuala Lumpur. I am deeply grateful to all the volunteers who worked hard and the 100 over people who served as moderators, speakers, taking notes and providing summary of the key discussions. We had a packed program and a very interesting range of speakers and moderators who facilitated discussions and interactions.

We were deeply honoured by the presence of Mr Pierre Calame, President of Charles Leopold Mayer Foundation, who devoted three full days with us sharing his views in so many formal sessions and spending hours with different people in informal discussions. I am personally impressed with his vast knowledge and humility as he does not talk down to us but encouraged, motivated and inspired us to think big. That Solidarity Economy is not in the side-line or a complementary to market capitalism but must be the dominant economic model which can foster the solutions to the current global crisis.

A total of 351 people participated at ASEF KL 2011 from 33 countries from around the world. Seventeen Asian countries were represented with the largest delegation of 123 from Malaysia, 70 from Singapore, 40 from Indonesia, 36 from Philippines and 18 from India.

We had the strong support of regional and national organizations such as the World Fair Trade Organisation (WFTO-Asia), APPEND from Philippines and COMMACT International to cite some examples. This is a very positive development as we had people from different streams now identifying under the Solidarity Economy agenda such as micro finance, cooperatives, fair trade and community based initiatives.

For the first time in a Solidarity Economy forum, we have introduced faith based initiatives. Asia is rich in religious and spiritual traditions

and people's trust and confidence in these institutions is high. We had a special workshop on Islamic Initiatives as this approach has not been introduced to the Solidarity Forum.

There was a very good representation of young people from 4 universities in the region namely Binary University, University Kelantan Malaysia, Ngee Ann Polytechnic, Singapore and the Sam Ratulangi University from Indonesia. Youth participation is one dimension that we need to strengthen for the future as networking with universities will be very essential for the proliferation of the concept. Students in economy, business and entrepreneurship schools including Social Sciences could have an interest in Solidarity Economy and undertake their studies in the same area.

Ms Valerie A. Siganga of the Centre for Social Entrepreneurship, Binary University has agreed with her team of Binary student volunteers to set up a Facebook page and establish email links with all. They agreed to create special groups/pages by workshop groups so as to continue the discussions and sharing. This is one cost effective way of networking and keeping in touch. We are really hoping that all the young people especially from the four universities in Malaysia, Singapore and Indonesia will continue this forum and learning journey for a long time.

The DVDs on all the plenary sessions and some selected workshops sessions have come out very well and can serve as a very good record of the ASEF KL 2011 event. The present book compiles some of the papers presented at ASEF KL 2011.

Eighteen organizations undertook the signing of the Kuala Lumpur - Memorandum of Agreement to institutionalize the Asian Solidarity Economy Coalition (ASEC). Earlier it was more a loose group of individuals. However during the 2011 Asian forum this partnership and friendship among the collaborating organizations was formalized through the signing of a MOA among the organizations.

Among the ASEC partner organizations, there is a commitment pledge to undertake concerted and collective action towards advancing the core vision and ASEC is open for more organizations/institutions to pledge support for the common course.

In a discussion with Dr Ben Quiñones we have agreed to focus attention on strengthening national setups in Asia through our regional partners and universities. We are asking all our partners in Asia to give us major dates of their national workshops or forums so that we can encourage solidarity leaders from within continental Asia to participate.

For 2012 we already know that India, Indonesia, Philippines, South Korea are hosting National events. Ben and I will try to visit some of these places for expanding our network. In the case of Malaysia we will be hosting a national meeting of our major partners to consolidate the Malaysian national coalition. In a similar way we will seek to support the formation or strengthening of national coalitions.

We intend to organize ASEC into three geographical groupings namely South Asia, South East Asia/ASEAN and the East Asia. We will work closely with existing networks such as WFTO and COMMACT International and others like Ethnos Asia and the China and Beyond Network and PARC (Pacific Asia Resource Centre) Japan. We also have strong partners in Indonesia like Bina Swadaya and ASKI (Association of Social Enterprises) in Indonesia. In Philippines we got both CSRSME Asia and APPEND and in South Korea the Work Together Foundation.

We will need to strengthen our networks in India and South Asian countries and in China. Our new partner, Hong Kong General Chamber of Social Enterprises could assist us to enhance links with mainland China, Taiwan and Macau.

On the final day plenary, we heard Mr Brigido Simon, Chair of the National Organising committee of Manila 2013. He announced that the



next Global and Asian Forum on Social and Solidarity Economy will be held together in Manila. He also called for joint partnership and collaboration.

Another major development was the passing of the baton of leadership of RIPESS from North America to Asia. Dr Ben Quiñones Jr. will be the next RIPESS Executive Coordinator taking over from Ms Nancy Neamtan. RIPESS is the Inter-Continental Network for the Promotion of the Social Solidarity Economy.

At the last Asian meeting (held on Nov. 1, 2011), I was also selected to be the second Asian representative along with Dr Ben Quiñones Jr. to RIPESS Inter-Continental Board taking over from Mr Sunil Chitrakar of Nepal.

Ben and I have been friends for a long time and it is he who introduced me firstly to micro finance network via Banking for the Poor Conference and later to Solidarity Economy. We have a major task not just in Asia but also at a global level.

The global administration of RIPESS will shift to Kuala Lumpur with the establishment of RIPESS Sdn. Bhd. A company incorporated in Malaysia to undertake administrative work for RIPESS international. Based on the RIPESS Board decision held on October 31, 2011 the following were appointed as Directors: Dr Ben Quiñones Jr., Ms Nancy Neamtan, Ms Emily Kawano, Mr Eric Lavilluniere, Mr David Thompson and two Malaysian Directors, Datuk Dr Denison Jayasooria and Dr Christopher Shun.

It is indeed timely for Malaysia, ASEAN and Asia to play a global role as there is also a global shift of the economy to Asia. We hope to work very closely with Datuk Saifuddin Abdullah (our ASEF KL 2011 Patron/ Advisor and Deputy Higher Education Minister, Government of Malaysia) together with Tan Sri Dato Dr Michael Yeoh (Asian Strategy

and Leadership Institute and Malaysian representative to Asian Higher level Task Force on ASEAN Connectivity) for policy advocacy to secure the support of the Malaysian and ASEAN governments.

We have appointed Prof Dr John Clammer (Institute for Sustainability & Peace, UN University, Japan) to head an academic research committee to undertake a study of terms and concepts including indicators, characteristics distinctive of Solidarity Economy from other forms of social development projects including drafting a social Solidarity Economy curriculum for university education. A core group of academics will meet in early 2012.

### **Lessons by Dr Ben Quinones**

The Third Asian Solidarity Economy Forum (ASEF) held in Kuala Lumpur on October 31 - November 2, 2011 was a turning point for a number of reasons.

First, ASEF KL 2011 was marked with great diversity in participation. In terms of country representation, ASEF KL 2011 gathered delegates from 33 countries compared to 27 in ASEF I and 18 in ASEF II. Cheaper airfares and room sharing in an affordable hotel helped attract a great number of participants from neighbouring countries. This was the first time in the short history of ASEF that foreign participants outnumbered the local participants, at a ratio of almost 3 to 1. The largest foreign delegation came from neighbouring Singapore, followed by Indonesia, and the Philippines.

Women comprised some 44 percent of the total number of participants. Around one-third of the participants were young people, mostly university students. The large turnout of youth delegates provided ASEF a fresh supply of potential advocates and practitioners who could continue to build alternative economies and sustainable societies in the future.

Second, ASEF KL 2011 marks the first occasion when participants had the opportunity to share with one another individual reflections on the thematic issues of the day right after the plenary sessions in the morning. Resource persons deliberated six (6) thematic issues in 6 plenary sessions. Seating participants in a roundtable provided a convenient arrangement for a group of eight (8) people to reflect and share their thoughts on each thematic issue. While the theatre type of seating arrangement constrains people from engaging in dialogue and discussions, the roundtable encourages people to talk to one another.

Third, ASEF KL 2011 envisaged a semi-structured learning journey where a participant can follow through a thematic issue from inception, to elaboration and understanding, to proposal generation and action planning. Thus, participants at registration were asked to choose the thematic workshops they prefer to join, viz: microfinance/ social finance, fair trade, value chain development, green initiatives, Islamic initiatives, and CSR & Community based enterprises.

During the first three sessions, the desired progression of the learning journey did not fully take off as planned in as much as resource speakers focused on describing what they do while participants wanted to get a better understanding of the projects or programmes being described. This was corrected in the subsequent sessions when moderators introduced the methodology of 'dotmocracy' where participants identified the constraints to the development of Solidarity Economy initiatives and proposed actions to overcome them. The 'dotmocracy' method allowed participants to prioritize the constraints according to their perceived importance as well as to streamline the proposed actions. It helped focus the reflections of workshop groups on the steps forward that may be undertaken individually or collectively towards advancing Solidarity Economy in their respective countries.

Fourth, on a more fundamental note, ASEF KL 2011 ushered in a much deeper reflection on what keynote speaker Pierre Calame calls the “great transition”, which requires a more participatory development model towards the co-creation of sustainable societies. There was a general realization that the world has reached a crucial crossroad, where the development initiative and growth potentials have shifted to Asia and yet the dominant development model generally known and widely practiced even in Asia is outmoded. More significantly, such outmoded development model is precisely the one that has brought the world to the global crisis it is currently reeling from.

ASEF KL 2011 raised greater awareness of the reality that Solidarity Economy initiatives at the micro level are not enough to overcome the overreaching and constraining framework of the old development model. The Solidarity Economy movement, represented in Asia by the newly established Asian Solidarity Economy Coalition (ASEC), must forge alliances at the local, national, continental and international levels to bring about a paradigm shift in people’s perception and application of solidarity, interdependencies, and responsibilities.

The culminating session in the evening of the third and last day of the forum pointed the way to the alliance building work of ASEC in the coming years. Pierre Calame highlighted four major components of the “great transition” that needed to be acted upon:

First, we need to build greater awareness of the interdependencies of people in various parts of the globe. Such awareness of interdependencies must be strong enough to overcome our prejudices or to accept sacrifices in the name of the interests of others. We need to contribute to and help sustain a global dialogue of all stakeholders of our societies towards this end.

Second, we need to create the concepts, the culture and the institutions of interdependence and a way of life of inter-relatedness to manage our global society. ASEC is a modest step forward. Linking ASEC to RIPESS (Inter-continental Association for the Promotion of Social and Solidarity Economy) is a leap forward.

Third, we need to heighten people's awareness of the fact that the UN Charter which mainly deals with peace and the Universal Declaration of Human Rights do not provide sufficient framework for building and strengthening interdependencies of people. We need a third pillar that focuses on responsibilities, in as much as responsibility is the direct corollary of interdependence but also the corollary of freedom, power, knowledge and rights. We need a Charter of Universal Responsibilities.

Fourth and finally, we need to rise above the concept of sustainable development and focus on the concept of sustainable societies. 'Development' implies an ongoing progressive movement which requires a given amount of resource to sustain. This is a central concern because the very concept of development predisposes people and nations to compete for precious resources, a good portion of which are non-renewable. In contrast, many indigenous societies have remained sustainable even at near zero economic growth. We must learn from the local people how to build sustainable societies and be happy.

At the closing session, we have outlined a three-point action plan which we hope to revisit on the occasion of ASEC 2013.

First, we agreed that partner organizations of ASEC should organize and conduct their own local/ country level Solidarity Economy forums. In designing these local forums, we need to take into consideration the above 4 components of the "great transition".

Second, we agreed that ASEC partner organizations should complement their joint reflections (through the Solidarity Economy forums) with action research aimed at integrating Solidarity Economy initiatives. Notably, the integrative action research projects would inevitably require the development of multi-level governance/management of production and exchanges.

Third and lastly, we need to exchange information and experiences to deepen awareness of our interdependencies. We must always strive to strengthen our interdependencies in order to overcome our prejudices or to accept sacrifices for the sake of others. We need to contribute to each other's reflections and help sustain a global dialogue of all stakeholders of a sustainable society.

2  
**Reflections On Solidarity  
Economy & Social Enterprise**  
By Ms Deborah Loh (Freelance journalist)



Chapter 2 is a summary of the plenary presentations made by 21 different individuals at ASEF KL 2011 (which was held in Kuala Lumpur between October 31 and November 2, 2012). It captures the key thoughts shared on Social Solidarity Economy with a specific focus on the ASEF KL 2011 theme - *Social Enterprise as a vehicle for socio-economic Transformation of communities*.

## **Social Enterprise as a new alternative**

The majority of SE enterprises were fragmented, operating separately of larger networks observed *Pierre Calame, President, Charles Leopold Mayer Foundation for the Progress of Humankind*. There was no larger 'economy' of social enterprises to speak of since there was insufficient networking to form any kind of value chain. Though such enterprises abound, with some being strong regionally, linkages between regions are weak. Further, not all social enterprises understood and embraced the SE triple bottom-line.

Many remain driven by profit motives and some have become party to the capitalist system. For example, some farmers' cooperatives, though a strong force in SE, are in the business of using and selling pesticides and are key players in the genetically-modified organisms (GMO) market.

Despite these problems, SE is no longer a fringe issue but is recognised as a catalyst for social development and economic justice. Gradually, it has gained recognition from academia as a field of study.

The challenge now is one of scale. How can social enterprises be integrated and scaled up to provide solutions to the global economic crisis, or even a new alternative in the form of a worldwide SE system?

There first has to be a global community with institutionalised interdependence. There is recognition that countries, people, business and environment are interdependent. However, national self-interests



still prevail. Failure to operate interdependently is why international negotiations have failed.

Calame predicted the failure of the next United Nations Conference on Sustainable Development in Rio de Janeiro, June 2012.

In response, the SE movement needs to “change this failure into consensus”. It must plan for a new global development model using the following leverage points:

- *Acknowledge territories as pivotal actors in this new model.*

Where companies, transnational corporations and the state are the main actors of the current economic system, local territories should be in charge of organising and managing human capital and resources. They are better poised to do this in a holistic way as seen in large cities and in small, localised economies. A territory with control over its economic activities all along the value chain understands that its survival and sustainability depends on interdependent relationships within its economy. Such localisation presents the most sustainable form of society and economy. Understanding territories as clusters of relationships that are connected to other territories and the rest of the world is the first shift that needs to be made.

- *Develop and promote sustainable global supply chains.*

SE cannot meet its triple bottom-line without an integrated global supply chain that manages and balances all components in the economy. The current system is not a fully integrated one; individual corporations obtain their power, profits and legitimacy by controlling a part of a global supply chain. Control vested in monopolies or oligarchies is what allows massive profits at the expense of finite resources and is an unsustainable model.

A sustainable global supply chain must include traceability in all production and consumption processes, taking into account the different levels of production and consumption of different goods and services. To govern sustainable global supply chains, new institutional arrangements will have to be created actors and their responsibilities re-defined.

- *Develop a multi-dimensional currency.*

Money is a tool to manage economic activity. But commerce in a single currency distorts the reality of true costs and profits because everything is reduced to a monetary equivalent. The same money used to remunerate human work is the same money used to buy natural resources, of which we should be using less. This causes contradictions between sustaining the world financial and economic system and sustainable use of natural resources.

The production of goods and services has multiple dimensions which Calame groups into four categories: local labour (within the immediate local economy), foreign or external labour, energy and material resources. Multiple or parallel currencies should be developed to pay for the work and costs in each of these categories.

- *Go for systemic change.*

Scaling up SE has to involve systemic change. It means overhauling the framework of conventional economic thinking and vested interests. This includes re-defining responsibility by tying it to the impact of a particular economic activity on people and the planet. This replaces the current concept of responsibility to a company's share or stockholders. Along with re-defining responsibility, new processes for production, exchange and consumption should be designed to fit within the planet's boundaries.

There should be limits on the use of natural resources while caring for the welfare of all people. This isn't a new model, Calame argues, having existed in pre-industrial age, local economies had to be sustainable in the context of limited natural resources. The challenge for Solidarity Economy is to expand this model to a global scale.

Calame suggests reflecting this systemic change by adopting the word "oecology" and the Charter of Universal Responsibilities as starting points for a global conversation on Solidarity Economy.

*Responses from Dato Saifuddin Abdullah, Deputy Higher Education Minister, and Tan Sri Dato Dr Michael Yeoh, CEO of the Asian Strategy and Leadership Institute (ASLI) (now Tan Sri).*

Saifuddin affirmed the need for a new development model, noting that the crises the world was facing – economic, environmental and more – were all self-made. An overhaul in thinking is necessary but there would be challenges in formulating an alternative worldview because of tensions between conventional views and a new social consciousness. Whether in politics or in Solidarity Economy, shaping a new worldview had to take into account greater participation and synergy between states, business and civil society. A new governance framework was needed to manage these relationships.

In Malaysia, Saifuddin said the government was keen on studying Social Economy as a vehicle for greater social inclusion, which is one of the trusts under the New Economic Model. In higher education, Saifuddin said universities should include Social Economy and Solidarity Economy modules in business and finance courses. This would be part of developing a just and humane economic worldview in future professionals to prevent repeats of economic crises.

Yeoh said that in the world, there is growing discontent with capitalism as seen from the Occupy protests movements. There is

widespread agreement that the world needs to reform its financial architecture. It is crucial, at this juncture, for smaller, developing countries and Social Economy actors to speak up and be heard so that any future alternative economic system will be able to redress the imbalances and injustices against the marginalised. The present state of crisis also presents opportunities to re-define worldviews and to push a fairer and more just system to the forefront. To that end, however, it is crucial to scale up capacity-building of institutions.

## **Perspectives on Social/Solidarity Economy**

Social Economy initiatives across Asia are widespread, with nine organised networks that have been operating for the past three to five years. Over 13 million people are members of these networks which involve nearly 400 independent organisations in 21 countries. To scale these up to become a SE, however, three aspects must be developed. These are social motivation, people participation and governance structure.

*Benjamin Quiñones Jr., Chair of the Coalition of Socially Responsible SMEs (CSRSME) Asia, said many social enterprises were still profit-motivated and were in danger of “defaulting” to the neo-liberal economy. For one, they limited the roles of the poor in these enterprises to that of producer or consumer/client. This helped to alleviate poverty a bit, but did not empower the poor. Empowerment comes by being socially inclusive. People participation is developed when the poor are integrated into the business chain as financiers or investors, distributors and risk-sharing participants. Capital should be raised through sustainable means by stakeholders (the poor) themselves instead of depending on grants or aid. And unlike the free-market economy where governance is a hindrance, a socially motivated system will need a governance structure with clearly defined roles and responsibilities for all actors.*

Nancy Neamtan, Chairperson of RIPESS (*Intercontinental Network for the Promotion of the Social Solidarity Economy*) outlined other common challenges to reach scale. These are the elements that must be moved to create “a tipping point” for SE to become the dominant model:

- *Visibility and recognition*: to show the existence of a mass of people working on an alternative economic logic.
- *Developing a common vocabulary* as various terms were currently being used when talking about SE.
- *Mapping the reality*: to show how and where social economies are working.
- *Developing public policy* at micro and macro levels.
- *Capacity building* at all levels: reforming how economics is taught at university, how democratic governance structures can be developed for social enterprises.
- *Access to capital*: includes decision-making on how capital should be raised and used by stakeholders, as opposed to decision-making by stockholders.
- *Research and evaluation*: how the impacts of social enterprises and Solidarity Economy should be effectively measured.
- *Developing national, continental and international linkages*.
- *Gaining recognition by international bodies*.

On the lack of consensus on an agreed definition and description of the role of Social Economy, Dr Emily Kawano, Director of Centre for Popular Economics & the US Solidarity Economy Network outlined the spectrum of differing views on what Social Economy is or should be:

- A stepping stone for informal or non-profit enterprises to regular business;
- A stepping stone towards total transformation of the neo-liberal economy;
- Provider of social welfare instead of the government;

- Should operate in all sectors and leave welfare to the government;
- Makes neo-liberalism more humane;
- A part of the Solidarity Economy that seeks to transform the whole neo-liberal system.

Kawano defined Social Economy as “a sector of the economy comprised collectively of organised enterprises with social aims prioritised above profits or return to shareholders”. SE was defined as “total, systemic transformation” of the current capitalist system. While both the neo-liberal and Solidarity Economies had a profit motive in common, they differed in the profit relationship. In SE, profits go first to stakeholders who are not necessarily owners of company stock, unlike in the neo-liberal system.

Ownership and control of enterprises in SE is held by a group of workers, communities, consumers, and more. In seeking total transformation into a SE, not only must the profit relationship change but also responsibility for things held in “commons” – such as air, water, and knowledge – and non-monetised activity with real value work such as home making.

In Europe, most networks have agreed with the economic and social criteria of social enterprises, said *Eric Lavilluniere, International Coordinator of the European Institute for Solidarity-based Economy (INEES)*. The economic criteria are: there must be continuous activity of production and/or sale of goods and services (rather than advisory or grant-giving functions), autonomy, economic risk (financial viability depends on the members) and a minimum number of paid workers. Social criteria are: the enterprise benefits the community, citizen-initiated, its decision-making powers not tied to capital ownership, participatory, and has limited profit distribution.

In Malaysia, social enterprise is still being defined. There is some confusion and competition between the profit and social motives and whether social enterprise work is meant to be voluntary work or work that promoted social development.

*Prof Farok Zakaria of Universiti Malaysia Kelantan* described social enterprise as a “grey area”, because the strongest initiatives were government or state-led instead of being citizen initiatives. There are various federal and state agencies which give small loans to the poor, and financial, technical and training assistance for start-up entrepreneurs. An important development is Islamic social enterprises such as pawn shops and dirham and dinar investment houses. Yet, the state was heavily involved in Islamic welfare aid through the collection and distribution of tithes and alms.

Farok said that Universiti Malaysia Kelantan, located in the poorest state in Peninsula Malaysia, has embarked on programmes to develop grassroots-led social enterprise projects. A mindset shift is needed in Malaysia so that the poor will take ownership of such initiatives.

While there was agreement on the purpose and triple bottom line motives of SE, questions remained as to the concrete strategies required to turn it into a dominant economic system. Some conference participants wanted consensus on a uniform framework or agreed set of standards to guide solidarity practitioners forward. Others expressed concern that despite having practiced SE principles within their initiatives, they were ultimately dependent on the neo-liberal economic system for market access.

Others wanted clarity on the triple bottom line components – whether they were ends in themselves, or resources to be used, or strategies towards a particular goal, which needed to be defined. Boundaries on the relationship between the state and the market within SE also need to be defined.

## Tapping the Potential of Social/Solidarity Economy

What has enabled Social and Solidarity Economy (SSE) to grow rapidly and gain popularity? What are its strengths that can leverage for global growth?

One strength is the ability to thrive during a crisis, as in the case of survivors of Japan's 11 March 2011 tsunami and the Fukushima nuclear plant meltdown.

*Prof Jun Nishikawa of Waseda University* said social enterprises covering a range of services were born as a result of the disaster. This was also driven by the limitations of centralised government to cater to each and every need in the aftermath. Even earlier, Social Economy was already popular in Japan during the 2000s when the national economy was in a deflation crisis. In the late 1990s, two laws were passed that boosted the growth of social enterprises and Solidarity Economy – one that recognised the importance of the non-profit sector to the economy, and another that decentralised certain powers to local governments. With a resurgence of social enterprises following the tsunami and Fukushima disaster, Nishikawa believes Social Economy will chart Japan's future direction away from the top-down development model of the past few decades.

Crisis was also a factor in the birth of Social Economy initiatives in Hong Kong following the 2003 severe acute respiratory syndrome (SARS) outbreak, *Dr Philip Hui, the Deputy Secretary General of Longsee Foundation* said. The Hong Kong government established a poverty commission to tackle unemployment following the outbreak. One of the outcomes was a self-reliance fund to support new social enterprises and non-profits. There is also Social Enterprise Advisory Committee to guide the sector's growth. Hui said non-profits and social enterprises are gaining popularity and relevance in other Chinese territories because of the sheer population size. A challenge, however, is to ensure that social



enterprises stay committed to the triple bottom-line goals especially when faced with competition from other profit-oriented enterprises.

“Green jobs” are a perfect fit in SE, said *Prof Lee Kwang Taek of the Work Together Foundation, South Korea*. These are jobs in a range of sectors that contribute to preserving or restoring environmental quality. Green jobs can address problems of excessive production and competition, and unequal distribution, all of which are poverty factors. Mechanisation, while enabling mass production, has contributed to both unemployment and environmental destruction.

Using the Blue Ocean strategy, Lee suggested that jobs of the future be re-defined in response to environmental and poverty challenges. Green jobs within a wider green economy would involve a full-cost pricing of energy and materials to discourage fossil fuel dependency and unsustainable production and consumption patterns. In making the shift to a green economy, employment will change in at least four ways: Additional jobs will be created, some jobs will be substituted, some will be eliminated without replacement, and many will simply be transformed or redefined.

Government and private sector support are crucial for the sustainability of Social Economy enterprises, said *Virginia Juan, President and CEO of APPEND*, the umbrella body for eleven (11) microfinance organisations in the Philippines. The country has a national strategy and regulatory framework for microfinance which includes government responsibility to create a conducive environment for the private sector to take the lead in providing financial services to the poor. Each microfinance organisation is accountable to a regulatory authority and must adhere to a set of performance standards.

Ultimately, community participation is essential for social enterprises to meet social, environmental and profit or financial sustainability

objectives. “Community owned public enterprise” or COPE is the term that the Anekal Rehabilitation, Education and Development Centre in Bangalore, India, uses. This socially inclusive approach is cost-effective due to reduced bureaucracy and empowers local communities through collective decision-making, increased productivity and competitiveness, neighbourhood or community regeneration, and alternative employment. Enterprises that failed usually had government intervention or used the state-community joint-venture model. The community ownership model, however, has benefits economically, socially and politically.

To understand and articulate SE more fully, *Prof Dr John Clammer from UN University, Japan*, suggested looking to the study of economic anthropology. This is a field of study into existing alternative economies, mostly indigenous and localised, which were developed in relation to local cultures and social practices. It proves that non-market centred, non-capitalist economic systems are viable, primarily because the economic practices of these alternative systems were sociologically rooted.

These systems have achieved greater environmental sustainability and self-sufficiency because they relied on easily accessible and seasonal resources, conducted limited trade and cultivated local products and skills. In contrast, the neo-liberal economic model is a virtual one based on subjectivities such as consumer wants, commoditisation and commercialisation. When disconnected from social realities and environmental realities, the model eventually fails.

## **Overcoming Challenges and Hurdles in Social/ Solidarity Economy**

There needs to be a definitive articulation of SE theory. Theory that goes beyond critique of the capitalist system must be developed in order to present real alternatives, Prof Clammer added. The present economy is in transition from a scenario of once-plentiful to depleting

resources. SE theory must address transitioning issues and assess how problems of the present will impact the future. Theory must also work out the implications of SE's idealised approaches, e.g. limited trading, use of local currency, use of localised and limited resources, participation of stakeholders, and more. Theory must also address how SE relates to and promotes greater social equity, including gender equality and other human rights.

To scale up and enlarge SE, it is essential for its actors to network at all levels. Forming networks at national, provincial or state level is necessary if the aim is to lobby governing authorities for policies and laws that support SE, said *Yvon Poirier of the Canadian Community Development Network*. Networks in Mali, Brazil and Canada are good examples. While each are of a different scale, their strengths include forming economic chains through mapping and linking of SE actors, professionalising social enterprises, and government recognition of SE as part of overall national economic strategy, especially as an answer to unemployment.

Overcoming the business viability challenge lies in giving power and decision-making to the people and communities who are stakeholders in a social enterprise, *Paul Sinappan, Fellow at Centre for Social Entrepreneurship, Binary University College*, said. He defined a social enterprise as one where a community identified its own needs, invested in solutions and shares the profits. Failure to grasp this has led many enterprises to rely on external grants, only to fail eventually for lack of sustainable capital. Social enterprises should be aware of neo-liberal economy institutions seeking partnerships with community initiatives without having Solidarity Economy aspirations.

Another obstacle was the lack of field research and data on real needs of poor communities. This was a reason why social enterprises initiated and led by state agencies or other external parties did not always succeed. Additionally, there should be more in depth research on the

direct impact of free-trade agreements and the capitalist system on the poor and rural communities.

In overcoming challenges, *Ramona Ramos, executive director of the World Fair Trade Organisation Asia*, talked about understanding the multi-dimensional nature of SE. Understanding how elements in an economy impact and interact with each other is necessary for sustainability and to meet triple bottom-line goals.

*Martine Theveniaut of Pactes Locaux (Local Pacts) in France* said social enterprises must develop the credibility to lobby decision-makers politically but without being partisan.

*Uchida Shoko from the Pacific Asia Resource Centre, Japan* said changing mindsets continues to be a challenge for SE advocates in Japan, where social enterprises are popular but many still operate according to capitalist principles. A coffee chain, for example, may sell fair trade coffee but that alone does not make it part of a SE practitioner.

## **Next Generation Voices in Social Economy**

Younger generation leaders in SE spoke on the future of the movement. *Shomi Kim from the Seoul Youth Centre for Cultural Exchange* addressed the need for education and research on SE at all levels. Universities were still focused on teaching classical economics. Social entrepreneurship should be offered as a university major, as well as modules on SE for business and finance courses. SE and its philosophy could even be introduced from primary school level.

At the same time, academic research was needed to develop the future of SE. Entrepreneurship training programmes should not only focus on incubating and helping new start-ups but teach SE principles. There was also insufficient monitoring and guidance for new enterprises

beyond initial hand-holding to go through the business life-cycle. Overall, education on SE is necessary for the sustainability of social enterprises. The alternative is to be dependent on external aid which in the long run, hinders community development and local leadership.

As many social development and poverty alleviation programmes are run by religious organisations, *Ena Izati of Binary University's Centre for Women Leadership* looked at promoting SE in religious contexts. Drawing on common ground between different religions, she suggested that a person's faith could help in changing mindsets about poverty and social responsibility. Among some of the approaches under her framework for "spiritual entrepreneurs", she suggested: respect for natural resources because they were finite, cash-based and limited credit transactions to reduce risks, and narrowing the income gap. Religious bodies could promote SE in their communities through these approaches.

SE networks in different regions should also learn from each other especially on governance and working models, said *Valerie Ambetsa Siganga from Binary University's Centre for Social Entrepreneurship*. In the African continent where micro-credit financing was popular, with over 17,000 credit unions in 24 countries, a common misconception is of micro-credit as a profit-making business. Criteria for applicants are also lax, allowing the middle class to enjoy financial services meant for the poor. Siganga felt Asian Social Economy networks could provide guidance to African networks in this regard.

A challenge for young leaders in social enterprises is developing the credibility required to gain the trust of contacts, clients, access to markets and financial resources, said *Patrick Erestain of Leadership for Effective and Sustained Responses to HIV & AIDS, Philippines*. Younger generation leaders have plenty of passion and concern for social justice but can find it difficult to grow their enterprises because of a lack of skills or capacity, access to resources, markets and networks, lack of

mentors and support. In taking over future leadership of SE from older generation leaders, young leaders must prove their reliability by ensuring good governance within their enterprises and continued networking with seasoned leaders.

## **The Steps Forward for Social Economy**

Having looked at developments, success stories and weaknesses of SE across Asia, the next challenge is to implement a Value Chain Development Programme (VCDP) through the Asian Solidarity Economy Coalition (ASEC).

Clearly, one of the strategies towards the VCDP is to build more networks and links between Social Economy organisations. At the same time, organisations must grow deep roots in their communities. Simultaneously, work on good public policies and changing mindsets about a shared, collective sense of social responsibility must continue. *ASEF 2011 National Organising Committee chair, Dr Denison Jayasooria* spoke on this, also noting the rich diversity of cultures, resources and young talent available in Asia.

Among the steps forward for Asia are to strengthen teaching of SE in universities and to use tertiary institutions as national and regional network partners. Countries need to develop SE anchor organisations to form a coalition across countries as part of groundwork for a global value chain. Asia should also stop turning to the West for financial aid as it had plenty of resources, talent and family-based business empires.

Social economy organisations should also start practicing solidarity internally, Denison said, by tithing 10% of annual income raised for work beyond their own organisation to support regional efforts. A percentage of staff working hours can also be tithed to doing work supporting regional networks.

*Quiñones of CSRSME Asia* echoed Denison on the need for Asian organisations and networks to take responsibility for their own sustainability. They must broaden their focus beyond micro initiatives at the grassroots and be willing to tackle macro-economic issues and policy. This includes integrating economic functions with all SE initiatives to form a global supply chain. The first task was to “be a country-level integrator” by organising all SE actors in one’s country and then to eventually formalise an ASEC country chapter.

Developing a common vocabulary and mapping realities of all Social Economy initiatives are key steps in building trade and supply links, Neamtan of RIPESS noted. It is important that Asia swiftly builds up its regional value chain and prepares to link with Latin American SE networks which are already quite advanced. A longer-term challenge for SE value chains will be obtaining recognition from global economic institutions.

3  
**Developments in Asia since 2011**  
By Datuk Dr Denison Jayasooria





The focus of this chapter is to document the developments from November 2011 to December 2012. It is also to highlight the lead up to the RIPESS Global Forum to be held in Manila from Oct 15 to 18, 2013

ASEC has been very active especially under the visionary leadership role played by Dr Ben Quinones who has devoted a lot of time to regional travel and encouraging the national movements through his writings, sharing and mentoring. A younger leadership both at academic institutions and grassroots organisations is emerging and this will be the priority over the next few years to nurture a new generation of social economy leaders in Asia.

Three key papers written by Dr Ben Quinones are guiding the development of the solidarity economy in Asia. These are:

- Rediscovering Solidarity Economy
- Logical framework for evaluating SSE performance & impact
- Assessment score sheet

By October 2013 we would have through writing of case studies and undertaking the review formulated an Asian perspective and indicators for social solidarity economy. The findings will be presented at the 2013 Global and Asian Forum to be held in Manila from Oct 15 to 18, 2013

The record of the numerous regional and national events is a clear indication of the active development of social solidarity economy in Asia. There is a movement of grassroots people together with academics and policy makers. There are both challenges and innovations in this endeavour.

## Asian Solidarity Economy Council (ASEC)

On Nov 1, 2011, eighteen organizations in Asia undertook the signing of the Kuala Lumpur - Memorandum of Agreement to institutionalize the Asian Solidarity Economy Council (ASEC). Earlier it was more a loose group of individuals, however during the 2011 Asian forum this partnership and friendship was formalized through the signing of a MOA among the organizations. ASEC is open for more organizations/institutions in Asia to pledge support for the common cause.

According to Dr Ben Quinones the ASEC Chair, “this is a commitment pledge to work ... for concerted and collective action towards advancing solidarity economy in Asia. We have agreed to focus attention on strengthening national setups in Asia through our regional partners and universities. We are asking all our partners in Asia to give us major dates of their national workshops or forums so that we can encourage solidarity leaders from within Asia to participate”.

On October 2, 2012 during the Manado ASEF gathering, representatives of the host countries of ASEF – Philippines (2007), Japan (2009), Malaysia (2011) and Indonesia (2012) held a special meeting to set up the ASEC International Steering Committee (ISC). A resolution passed by the meeting allocated two representatives per country to the ISC, one being a regular representative, the other being an alternative.

Again during the ASEF Philippines 2012 (Oct 26-27, 2012), the core members of organisations of ASEC met at Hotel Stotsenberg, Clark Freeport Zone, Pampanga, Philippines. Dr Ben Quinones chaired the meeting which was attended by core representatives of Malaysia, Indonesia and Philippines.

The discussion focused on how to strengthen national and sub-regional groupings such as South Asia, ASEAN & East Asia. For this it was felt that COMMACT International could facilitate the South Asian region and for the East Asian region we would secure the strong support of Work Together Foundation (S.Korea) and the Pacific Asia Resource Centre Interpeoples' Cooperation (PARCIC-Japan) and both Ben and Denison will play a direct role among the 10 member countries of ASEAN

Thoughts were shared on how to secure sufficient case studies and assist in the preparation of 2013 Global and Asian Forum in Manila. A specific regional focus workshop will be held in the first quarter of 2013 together with the Asian Strategic and Leadership Institute (ASLI-Malaysia) at the ASEAN Leadership Forum where a special roundtable discussion will be hosted for policy makers on social economy and sustainable development in reaching the post Rio +20 agenda.

### **ASEAN Leadership Forum April 4 to 6, 2012 at Phnom Penh, Cambodia**

The Asian Strategy and Leadership Institute (ASLI) hosted this forum in conjunction with the 20th ASEAN Summit with the theme "One Community, One Destiny" with participants from every ASEAN country. Both Ben Quinones and Denison Jayasooria participated as speaker and moderator respectively in a plenary session entitled –"Green growth, climate change & sustainable energy: Enhancing public-private partnership"

At the ASEAN Young Leaders Dialogue, April 6, 2012 at Phnom Penh, Cambodia, Ben Quinones & Denison Jayasooria facilitated a world cafe session entitled "Social Enterprise: The wave of the future"

## **Luncheon Meeting with ASEAN head for ASEAN Connectivity**

ASEC leaders (Ben, Pak Bambang, Peggy, Ira and Denison) met up with Mr Lim Chze Cheen on April 20, 2012 at Jakarta, Indonesia to discuss the strengthening of ASEC's presence and network with the ASEAN secretariat. ASEC will consider setting up a ASEAN level network on solidarity economy among the 10 member countries as there is a good infrastructure to do this. The ASLI connection through Dr Michael Yeoh is helpful in working with the public, private, academic and voluntary sectors.

### **ASEC Discussions**

A paper entitled "Solidarity economy as an approach to building sustainable community" written by Dr Ben Quinones served as a background discussion paper for a number of Roundtable discussions in Cambodia, Sri Lanka, Indonesia, Malaysia & Philippines. The objective was to inspire national level action within Asian countries and this was organised by our partners in the region with Ben Quinones and Denison Jayasooria participating to provide a wider regional Asian perspective.

*April 7, 2012 Phnom Penh, Cambodia.*

About 39 people participated at this session facilitated by Ben Quinones and Denison Jayasooria. It was really amazing to hear of the many social enterprise initiatives and was exciting to see the grassroots emergence of social enterprises in a post conflict/ communist backdrop. Ben Quinones emphasised the need to reposition these social enterprises within a value chain so as to provide a maximum impact as a majority of the enterprise were linked to tourism (food, retail shops, homestay

accommodation & transport). We recognised tremendous potential in terms of capacity building and networking.

*April 11, 2012 Colombo, Sri Lanka.*

The event was hosted by the Alliance Development Trust. Denison Jayasoori facilitated the session which was attended by about 21 people, a majority of the Sri Lankan organisations involved in relief and development work operating on foreign donor grants. While they are promoting livelihood development in post conflict situations, the dimensions of social enterprise or solidarity economy is not dominant but there is much interest and potential for the future. Here too, there is interest to shift grant based institutions into more sustainable social enterprises.

*April 19, 2012 Manado, North Sulawesi, Indonesia.*

About 200 people, majority students from the International Business Administration (INA) Program, Faculty of Economics, Sam Ratulangi Universiti participated in an International Seminar on “Concept & practice of Solidarity Economy in Asia” with Ben Quinones, Denison Jayasooria and Peggy Mekel as speakers.

There is excitement for solidarity economy in Manado as they saw the synergy with their indigenous ‘mapalus economy’. There is a need for academic and teaching input to provide the academic and intellectual base for solidarity economy as a formal academic course. There is a very strong institutional backup for this initiative to form the University leadership

*April 20, 2012 Jakarta, Indonesia.*

About 25 people participated in two discussions. The first two hours was devoted for a discussion on solidarity economy and the second session after dinner was devoted to the Charter for human responsibility. Pak Bambang, Dr Ben, Dr Peggy and Dr Denison participated in this lively discussion. We found much interest and the outstanding example of Bina Swadaya founded by Pak Bambang is a shining model of community based economic enterprises.

*April 24, 2012 Kuala Lumpur, Malaysia.*

Dr Wong Lai Yong of CSR Asia, Japan delivered a talk entitled “What is the real CSR? The opportunities and challenges for the social sector. Discussion was hosted by the Centre for Social Entrepreneurship, Binary University. Dr Ben Quinones, Prof Yusof Kassim and Ms Josie Fernandez made comments of the presentation. This program was largely attended by students of Binary University.

### **COMMACT International’s Regional Workshop at Cochin, Kerala India.**

About 50 people attended this program which was held from March 2-4, 2012. The theme was “New directions & connections for the solidarity economy & people-centred development”. The program was hosted and moderated by David Thompson (COMMACT Chair & Ripess Board member), drew participants from India, Nepal, Malaysia, Australia and UK. This gathering provided lots of opportunities for sharing and learning.

A high point of the discussions was the sharing by Mr Loganathanji of the work of the Sarvodaya movement (ASSEFA) which has an

outreach of one million families and working in 10,000 villages through 154 community based organisations. In addition, the presentations on the development of 15 Fair Trade retail outlets by World Fair Trade Organisation (WFTO Asia) is another step forward especially in developing a chain and collective branding of local community produced goods in India

## **Centre for Social Entrepreneurship (CSE), Binary University's Focus Group Discussion**

This program entitled 'Theory and Practice of Social Economy' was organised from March 7-8, 2012 at Kuala Lumpur. Prof Dr John Clammer (Japan), Dr Ben Quinones (Philippines), Dr Budi Faisal (Indonesia) & Prof Yusof Kassim (Malaysia) were resource persons.

About 25 Malaysians participated and discussed the intellectual underpinnings and academic rationale for practice, research and teaching/training for social economy. This was an activity of the Malaysian Network for Community economy.

## **Foundation for a Sustainable Society (FSSI)'s Learning & Sharing Session**

FSSI is an umbrella body of 20 national organisations working among the poor in the Philippines. This network has national and regional potential.

About 50 people participated at this session on social enterprises, social and solidarity economy initiatives in Asia & Philippines which was held from May 3-4, 2012 at Manila, Philippines. Dr Ben Quinones & Dr Denison Jayasooria participated as resource speakers drawing on Asian experiences.

There is a very positive new development in the Philippines with the introduction of a new Act – “The promotion & development of social enterprises in order to ensure poverty reduction..” (House bill 6085). This will be the Magna Carta for social enterprises of 2012.

## **Social Enterprise Leadership Forum in Asia (Self Asia) & Asian Social Entrepreneurs Summit (ASES)**

Self Asia & ASES hosted the 2012 Self Asia with ASES gathering from July 2-4, 2012 at Jeonju, Korea. The theme was “Creating solidarity among Asian social enterprises and an environment that promotes sustainable growth”.

Work- Together Foundation was one of the major organisers together with Korean partners. Denison Jayasooria participated and presented a paper on Asian Developments

## **ASEF 2012 Forum at Manado, Indonesia**

Over 500 people from 17 different countries participated at this gathering which was held from Oct 1-3, 2012 at the Sam Ratulangi University, Manado, North Sulawesi. Dr Ben Quinones and Denison Jayasooria participated together with a number of regional partners from Japan, India, Nepal and South Korea. The theme was entitled “Solidarity Economy as a mean of building sustainable communities”.

## **ASEF 2012 Forum at Angeles City, Philippines**

About 100 people participated at this forum which was held on Oct 26 & 27, 2012 at Hotel Stotsenberg, Angeles City, Pampanga, Philippines. The theme was “Solidarity, Interdependence, People to People Connectivity”.



The ASEC members led by Eagle's Wings Development Foundation and Philippines partners hosted this gathering. This event was a precursor to the International Forum to be held in Oct 2013. One major highlight of the Forum was the highlight of seven case studies on social solidarity economy

## **COMMACT Malaysia's International Seminar on People-Centred Development**

About 70 people participated in this National Seminar entitled "Enhancing social inclusion through social enterprises". It was held at the National University of Malaysia (UKM) from Nov 5-6, 2012. Both Ben Quinones and Denison Jayasooria presented papers and the core Malaysian partners participated. The participation of grassroots activist and academics is encouraging and there is future potential for development.

## **Workshop on Case Study Research documentation**

This workshop on case study writing in community economy enterprises & initiatives was held over two evening on Nov 5 & 6, 2012 at the Institute of Ethnic Studies (KITA), National University of Malaysia (UKM).

About 15- 20 people participated at this workshop which was conducted by Ben Quinones so as to build the capability of Malaysians documenting the community and social innovations as alternative economy and in developing the instruments for evaluation, monitoring and documentation.

## Participation in other events

The Mont Blanc Meetings Nov 9-12, 2011 at Chamonix Mont Blanc, Switzerland

Denison Jayasooria participated at the meetings and facilitated a workshop on “The social economy, democracy and sustainable development in Asia”. A significant contribution of these meetings was the adoption of a resolution in favour of the social and solidarity economy and its policy advocacy role at Rio +20 summit

*UN Rio+20 Conference on Sustainable Development & People’s Assembly*

Ben Quinones and Denison Jayasooria were in Rio, Brazil from June 11 till 25, 2012 attending a number of meetings including the Ripess partners in Latin America for their regional conference (June 11-13), the UN Rio +20 workshops and the People’s assembly from June 14 to 19, 2012 and finally the UN Rio+ 20 meetings.

Ben Quinones was a speaker in the only discussion panel on Solidarity Economy at Rio+20 workshops hosted by the Mont Blanc group.

Ripess Board issued a statement at Rio entitled “The Economy we need- Declaration of the Social & Solidarity Economy movement at Rio+20” which is enclosed below.

*OECD-ESCAP Conference on International Corporate Responsible Instruments- Putting convergence into Action*

This conference was held on Oct 15-16, 2012 at Sunway Resort Hotel, Malaysia. Both Ben Quinones and Denison Jayasooria were invited as speakers at this forum. It was very useful for networking as well as

providing the community and solidarity dimension for an alternative economy. The CSR dimension is undergoing rapid transformation and contributing towards the development of development indicators and measurements.

This is essential especially as we want private sector involvement in ensuring inclusive economic growth and a commitment improving the of quality of life of local communities as well as be committed to a sustainable development agenda

## **Ripess Intercontinental Board**

Asia participates actively in the Intercontinental Network for the Promotion of the Social Solidarity Economy (Ripess).

The **2011 Ripess Board meeting** was held from March 28 to 31, 2011 at Paris, France. Ben Quinones, Sunil Chitrakar and Denison Jayasooria participated and presented the developments in Asia especially the details of ASEF KL2011 gathering.

The **2012 Ripess Board meeting** was held on June 23- 24, 2012 at Rio de Janeiro, Brazil. Both Ben Quinones and Denison Jayasooria participated. The meeting saw the handing over of the leadership of Ripess from Nancy Neamtan (Canada) to Ben Quninoes (Philippines) as Executive Coordinator and the appointment of Daniel Tygel (Brazil) as Operations Manager

With the shift of Ripess coordination to Asia, a RIPPSS Sdn Bhd was incorporated in Malaysia in late Oct 2011 to manage the Ripess funds (2012-2014). There are seven directors including two Malaysians namely Denison Jayasooria and Dr Christopher Shun (Foundation for

Community Studies & Development) executing the account on the directives of the Ripess Board.

## **Ripess Declaration at Rio+20**

This declaration was written by the Board of the Intercontinental Network for the Promotion of Social and Solidarity Economy (RIPESS), based on the discussions on Rio +20 of the 5th Latin American and Caribbean Conference on Solidarity Economy and fair trade and inputs from the delegates from the other continents.

*The Economy we need: Declaration of the Social and Solidarity Economy movement at Rio +20*

The People's Summit and the United Nations Conference for Sustainable Development of Rio+20 are being held at a time of crisis of our civilisation that takes multiple forms: food, ecology, energy, financial, social and of political representation. And it is not the same mindset or social model that created this crisis that will or can solve it!

The so-called green economy as presented by governments and multinational corporations is merely the extension of this model, through the commodification of the Commons; it is a new form of expansion of capitalism in crisis. Solidarity economy however is a means to free society of these constraints.

There are already many economic and social initiatives that exist on all continents, at community, regional and country level. They cover many sectors of activity and are the living proof of the concrete, vibrant possibility to build different development models, forms of organisation and society where life, plurality, self-management, environmental and social justice define solidarity economy, an economy that is different from that of capital. Solidarity economy is a social movement that together

with others is contributing to the consolidation of a genuine economic and political democracy.

The creation of the United Nations Agency for the Environment proposed by UNEP will not provide the answer to the issue of global governance. It is essential that the tools and institutions of governance be transformed to become structurally grounded in ongoing consultation and participation of all sectors of society at local, regional and international levels, and that they are not dominated by those whose financial contributions are the greatest, or managed by “experts”. People’s sovereignty must be respected, as well as that of communities who are the only ones to have the legitimate right and the capacity to implement the solidarity development that can guarantee the preservation of the Commons.

Solidarity economy is building production models and services with and for the people. These initiatives cannot be considered as simple “programmes for repairing damage and combating poverty”. On the contrary, they provide the intrinsic guarantee of justice at all levels of society, by developing economic activities that neither generate the concentration of material or financial wealth, nor the creation of poverty. Solidarity economy establishes systems of fair trade, ethical finance and complementary currencies that genuinely serve the real economy, as well as short distribution circuits between producers and consumers, food sovereignty and other concrete alternatives.

The solidarity economy movement along with other movements that are changing society are the living proof of a genuine democratic project that respects human rights, labour rights, civil rights and cultural diversity as well as the rights of nature for the *bien vivir* of populations.

Rio+20 will only rise to the challenges that need to be addressed, if the governments that are taking part sign up to what is being built by the people as a genuine alternative for the future of humankind on Earth.

*Rio de Janeiro, June 2012*

*<http://www.ripess.org/ripess-rio20-declaration>*



## **PART 2**

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# **Conceptual Understanding of Solidarity Economy**



4

## Advocacy of Solidarity Economy in Asia

By Dr. Benjamin R. Quiñones, Jr. Chairman, Coalition of Socially Responsible Small & Medium Enterprises in Asia



Ever since it organized the first Asian Solidarity Economy Forum (ASEF, Manila, October 2007), the Coalition of Socially Responsible Small & Medium Enterprises in Asia grappled with the following issues:

How to define and illustrate the paradigm of Solidarity Economy (SE) in a way that is understandable to a broad spectrum of people;

How to inculcate the SE culture of social responsibility, reciprocity and solidarity among the people so that they may embrace SE as a way of life; and

What concrete measures can be adopted to advance the practice of SE and its culture of social responsibility, reciprocity and solidarity in continental Asia.

## **Defining and Illustrating the Paradigm of Solidarity Economy**

The Asian Solidarity Economy Forum (ASEF) is a biennial event that trumpets the call towards Solidarity Economy as an alternative to the failures and shortcomings of the capitalist market economy. Among ASEF's major tasks is to define and illustrate the paradigm of Solidarity Economy (SE).

A popular approach in defining SE is to refer to the principles of cooperativism and illustrate how they work through the activities of cooperatives. In Asia, the most successful form of cooperative is the credit cooperative or credit union. The Association of the Asian Confederation of Credit Unions (AACCU) reported that the total number of credit unions in Asia reached 21,892 in 2009 with a total membership of 40,592,341. Their total assets amounted to US\$114,270 million of which US\$80,302 Million or 70.3% were loans outstanding. Their major source of funds was member deposits, comprising US\$ 78,853 Million or 69% of total assets.

These numbers do not include the non-formal self-help groups or rotating savings and credit associations. To get a feel of how large this non-formal sector is, one may cite the example of India where relevant statistics are available. The number of credit unions in India was 2,866 in 2009 with 20,000,000 members. Compare this with the number of self-help groups and rotating savings and credit associations at 3.2 million with total membership of 43 million.

Indeed, the cooperative sector in Asia is huge. The question is, has it contributed to the emergence of a Solidarity Economy, or has it been co-opted into the mainstream Capitalist Economy?

One meets a number of challenges in tackling this issue, but for considerations of space, let's deal with two of these.

First, if indeed the cooperative financial sector has contributed to building a Solidarity Economy in Asia, then it should have been possible to observe and measure it. But the lack of standard indicators makes it difficult to map out the dimensions of Solidarity Economy and track its behaviour.

Consequently, researchers have taken the option of using the performance of the cooperative financial sector as a proxy indicator of Solidarity Economy's performance. It is common knowledge, of course, that the financial sector is just one of the sectors contributing to the economy's value added. The real sector comprising agriculture, manufacturing, export and import, contribute a bigger share in the economy's value added.

Second, cooperative or solidarity finance does not necessarily lead to the creation of a solidarity-based and altruistic real sector. While many small and medium entrepreneurs may avail of cooperative/ solidarity finance for their operating capital, they are as individualistic and profit-oriented as the next door 'capitalist'.

Against this backdrop, the first Asian Solidarity Economy Forum (ASEF I, Manila, October 2007) attempted to get as many participants to share their comprehension and perceptions about SE. Cooperation, rather than competition, among socio-economic actors stood out as the common perception across stakeholder groups of what constitutes Solidarity Economy. But, how cooperation is achieved in building Solidarity Economy amidst a competitive market environment remained an ambiguous issue in the aftermath of ASEF I.

The second ASEF (Tokyo, November 2009) traced the historical evolution of the SE concept as understood and practiced in Europe, Latin America, and North America. This paved the way for the adoption of a shared vision of Solidarity Economy. The Tokyo Statement of Commitment states: "Solidarity Economy restores the diversity and vibrancy of local and territorial economies, and revives indigenous means of generating employment for the people.

It encourages the democratic participation of civil society in the political and socio-economic governance of nations and strengthens the society's capacity for justice, gender equity, and sustainable economy. It advances the human rights of all the people, including migrants and overseas residents whose number is growing in the age of globalization, as well as those who are characterized as 'weak', 'marginalized', and 'excluded'. Solidarity Economy is an economy with compassion and sympathy; it gives priority to the welfare of the people and not to increasing profits for self-gain."

Arguably, this is an inspiring piece of declaration. But it merely describes what SE can do; it does not provide a clue as to how SE creates and distributes wealth and whether such wealth as may be created by Solidarity Economy can be measured at all.

Nonetheless, it was not so much the Tokyo Statement of Commitment but rather the exposures to concrete initiatives among

Japanese innovators in the field that enabled participants to connect the SE concepts to actual practice. The story of organic farmer Kaneko revealed how Solidarity Economy emerged in a given territory as Kaneko built an enduring agricultural supply chain by integrating input supply, production, processing, distribution, financing, and consumption of organic products. Gaining a new level of understanding of SE from the Tokyo meeting, a post-meeting reflection paper urged representatives of national networks to gather more stories about local initiatives of economic stakeholders who comprise commodity-specific supply chains, and make these stories available for ASEF III in Kuala Lumpur.

At the onset of 2010, CSRSME Asia conducted a series of consultations in a number of Asian countries (February: Singapore, Malaysia; May: Indonesia; August: India) to deepen the dialogue on SE and explain the study guidelines. These efforts culminated in November, 2010 with the Asian Forum on Value Chain Financing for Agriculture (VCFA) held in Manila, Philippines. Attended by over 70 participants from 8 Asian countries (Bhutan, India, Indonesia, Malaysia, Nepal, Philippines, Singapore, Thailand), the VCFA forum scrutinized four (4) cases of supply chains of social enterprises in an attempt to understand how they constituted an alternative, solidarity-based economy.

The Manila forum reached a landmark consensus stating that the supply chain of social enterprises can be recognized as a more explicit socio-economic representation of the SE concept in Asia. This eventually led CSRSME Asia to develop the Value Chain Development Program, or VCDP.

### **Inculcating the SE Culture of Social Responsibility, Reciprocity & Solidarity**

CSRSME Asia's learning journey towards the paradigm of SE has been a constant struggle of making practice congruent with the concept of SE while the concept itself is continuously informed and updated by practice.

Not all those who participated in CSRSME Asia's advocacy forums were motivated by altruistic, 'triple-bottom-line' ideals of being responsible for protecting the environment, helping the marginalized, and maintaining economic sustainability for the benefit of all. Many of them just wanted a better deal for their own efforts sans the concern about social responsibility. On the other hand, not all those who were motivated by ethical considerations and social responsibility had the knowledge and skills to advance towards the more ethically-oriented and altruistic paradigm of SE.

If Solidarity Economy were construed as a supply chain of social enterprises, how then do we translate the ethical foundations of SE into a culture of social responsibility, reciprocity and solidarity among the stakeholders and uninitiated people so that they may embrace SE as a way of life?

This pivotal issue initially prompted CSRSME Asia to conduct a Core Values survey among partner organizations in the Philippines to ascertain the extent to which ethical and altruistic values inform and guide their decisions. From the viewpoint of CSRSME Asia, ethical and altruistic values are important in building social responsibility and in sustaining reciprocal relationships; they are crucial in developing the culture of Solidarity Economy. Indeed, survey results show that ethical values and altruism are prevalent virtues among Filipinos but these are practiced largely in small social circles such as the nuclear family, church, community organization, local self-help groups/ cooperatives, and informal peer groups.

From individual interviews, CSRSME Asia moved on to one-on-one and small group dialogues about core values with leaders of organizations and national networks in neighbouring countries, notably Malaysia, Indonesia, Singapore, and Thailand. These dialogues in other Asian countries confirmed the results of the individual interviews in the Philippines.

The afore mentioned findings brought forth the ensuing challenge of figuring out how to extend the embryonic culture of social responsibility, reciprocity and solidarity to a larger, more complex socio-economic structure such as a supply chain. While studying various approaches to dialogue involving large numbers of people, the author of this report came across the works of contemporary organizational development (OD) experts, especially those of Peter Senge (*The Fifth Discipline*) and David Cooperrider and Suresh Srivastava (*Appreciative Inquiry*). Their ideas inspired the author and CSRSME Asia staff to develop a participatory dialogue method called ‘Building Shared Vision’ or BSV workshop. The BSV method seeks to tap the formative social capital of small, organized groups for the purpose of visualizing another way of organizing their economic activities.

CSRSME Asia conducted BSV workshops in various parts of the Philippines, involving groups as small as 15 individuals to as large as over 1,000 individuals. In 2009, BSV was used in two (2) regional workshops (i.e. Bangkok workshop, October 2008; and Kuala Lumpur workshop, March 2009) involving between 40 to 50 participants per workshop.

The BSV coverage in 2010 was even more phenomenal. BSV workshops involved a little less than 6,000 individuals participating in local dialogues in the Philippines, more than 300 in Indonesia, around 80 in Malaysia, and 15 in Singapore. It was also used as the workshop methodology of the Asian Citizens Assembly in Bangalore, India (more than 300 people attending) and in the Asian Forum on Value Chain Financing for Agriculture (VCFA) in Manila, Philippines (over 70 participants).

In all these undertakings, the BSV workshop proved to be quite helpful in strengthening further the social capital of existing groups. At the Asian Citizens Assembly, the BSV workshop enabled participants

to reach consensus on the ACA vision and mission on its 5E thrusts, namely: ethics, ecology, equity, economy, and education. Likewise, at the Asian VCFA Forum, the BSV Workshop helped galvanize the participants towards adopting the common vision of the Value Chain Development Program.

However, the BSV Workshop was not adequate for the purpose of enabling the various economic stakeholders to go deeper in: (i) working out the responsibilities to be shared by stakeholders of a given supply chain; (ii) defining the specific roles to be played by each stakeholder; and (iii) the areas of reciprocity/solidarity and the attendant cost-sharing.

Once more, CSRSME Asia went back to the drawing table and developed a more appropriate instrument of dialogue and cooperation for more complex organizational networks. The result is an instrument called “Social Dialogue Tool kit for Supply Chain Development”. The tool kit is meant for facilitating a dialogue and cooperation process among diverse organizations and people who would like to participate in the Solidarity Economy initiative.

The tool kit recognizes four (4) stages of values formation and, henceforth, a unique dialogue process is applied in each stage.

At *Stage 1*, people signify their interest to join because they expect new private gains from the SE initiative. Their attitude towards this new economic paradigm is summed up by the self-serving question “What is in it (Solidarity Economy) for me?” They view themselves as “beneficiaries” who expect new, quick benefits that could be derived from a fresh economic initiative. At the outset, they don’t buy into SE on account of its triple-bottom-line goal (people, planet, and profit), social inclusion, or its being an alternative to the failed market-oriented economy. The biggest challenge at this stage is to transform the people’s mind-set, from being predominantly subsistent, consumerist, often times



mendicant in nature, to one that is both entrepreneurial and socially responsible.

It is important at stage 1 to motivate people to build a shared vision and strengthen their social capital. The social dialogue tool kit walks through the participant in identifying the key stakeholders of the supply chain he's involved with, the role he plays in support of the supply chain, and the interdependencies among different stakeholders. This process seeks to create a sharper and much broader awareness among the various stakeholders of their 'stake' in the supply chain.

At *Stage 2*, the participant enters into the next higher level of thinking and action concerning SE. He no longer sees himself as being isolated from the rest of the supply chain stakeholders. He realizes that he can be part of a socially responsible supply chain that has a social mission. He 'discovers' that the supply chain's product can provide him the opportunity to engage in transactions exchange. It is now possible for the participant to recognize a new reality that he can overcome his "beneficiary" or dole-out mentality and see himself as a productive member of a supply chain who can offer some product(s) or service(s) in exchange for things he needs for himself and his immediate social circle. He realizes now that forging alliances and social and economic exchanges with other groups have the potential of generating new sources of income.

The social dialogue tool kit helps the participant to reach this level of awareness. It guides the participant to define the supply chain's main product or service in order to arrive at a common view of the object of cooperation and solidarity among the supply chain's stakeholders. The biggest challenge at this stage is to transform the participant's mindset from being predominantly profit-oriented and self-serving to one that is "socially response-able", which implies being concerned about protecting the environment and contributing as well to the goals of social development.

At *Stage 3*, the participant has reached a level of socio-economic empowerment from transactions exchange such that he contributes part of his purchasing power to support a collective endeavour. He learns to become an ethical player and altruistic giver – an ethical person and giver who does not expect anything in return. But such altruistic behaviour of the participant remains confined to a restricted circle of people (e.g. family, local association/club, church, or peer group) with whom he has worked with to build an enduring social capital.

The biggest challenge at this stage is to transform the person's mindset from being ethnocentric to one that is more global in perspective and which embraces compassion for other people outside his immediate social circle. The social dialogue tool kit guides the participant to assess the supply chain's requirements for business expansion in terms of: (i) technology, knowledge and skills; (ii) markets, market outlets, marketing strategy; and (iii) finance. Each participant evaluates his priorities with respect to the resources that may be required for his own organization's/ company's operations in support of the production and distribution of the supply chain's product.

At *Stage 4*, the participant has attained a level of global consciousness about his actions and a healthy concern about the environment and 'people' outside his immediate socio-economic circle. He upgrades his ethical standards and altruistic goals, and becomes a 'serial giver', i.e. one who gives ethically and altruistically even to people outside his immediate circle of relatives, neighbours, and friends. He becomes a volunteer advocate of SE and serves as a model to other people who are still at the lower levels of social responsibility, reciprocity, and solidarity.

The biggest challenge at this stage is to harness the energy of the voluntary advocate in forging a network of alliances at the local, national, and international levels. In this light, the social dialogue tool kit guides the participant to ascertain how he could benefit from and contribute to a resource pool that provides supply chain stakeholders greater access to

technology, markets, and finance. This exercise enhances stakeholders' awareness of the need for practical means of enhancing collaboration and solidarity in addressing the business growth and development of their supply chain. It also opens greater possibilities for sharing of resources at the disposal of individual stakeholders and making these resources available to all stakeholders within a given supply chain and beyond.

It is at this fourth and final stage of dialogue that the toolkit guides the participant to define his own project that would contribute to the business expansion of the supply chain he's involved with and of Solidarity Economy in general.

### **Future Action, 2011-2013: Advancing Solidarity Economy through VCDP**

In 2011, the VCDP will be cascaded in a series of national forums on Solidarity Economy in several Asian countries. (A draft primer of VCDP is available upon request).

Organizations that adopt VCDP shall be encouraged to join the Asian Social Enterprise Coalition (ASEC), a continental Asia network of social enterprises that was recently endorsed by Asian VCFA Forum. ASEC is envisaged to use the VCDP as both content and platform for economic dialogue and cooperation. The national workshops will culminate at the Third ASEC in Kuala Lumpur in November, 2011 where nation-groups will attempt to expand the VCDP into a continental Asia Solidarity Economy initiative.

In 2012, sub-regional workshops in Southeast Asia, South Asia, and East Asia will be organized to strengthen the ASEC network and strengthen collaboration in promoting the VCDP.

In 2013, national consultations will be conducted to prepare partners for the Global Forum on Solidarity Economy, organized by RIPESS once every 4 years. It is expected that VCDP will then become a unifying theme and platform for cooperation among SE advocates and practitioners in Asia.

5

# Learning From Experience: Economic Anthropology & Solidarity Economics

By Prof. Dr. John Clammer, Institute of Sustainability  
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The attempt to define or move towards creating a solidarity economics and a Solidarity Economy would benefit greatly from drawing on the experience of actually existing alternative economic systems and their social, cultural, and ecological underpinnings. The study of such alternative economies does exist, although in my experience is rarely drawn upon in contemporary debates about solidarity economics. This paper will attempt to show the value of drawing on this large, but largely unexploited, body of knowledge.

Economic anthropology is the comparative study of economic systems existing largely outside of the paradigm of classical and neo-liberal economics, and of the social and cultural basis of such economies. These economies cover a huge range of possibilities, including farming economies, ones based on hunting, gathering, or fishing, mixed economies where more than one mode of production involve, and transitional economies where money based or quasi-capitalist elements are beginning to enter into traditional and non-monetized economies. Additionally, some economic anthropologists have studied communes, cooperatives and other forms of intentional communities and also alternative economies (for example community currency systems, farmer's markets and other forms of production, trade and exchange that fall outside of the mainstream economy.)

These studies are important for solidarity economy in that they not only reveal the actual range of real "alternative" economies, but also draw attention to economic practices that have proven, often over very long periods of time, to be culturally appropriate and ecologically sustainable and to nurture rather than destroy solidarity based and equitable social relationships.

In doing so, they illustrate at least five major themes:

The theoretical provisionality of neo-classical economics while demonstrating empirically that there are resources for rethinking economic life along radically non neo-liberal lines.

That there can exist economies without the “market” as that term is conventionally understood in modern economics.

That there are actual and historically tested alternatives to both capitalism and conventional socialism, although many of these alternative systems are small in scale and so face the problem of how to scale them up to meet the challenges of large and complex societies.

That an essential key to any solidarity economics is the articulation of economic factors with social practices.

That economic anthropology then becomes a vital fertilizing element in stimulating fresh thinking about any alternative form of economy, based as it is in the empirical study of actually existing systems, not of utopian or futuristic ones.

The sociologist Goran Hyden, based on his studies of Tanzania, has collectively dubbed the practices characteristic of many of the societies studied by economic anthropologists “Economies of Affection”, a term which does rather nicely sum up the quality of solidarity based and sharing economies.

From these studies a number of significant ideas can be derived. They show clearly that economic life is embedded in social practices, ontologies and cosmologies and is expressed in institutions. Economic life largely separated from such factors becomes destructive of community, values and cultural practices, and ecologically unsustainable, as we see clearly from the impact of contemporary globalized capitalism.

They also show that it is possible to have a very adequate economic life while avoiding the massive stresses that the neo-liberal model places both upon the ecology and on the people of the world, and indeed that

there are forms of economic life that place the fulfilment of genuine human needs and ecological sustainability at their center. A major theme in a good deal of current alternative economic thinking is that of localization. In the economies studied by economic anthropology, almost inevitably such economies are local ones, drawing on easily accessible resources, engaging in trade only where necessary, refusing to transport resources over long distances, eating seasonally, cultivating local crafts and skills and achieving high levels of self-sufficiency.

Conventional economics is in many ways a “virtual science” – one that creates what it purports to describe, rather than actually discovering it by defining for itself rather than actually uncovering the real meaning of such essential concepts as ‘happiness’ or ‘satisfaction’, and have self-servingly regarded economic growth as a proxy for human progress and happiness. In fact studies by sociologists and anthropologists have shown clearly that while reduction of poverty is an essential goal, once any given country has achieved a moderate per capita income, further increases bring about a negligible increase in perceived well-being.

Recent studies in what is now being termed the “economics of happiness” show convincingly that once basic needs are met, the key factors contributing to happiness and emotional health is the presence of strong communities.

In one such study, while the super-rich not surprisingly scored high on a life satisfaction scale of 0-7 (scoring 5.8), the next highest groups with almost identical scores were the Pennsylvania Amish (5.8), the Inuit people of northern Greenland (5.99) and the Maasai of Kenya and Tanzania (5.7).

The lowest scoring group were Calcutta pavement dwellers (2.9), scoring even lower than slum dwellers, who, while living in very bad physical conditions, did most certainly have a sense of community and even of solidarity.



In the United States, while GDP per capita has trebled over the second half of the twentieth century, satisfaction levels have remained flat while crime, anxiety, depression and evidence of psychological dysfunctions have greatly increased, depression (including amongst children) by more than tenfold.

Any economic system generates subjectivities – including a sense of self and of self-worth. In capitalist societies such subjectivities are largely centered on consumption as the basis of worth, status and level of satisfaction. The resulting commodification of almost all aspects of life results in a strangely distorted scale of values in which having displaces being.

One question that economics rarely asks is why we want things at all. Anthropological studies indicate links to identity, status and to spatial and temporal continuity, but also to creativity, the power to transform the world, and to play. In capitalist economies almost all these functions are reduced to a commoditized form of relationship and with it the loss of authenticity that comes from authentic engagement with objects that contain meaning beyond their role in a monetized exchange economy.

Given an anthropological grasp of the links between a satisfactory economy and a satisfactory form of social, cultural and ecologically responsible life, we may also ask how this helps us conceive of possible future economies.

I would suggest several dimensions:

The ethnography of the future should draw on the experience, institutions and social and economic arrangements of societies that have achieved long term ecological sustainability and social equity and harmony.

Post-industrial and post-capitalist theorists can learn much from the study of non-capitalist societies in framing fresh socio-economic possibilities and models, although few so far have done so.

Social movements, also a major subject of study for anthropologists and sociologists, have much to teach solidarity economics and social entrepreneurs about the mobilization of resources, motivating people to action and why such movements often fail. The study of communes and cooperatives also teaches similar lessons.

The need to develop a serious alternative economic theory that goes beyond the critique of neo-liberalism to show that other real possibilities exist or can be imagined.

The drawing of attention to unresolved problems in many of the existing (e.g. eco-socialist) models, including issues of gender and equality, trade in localized economic systems, and money, including the use of local currencies and how these would impact communication between communities.

The need for an economics, politics, and sociology of transition: as we face resource scarcity, peak-oil and degraded environment, we are still ill-equipped to manage or even conceive of what these factors may entail for future society, if there is to be one at all. This should be a high priority for any attempt to define alternative forms of economic life.

Economic anthropology helps us think against the grain of our impoverished social vision, especially the view that globalized capitalism is the only possible form of economic life and that "there is no alternative". Anthropology exposes us to the rich range of social, cultural, political and economic alternatives that have actually existed

and in many cases continue to exist despite the inroads of international consumer capitalism and its degraded culture.

A strange feature of contemporary life is that we have allowed the illegitimate colonization of the social, the cultural and the realm of values by a particularly impoverished form of economics, or what the German social theorist Jurgen Habermas has called the “colonization of our life worlds”. The task is now the de-colonization of those worlds and one of the tools at hand to help us accomplish that is economic anthropology.

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6

# Origins and Definitions of Solidarity Economy and Related Concepts

By Mr. Yvon Poirier Québec, Canada



## **Social Economy** - *First definition 1844 to today*

The expression «Social economy» goes back to the mid-19th Century. Historians consider that the first modern example of Social Economy: the creation of the Rochdale Equitable Pioneers Society in the United Kingdom (1844). The concept itself became known in France with Charles Dunoyer who published in 1830 *Nouveau traité d'économie sociale* and through activities of the *Société internationale des études pratiques d'économie sociale* founded by Le Play in 1854. In general, «Social Economy» refers to a cooperative or a mutual association. The concept has been in general use in academic circles, namely in countries using French and Spanish.

In this definition, the word «social» relates exclusively to the type of ownership. By «social», one means that the ownership is by individuals (persons) and not by shareholders. The activities themselves can be in any sector: manufacturing, agriculture and fishing, finance (credit unions), social services, etc. Sometimes people use «Social Economy enterprise».

In most countries, cooperatives are organised in national organisations. The main international organisation in this field is the International Cooperative Alliance (ICA).

*<http://www.ica.coop/>*

In recent years, a set of principles was forged in Quebec province in 1996 for a renewal of Social Economy initiatives: the objective is to serve its members or the community, instead of simply striving for financial profit; the economic enterprise is autonomous of the State; in its statute and code of conduct, a democratic decision-making process is established that implies the necessary participation of users and workers; it gives priority to people and work over capital in the distribution of revenue and surplus; its activities are based on principles of participation, empowerment, and individual and collective responsibility.

*Second definition – 1995 to today*

The second definition has a totally different meaning. The «social» here is the purpose or sector of activity, and not the ownership. It generally relates to activities in the social sector such as day-care, health, elderly, etc. Activities in other sectors such as forestry, agriculture or manufacturing, would not be considered Social Economy; except indirectly if for example a business employs handicapped people to make crafts to provide income.

The ownership of the enterprises can be ordinary private for-profit companies, or they can be collective (cooperatives or non-profits). One other way of explaining the type would be «social purpose» enterprise. There are similarities with concepts of «third sector», «fourth sector» or «social enterprise».

The origins of this definition are in English-speaking countries, or countries using English. This expression is not known and therefore not used in French-, Spanish- or Portuguese-speaking countries, except some very recent appearances (in the last 3-4 years).

The author first came across this definition in a paper published by the OECD LEED (Local employment and economic development) program in a meeting in June 1997 in Montreal. Since then the definition has appeared here and there in the English-speaking world.

In a paper written by two Australians (Jo Barraket and Michael Crozier), the following description «The broad and dominant conceptualization (see e.g. Lyons 2001; Haugh & Kitson 2007) uses ‘Social Economy’ as a simile for the economic impact of the third sector - including nonprofits, cooperatives and mutuals – present in many western democracies.»

## Solidarity Economy

The concept of «Solidarity Economy» (SE) is much more recent. It first emerged in South America and in French-speaking places (France, Belgium, Québec province in Canada). The spread of the concept is even more recent in English-speaking countries, having emerged around 2005-2007.

Even if the expression was used for the first time in 1937 by Felipe Lorda Aliaz in *Por une economía solidaria entre el campo y la ciudad* (For a Solidarity Economy between the rural and the city) from the anarchist union CNT FAI (Barcelona), the concept only started being used in South America and in France, at about the same time, in 1985 or 1986.

The exact origins in South America are known. Luis Rozetto from Chile is regarded as the author who has made the concept well known in South America (1986). He published books and articles on this subject. He mentions that the Pope John Paul II said in a speech in his trip to South America «"An economy of solidarity" is a great hope for South America"».

At about the same time, the expression became known in France. Jean-Louis Laville is regarded by many as one of the first who spoke about the concept. However, it has not been possible to identify the origins as exactly as in South America. One thing is sure. Different activists in France confirm that the concept spread much in the late eighties.

The concept started being used on a fairly large scale by practitioners in France and in South America in the nineties. In France, a non-profit calling itself REAS (Réseau de l'économie alternative et solidaire) started in 1990 or 1991. The acronym in English would be «Alternative and Solidarity Economy Network».

Again in France, in October 1995, a half-page advertisement was published in the newspaper *Le Monde*. It was called «Appeal for a Solidarity Economy». This appeal was signed by hundreds of leading Solidarity Economy practitioners and intellectuals. At about the same time, the expression became known in the French-speaking province of Quebec in Canada, since extensive links exist with France.

In March 1997, a group of university people, from French- and Spanish-speaking countries, met at Leuven University in Belgium. They decided the time was ripe to organise international meetings.

A first international meeting was then held in Lima (Peru) in September 1997 with 275 participants from about 30 countries. Since then, international meetings have been held every 4 years, Quebec City (Canada) in October 2001, Dakar (Senegal) in November 2005 and Luxemburg (Luxemburg) in April 2009. The next meeting is planned for Manila (Philippines) in 2013.

In a Board meeting held in Montreal in November 2011, RIPESS described the approach in the following manner:

The Solidarity Economy seeks to change the whole social and economic system and puts forth a different paradigm of development that upholds Solidarity Economy principles. It pursues the transformation of the neo-liberal capitalist economic system from one that gives primacy to maximizing private profit and blind growth, to one that puts people and planet at its core.

As an alternative economic system, the Solidarity Economy thus includes all three sectors – private/for-profit, public and the third sector. The Solidarity Economy seeks to re-orientate and harness the state, policies, trade, production, distribution, consumption, investment, money and finance, and ownership structures towards serving the welfare of people and the environment. What distinguishes the Solidarity



Economy movement from many other social change and revolutionary movements in the past, is that it is pluralist in its approach - eschewing rigid blueprints and the belief in a single, correct path; the Solidarity Economy also values and builds on concrete practices, many of which are quite old, rather than seeking to create utopia out of thin air.

Thus the Solidarity Economy explicitly has a systemic, transformative, post-capitalist agenda. The Social Economy is a sector of the economy that may or may not be part of a transformative, post-capitalist agenda, depending on whom you're talking to.

## **Social Solidarity Economy**

In 1998 and 1999, Hugues Sibille (France) was involved in a government initiative to promote alternative economic approaches. Since both «Social Economy» and «Solidarity Economy» existed in France, this initiative purposely brought the two initiatives together in regional forums (1999). The «Social Solidarity Economy» forums are likely the starting point of this approach. One could say a «marriage of reason» between the two that still coexist in France, with each having their own organisations. For example, in June 2011, they held the «Estates general of SSE» in Paris with 5 000 participants.

The expression was rapidly adopted by the people involved in the movement that started meetings in 1997 in Peru. So much so that even if the first event in Peru used the expression «Solidarity Economy», already for the second meeting in Quebec in 2001, the meeting was about the «social Solidarity Economy (SSE)». When the network was formally announced in December 2002, it became the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS). When questioned on why the two concepts were «married» together, people involved say that they wanted to be inclusive of both sectors, Social Economy (cooperatives) and Solidarity Economy (new initiatives - not necessarily cooperatives).

Afterwards, in French speaking countries and in Latin America, most organisations used the expression «social Solidarity Economy». There is one important exception in Latin America. In Brazil, «Solidarity Economy» is used, both with the national SENAES (Solidarity economy secretariat) and the Brazilian Solidarity Economy Forum (FBES), the national network. In the rest of the world, «social Solidarity Economy» is rarely used.

Today, most «Solidarity Economy» and «Social Solidarity Economy» organisations are involved in continental networking within the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS). [www.ripess.org](http://www.ripess.org)

## **Social Enterprise**

This concept appeared in English speaking countries (UK and USA) in the early 90's. Even if this movement refers to the historic Social Economy described above in the first definition (Rochdale), the very important difference is the focus on the «social mission», rather than democratic control. The dominant trend in the «social enterprise» movement has no restriction on the type of ownership.

The Social enterprise UK website depicts well this trend: What are social enterprises?

A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its 'social mission': which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the 'social mission'

Social enterprises come in many shapes and sizes from large national and international businesses to small community based enterprises.

But they all: Are businesses that aim to generate their income by selling goods and services, rather than through grants and donations; Are set up to specifically make a difference; Reinvest the profits they make in their social mission

If you meet or aim to meet these criteria and you have these commitments expressed clearly in your governing documents then you are very probably a social enterprise.

The phenomenon has different origins. In some case, charities developed economic activities to increase income for the charity work. In other cases, people set up businesses to run social services privatized or abandoned by the public sector. In other instances, because of government programs, people set up different types of businesses in order to create their own jobs.

Social enterprise is complex to describe since legal forms vary from country to country, and for different reasons don't relate to historic approaches such as cooperatives. The EMES (European research network on Social Economy and social entrepreneurship) <http://www.emes.net/> provide different criteria than the UK model.

Three indicators reflect the economic and entrepreneurial dimensions of social enterprises: A continuous activity producing goods and/or selling services; A significant level of economic risk; A minimum amount of paid work.

Two indicators encapsulate the social dimensions of such enterprises: An explicit aim to benefit the community; An initiative launched by a group of citizens or civil society organizations.

Four indicators reflect the specificity of the governance of such enterprises: A high degree of autonomy;

A decision-making power not based on capital ownership; A participatory nature, which involves various parties affected by the

activity; A limited profit distribution. In this definition, the purpose or activity need not be directly social.

The Social Enterprise Alliance, the US organisation, was created in 1997. <https://www.se-alliance.org/>. They offer a definition quite similar to the UK one: What's a social enterprise?

Social enterprises are businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas.

Three characteristics distinguish a social enterprise from other types of businesses, non-profits and government agencies: It directly addresses an intractable social need and serves the common good, either through its products and services or through the number of disadvantaged people it employs. Its commercial activity is a strong revenue driver, whether a significant earned income stream within a non-profit's mixed revenue portfolio, or a for profit enterprise. The common good is its primary purpose, literally "baked into" the organization's DNA, and trumping all others.

In its early days, the social enterprise movement was identified mainly with non-profits that used business models and earned income strategies to pursue their mission. Today, it also encompasses for-profits whose driving purpose is social. Mission is primary and fundamental; organizational form is a strategic question of what will best advance the social mission.

The social needs addressed by social enterprises are as diverse as human ingenuity. In our 2009 Field Study, the top five mission foci of social enterprises were workforce development, housing, community and economic development, education, and health.

Social enterprise business models are equally diverse, including: retail, service and manufacturing businesses; contracted providers of social and human services; fee-based consulting and research services; community development and financing operations; food service and catering operations; arts organizations; and even technology enterprises. Chances are you already do business with social enterprises without even knowing it.

Most social enterprise organisations recognize that the world has problems, but there is little criticism of the dominant market-driven economy. For example, the Social Enterprise Alliance presents its vision in the following manner: what we're all about

Our goal is nothing less than to change the world for the common good. It is no secret that the list of seemingly insurmountable social, environmental and human concerns is growing far more quickly than the ability of traditional sectors to address them. We envision a world in which these vexing concerns are overcome, and we see social enterprise as, quite possibly, the single most hopeful vehicle for doing so.

Most people in the Solidarity Economy movement would tend to disagree that SE is the single most helpful vehicle.

Social enterprise organisations meet on a regular basis in Global Social Enterprise Forums. However, they are not organised in a formal international network. The last such forum was held in South Africa in 2011. <http://www.sewf2011.com/> The next will be in Rio, next October 16-18, 2012. <http://www.nesst.org/sewf/>

## **Social Entrepreneur**

At about the same time that social enterprise appeared in the US and in the UK, the social entrepreneur was hailed as the new hero for changing the world.

The original initiative in this field goes back to 1981 in the UK with Ashoka. <http://uk.ashoka.org/mission-vision> .Mission & Vision - Ashoka envisions an Everyone A Change maker world: a world that responds quickly and effectively to social challenges, and where each individual has the freedom, confidence and societal support to address any social problem and drive change.

Mission- Ashoka strives to shape a global, entrepreneurial, competitive citizen sector: one that allows social entrepreneurs to thrive and enables the world's citizens to think and act as change makers.

The main idea is the promotion of individuals that are involved in changing the world. Interestingly, a social entrepreneur is not necessarily linked to an enterprise. As mentioned in the vision, it can be any social challenge, not necessarily in a business manner.

Another noteworthy initiative was made by the Skoll Foundation (a German foundation) with Social Edge.

<http://www.socialedge.org/about-us>

Just like Ashoka, the idea is the promotion of the individual «social» entrepreneur. The idea of a collective entrepreneur does not seem to fit the approach. Social Edge recognises that up to now, most people in this field are from the Anglo-Saxon world (mostly UK and US).

## **Social Business**

This concept is best known since Muhammad Yunus popularised this concept in his 2008 book *Creating a World Without Poverty: Social Business and the Future of Capitalism*. Wikipedia gives the following description: In Yunus' definition, a social business is a non-loss, non-dividend company designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit

because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or in other ways to subsidise the social mission.

A social business is seen as a subset of «social enterprise». In this book, Yunus explicitly rejects the idea that a collective enterprise such as a cooperative could be a social business. As the back cover of the book says, the idea is to humanize capitalism. As with the Grameen Danone example in the book (in fact the only example), the idea is to convince large capitalist corporations to create joint ventures in developing countries and then give them to people from the concerned country once investment, with interest, is repaid.

## **Non-Profit Enterprise**

Also in the late 80s and early 90s, people in the non-profit sector started having business activities for income purposes. The concept has spread mostly in North America.

The Canadian organisation, Enterprising non-profits, has a very different definition of what a social enterprise is. <http://www.enterprisingnonprofits.ca/>

What is Social Enterprise? The Definition of Social Enterprise: The short definition:

“Social enterprises are businesses operated by non-profits with the dual purpose of generating income by selling a product or service in the marketplace and creating a social, environmental or cultural value. ...”

In this definition, ONLY a non-profit can be a social enterprise. This is quite consistent with the Canadian context where cooperatives are an important sector on their own and which does not use social enterprise to describe them.

In the US, the situation was quite similar. In the first years, non-profit and philanthropic organisations led the way with a discussion list with the following statement: The NP Enterprise Forum discusses practical steps non-profits can take to enhance their organizational capacity, mission impact, and financial sustainability, through the development of income-generating business activities. <http://www.npenterprise.net/>

However, this evolved with the creation to the Social Enterprise Alliance mentioned above. In other words, this movement in the USA has moved from non-profit to include other types of social enterprises.

In Canada, Enterprising non-profits have stuck with the original definition, strictly non-profit. In many cases, for-profit businesses are created by non-profits that own the majority of shares. Sometimes this legal status is better suited to generate income, and profits, than can help the non-profit pursue its work. For the purpose of this paper, they are considered as non-profits since if there are profits, they are either reinvested, or go to the non-profit entity that owns the shares.

### **Third Sector**

The concept appeared in the 70's, namely in France, to describe all economic activity that was outside the private sector of the economy (meaning capitalist type) or the public economy (such as transport, electricity, postal services, hospitals and schools, etc.).

Wikipedia gives the following description. The voluntary sector or community sector (also non-profit sector) is the sphere of social activity undertaken by organizations that are for non-profit and non-governmental. This sector is also called the third sector, in reference to the public sector and the private sector. Civic sector is another term for the sector, emphasizing the sector's relationship to civil society.

For practical purposes, the concept of third sector is less used than it was since it encompasses too many different realities: advocacy



organisations, not-for-personal-profits such as cooperatives, civil society organisations, social businesses, social movements, etc.

## **Fourth Sector**

This concept, used mostly in the UK and in the US, promotes the following ideas. While the mission and method of many organizations in the business, government and non-profit sectors are becoming steadily more similar, something more than simple blurring of the boundaries is occurring. Pioneering organizations in the three sectors are in fact converging toward a fundamentally new organizational sector that integrates social purposes with business methods: a Fourth Sector.

## **The Emergence of Hybrid Organizations**

In addition to convergence, a second significant pattern of organizational activity has been occurring. The past few decades have seen a proliferation of new hybrid organizational models formed to address a variety of societal challenges. These organizations consciously blend attributes and strategies from all sectors and thus resist easy classification within the boundaries of the three traditional sectors.

But they share two common characteristics—pursuit of social and environmental aims and the use of business methods—that position them within the landscape of the emerging Fourth Sector.

The following are examples of hybrid organizational models that have emerged in recent years. Many of these terms define overlapping activities, reflecting the state of fragmentation in which the emerging landscape finds itself today.

Chaordic Organizations; Civic and Municipal Enterprises; Community Development Financial Institutions; Cross-Sectoral

Partnerships; Faith-Based Enterprises; Non-Profit Enterprises; Sustainable Enterprises; Community Wealth Organizations; Social Enterprises; Blended Value Organizations; Social Economy Enterprises  
<http://www.fourthsector.net/>

As such, the purpose is to encompass a wide range of organisations and activities, including the notion of for-benefit enterprise or for-benefit Corporation.

## **Popular Economy**

In Africa and in South America, this concept is widely used to describe what we could also call the informal sector. This sector of the economy is of great importance since in some countries, for example in Sub-Sahara countries, nearly 75-80% of the economy is in the «popular economy». This means un-registered activities of all types, from street vendors to small shops.

The popular economy is seen to be a sector that has potential for social and Solidarity Economy since the economies of those countries will not grow through government or large private sector businesses (not enough profits). With the organisation of cooperatives, community businesses and other initiatives, there is potential. However, there is agreement on the fact that the popular economy is not part of the Solidarity Economy per se. There is no such consciousness in this sector, and part of the sector has ties to the mafia and corrupt activities like drugs.

The Catholic University of Leuven in Belgium has a research project on »Popular Economy, Social and Solidarity Economy in the South«. <http://www.uclouvain.be/en-309069.html>

## **Local Development**

Also sometimes called «local economic development», this expression has been in use for quite a long time. It was over 50 years ago that the UNDP adopted this as one of the strategies for development.

Like previous concepts, it has varied meanings. The main idea here is to mobilise people and organisations in the communities and to take initiatives for their own development, the idea being that a community has to rely on itself first. This is even a prerequisite for developing partnerships with outside actors, such as government agencies. This approach is also called «endogenous development».

In the US, local authorities and local businesses have taken another approach to local development. The main strategy put in place was attracting large businesses to come to the community, with tax breaks and other financial initiatives. This could be called exogenous development.

Unlike previous concepts, local development is used in most continents, in most common languages. Most «local development» approaches would agree with the «endogenous development» approach and the empowerment of the people and the community.

Karl Birkhölzer (Germany) explains well the approach in the following paper 'The Role of Social Enterprise in Local Economic Development' presented at the EMES conference in 2009.

## **Community Economic Development**

The concept of community economic development (CED) is mainly practiced in North America, even if in recent years, it has become known in parts of South America and in a few English-speaking African countries. This has come about because of knowledge exchange and university programs in the last few years.

There are two distinct brands in CED, due mostly to context. In the USA, there are about 4 500 CED organisations, also called Community development corporations (CDC). They mostly focus on housing in poorer neighbourhoods in urban areas. In general, they own and run the housing operations. In good part this focus on housing is explained by funding programs of the US Department of Housing and Urban Development (HUD). They also do community empowerment work and have activities such as programs for youth, incubating community businesses, etc.

They had a national organisation, but because of budget cuts during the last Bush administration, they closed.

In Canada, CED is quite different and the focus is more on urban revitalisation in the poor inner neighbourhoods in larger cities. For example, even if they were to advocate better housing, they would not run housing complexes. In Canada, CED would have many similarities with the «endogenous local development described above.

The Canadian Community Economic Development Network (CCEDNET), in which the author of this article has been involved since 2002, has this following description:

What is CED? Creating vibrant, resilient and sustainable local economies.

Community Economic Development (CED) is action by people locally to create economic opportunities and better social conditions, particularly for those who are most disadvantaged.

CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing.

To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected. <http://www.ccednet-rcdec.ca/>

## **Community Development**

This concept has been around for a long time. In some countries, like in Canada, it means doing work in the community to help people.

An article in Wikipedia explains the origins of the term «community» as a concern in the 19th Century. It would include CED and many other concepts. [http://en.wikipedia.org/wiki/Community\\_development](http://en.wikipedia.org/wiki/Community_development)

In some instances, like in India, the concept has many similarities with the CED concept as used in Canada and local development as used in Europe.

## **People-Centered Development**

Sometimes also called people-centered economy, this approach has similarities to CED and Local Development. The international network COMMACT explains this well:

Vision - COMMACT sees people-centred development as a process of empowering and enabling poor and marginalised individuals, groups and communities: to expand their personal and collective skills, capacities and resources; to gain voice, dignity and self-respect; to achieve autonomy in their actions and decision-making capabilities; to participate fully and actively in wider society; to ensure that the development of society as a whole is sustainable and equitable in terms of rights and responsibilities. to increase the control they have over their lives. <http://commact.com/home.html>

## Conclusion

Over the last 20-30 years, many new activities and concepts have arisen. While this is encouraging because it shows that innovation is very active, at the same time they are quite diversified and only exist in some continents or cultural worlds. For example, the gap between existing concepts in the English-speaking world and the French, Spanish and Portuguese countries is awesome. The practices differ less, but there are very few common concepts except local development and maybe to some extent Solidarity Economy.

What is also somewhat surprising is the fact that some concepts have very different meanings (e.g. Social Economy).

Here we have only explored a few concepts. Many more exist, such as moral economy, feminist economics, ecological economics, plural economy, labour economy, just to name a few.

And then we would also need to have a glossary of many specific activities and concepts such as: fair trade, microcredit, microfinance, social investment, corporate social responsibility, social audit, triple bottom line, social impact, social capital, etc.

We also need to understand and analyse. This is important to help people decide what processes and tools they use to have an economy, and a society, for people. For example, microcredit was presented some years ago as THE tool to lift women out of poverty. This is clearly a misconception. Microcredit can be a tool, among others such as education, community organisations, sustainable livelihoods programs and enabling environments provided by the authorities.

Conventional wisdom tells us that there are no panaceas out there, and no quick fixes. There are no simple solutions ... and durable solutions take time.

7

# Solidarity Economy: Perspectives from the Americas

By Dr. Emily Kawano, Coordinator,  
U.S. Solidarity Economy Network



## **Crisis of neoliberalism**

The economic crisis that began in the U.S. and then spread to the rest of the world has shaken the foundation of the reigning economic model of neoliberalism, a particularly cut-throat model of capitalism that espouses free markets and small government (though the reality is quite different). Just as past crises such as the Great Depression and the stagflation (inflation plus economic stagnation) of the late 1970s ushered in new economic models and overthrew the status quo, so the current crisis creates new openings for change.

## **Opening for solidarity economy (SE)**

We are at a crossroads in history where there are new opportunities to articulate, build and organize for an economic system that is different from neoliberalism. There are two broad choices. The first is to push for a return to the Keynesian model of capitalism, in which the government has a legitimate role in stabilizing the economy, providing certain goods and services (e.g. schools, social security), providing a social safety net, implementing social and economic regulation, and engaging in some degree of industrial policy/planning. While this may be an improvement on neoliberalism it nonetheless amounts to reform of capitalism rather than an alternative. The second choice is to opt for fundamental transformation of the economy beyond capitalism to one that puts people and planet front and center. The solidarity economy (SE) follows along this second path.

## **Neoliberalism versus the solidarity economy (SE)**

In order to clearly understand the difference between neoliberalism and the solidarity economy, let us compare four economic dimensions: aim, ownership, profits, and distribution and exchange.



### *Aim*

As illustrated in Table 1, the aim of neoliberal capitalism is profit maximization and economic growth. It assumes that these aims are attuned to human nature, the nature of homo economicus or economic man: rational, calculating and self-interested. As each individual rationally pursues his or her own self-interest, vigorously striving to out compete with others, society prospers as the strongest survive and business flourishes. This bold assumption has not been borne out by today's extreme levels of inequality, nor by the latest in a long history of periodic economic crisis, nor by the environmental degradation that threatens to destroy the world as we know it.

The aim of the solidarity economy is to advance the welfare of people and planet. In order to achieve this, we need a different conception of our economic actor which I will call homo solidarius, who, in addition to having a rational, calculating and self-interested side, is also motivated by a sense of solidarity, reciprocity, responsibility, morality, friendship, community, and love. The concern for the planet is reflected in many SE practices that are shaped by ecological principles such as agro-ecology, permaculture, simple living, eco-industrial models, the slow food and slow money movements. There is a close affinity between SE and the notion of the Rights of Mother Earth which gives nature legal rights to life, regeneration, biodiversity, water, clean air, balance, and restoration. Ecuador and Bolivia have enshrined the Rights of Mother Earth in their Constitution and laws respectively. Because SE asserts the primacy of people over capital, it does not place profit maximization over the welfare of people and the ecological system that we depend on.

### *Ownership and control*

Neoliberalism celebrates private ownership. In business there are owners and workers, with the ultimate control of the business and profits

going to the owners. There is an antipathy for public forms of ownership and thus under neoliberalism, we have seen a steady encroachment of privatization in areas such as schools, water delivery, social programs, the military, prisons, and public healthcare programs.

The SE holds the centrality of collective forms of ownership and control as a core principle. Thus worker, consumer, and producer cooperatives are upheld as preferable business models. Social enterprises that are owned and controlled by a non-profit or a hybrid that additionally include community and worker control are embraced as well. Credit unions and community banks that are owned and controlled by their members are models in the financial sector. Other examples of collectively owned, organized and managed systems include social/community currencies and time trade systems; participatory budgeting, housing cooperatives, community land trusts, and community-based resource management of forests and fisheries. These systems are deeply grounded in values of trust and cooperation.

### *Profits*

In neoliberalism and capitalism in general, profits go to the owners, which in the case of publicly traded corporations are people who buy a share of the corporation and very often have no interest in the company other than the level of dividends that it delivers. If a better deal comes along the shareholder, generally through their stock broker or investment fund, blithely sells off their share for a better return elsewhere. Workers, as stakeholders may benefit from a profit sharing arrangement, but this practice is relatively small in magnitude.

The SE strives to ensure that profits are controlled by and go to the stakeholders – the workers, the non-profit, the community, the consumers – who are directly affected by the decisions of a business or practice. In cases where there is collective ownership, there is a clear claim

to control over how profits are distributed, but SE enterprises may, in solidarity, share profits with stakeholders such as the community even though there is no ownership claim. Shareholders or investors may receive a share of the profits in the form of dividends, but the weight of control and distribution of profits goes to the stakeholders.

### *Distribution and exchange*

In neoliberalism, the market plays the major role in the distribution and exchange of goods and services, while the state plays a secondary role, for example through regulation and redistribution. Note that neoliberalism's strong stance for small government and free market is a rhetorical position. In reality, neoliberalism harbours all sorts of policies to the contrary, such as price support for agribusiness, numerous corporate subsidies and tax breaks, and the protectionist steel tariffs imposed by President Bush in 2002.

In the SE, for most proponents, the market plays a role but it is understood that it needs to be complemented by the state in order to overcome market failures. These include short supplies of critical goods and services that are not very profitable like affordable housing and generic drugs; the problem of externalities where costs such as pollution

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<sup>2</sup>Workers may exercise some influence and control through unions, employee stock ownership programs (ESOPs), or through the beneficence of the owners, but these can be lost as with the concerted attack on unions, or in the case of ESOPs, workers generally do not have a significant amount of control due to the small number of shares that they hold.

or resource depletion are passed on to society rather than being borne by the companies that create these problems. The SE also values non-market civil society transactions such as unpaid care work (e.g. child rearing and eldercare), barter, gift, sharing, open source products, and direct exchange such as consumer supported agriculture.

**Table 1 - Neoliberalism vs. the Solidarity Economy (SE)**

	<b>Neoliberalism</b>	<b>SE</b>
<b>Aim</b>	<ul style="list-style-type: none"> <li>- Profit maximization and growth</li> <li>- Assumption: business success will lead to prosperity for all (eventually)</li> </ul>	<ul style="list-style-type: none"> <li>- Social aim informed by SE values</li> <li>- Jobs, product/service, community benefit</li> <li>- An economy that serves people and planet</li> </ul>
<b>Ownership</b>	Shareholder ownership	Collective ownership - e.g. workers, non-profit, consumers, community or combination
<b>Profit</b>	<b>Profit → Shareholders</b> Profit → Stakeholders	<b>Profit → Stakeholders (workers, consumers, community)</b> Profit → Shareholders
<b>Distribution and exchange</b>	<b>MARKET</b> State	Market STATE <b>NON-MARKET CIVIL SOCIETY</b>

### **Social vs. solidarity economy**

Thus far, we have only been talking about the solidarity economy and not about the social economy. Though there is a great deal of overlap, the solidarity and social economy are not the same thing. Matters are complicated by the fact that there are not rigidly standardized definitions of these frameworks. The approach taken here is to use generalized definitions, recognizing that some readers may find that they don't fit with their own definition.

<sup>3</sup>Note that there are those who completely reject markets in favour of participatory planning, and those who reject the state in favour of direct and collective governance. Space does not allow a full exploration of the wide range of views in SE, so this paper will reflect the current majority view as reflected by major exponents of the SE.

The social economy, as defined in much of Europe and Canada, includes cooperatives, mutual, associations and foundations (CMAFs). These entities have in common: a social purpose at their core, collective ownership and management, and they are not part of the public, state sector. Lewis and Swinney's diagram (Diagram 1) situates the social economy in the third sector complementing the first/private/profit-oriented and the second/public/state sectors.

There is a spectrum of views about the position of the social economy vis-à-vis capitalism. As summarized in Table 2, there are social economy practitioners who see it as a critical third leg that strengthens the capitalist system by: a) providing a stepping stone from an informal sector enterprise, to becoming a "regular," profit maximizing business; b) addressing issues of poverty, unemployment, and the needs of other marginalized groups, which, if left unattended could lead to dangerous social unrest; and c) taking over some of the responsibilities of the state sector, particularly in the provision of social welfare services. On the other hand there are those who see the social economy as a step towards fundamental system change by: a) building social purpose, collectively owned enterprises as an end unto itself, not a stepping stone to becoming a "regular" business; b) developing the social economy as part of the solidarity economy which seeks transformation of, rather than to buttress capitalism; and c) serving not just the poor and marginalized, but people of all classes. Furthermore, when the social economy does provide social welfare goods and services, the government is not off the hook. Funding for social welfare programs should still come from the state, but delivery is often done better by cooperatives, social enterprises and other collectively run enterprises.

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<sup>4</sup> "Social Economy & Solidarity Economy: Transformative Concepts for Unprecedented Times?" In *Solidarity Economy: Building Alternatives for People and Planet*. Allard, Jenna, Davidson, Carl and Matthaiei, Julie, (Eds.), ChangeMaker Publications. Chicago, IL, 2008. P. 36

**Table 2: Spectrum of Social economy**

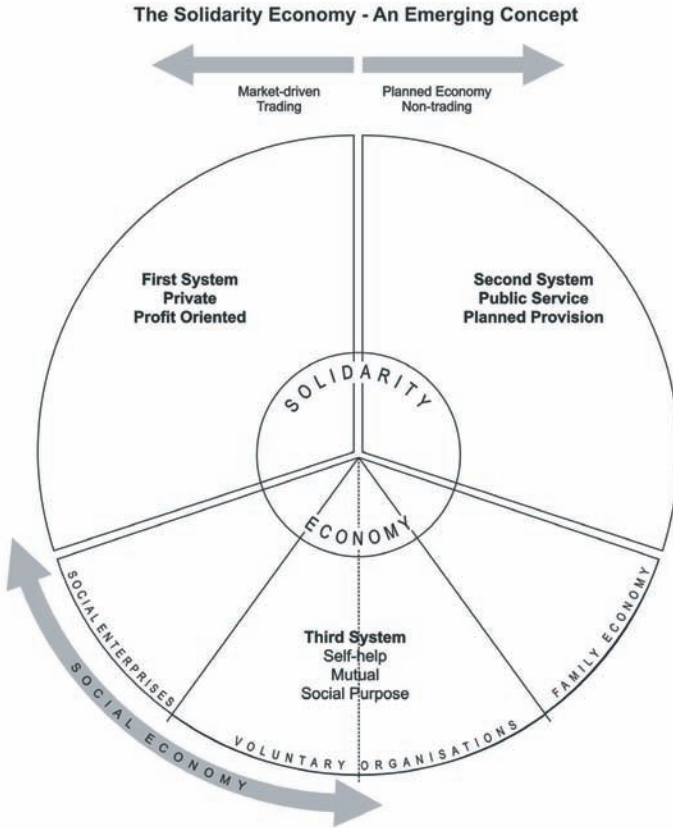
Supports capitalism	Transforms capitalism
Social economy is a stepping stone from informal sector or non-profit biz to “regular” business.	Social economy is a stepping stone towards transformation.
Social economy is the third leg of the economy that makes neoliberalism more humane.	Social economy is part of the solidarity economy which seeks to transform the whole system of neoliberalism.
Social economy focuses on social welfare provision instead of the government.	Social economy operates in all sectors, not just the poor and marginalized. Social welfare services should be publicly funded, even if delivered through social economy enterprises.

The Solidarity Economy, by contrast, seeks a fundamental and systemic change in the economy. It seeks to build an economy beyond capitalism, which is viewed as intrinsically being a key source of social and economic injustice and ecological destruction. In seeking system change, the solidarity economy is necessarily not confined to one sector, but rather seeks to contend in all sectors of the economy.

## Conclusion

We have a rare opportunity to push beyond the disastrous model of neoliberalism – to build a solidarity economy that works for people and planet. Given that it is such a new framework there is an understandable degree of confusion about what it means and it is critical that we continue the dialogue to clarify as well as debate the meanings and implications of its different aspects. In order to pull in the same direction, it is important to know that we know what are our common understandings as well as what are our differences. My hope is that this paper has helped to move us in that direction.

Diagram 1



## **PART 3**

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# **Perspectives and National Developments in Solidarity Economy**



8  
**Solidarity Economy &  
The Culture of Responsibility**  
By Dr. Benjamin R. Quiñones, Jr.



CSRSME Asia constructed a questionnaire to ascertain their views on the cultures of responsibility. This was disseminated to the ASEC members a couple of months prior to ASEF KL 2011. Among the 15 members, only nine completed the FGD questionnaire. However, all 15 members participated in the discussion of the survey results on October 29, 2011.

Most of the nine respondent organizations had been in operations for more than 5 years. They had a combined total of 394 institutional members with a membership base totalling 13 million individual member-clients spread over in 21 Asian countries.

### **The survey results are analysed below.**

*Which of the three approaches in facilitating the discourse on responsibilities would you position your network?*

The second approach (one puts at the centre of attention the relation between oneself - as individual or collective - and the others, 6 respondents) was the most popular among ASEC members. This was followed by the first approach (one puts oneself at the centre of attention as an individual or a collective, 3 respondents). If the third approach were to be associated with the “protest type” of engagement, then none of the ASEC members adopt this approach in promoting human responsibilities.

*Analysis of problems and their causes. Which causes are most often mentioned?*

ASEC members reported three main problems in promoting human responsibilities: differences in priorities/goals, avoidance of responsibility, and lack of knowledge/skills. The main cause of these problems was traced to self-centeredness of people.

### **Differences/ conflicts of priorities/ goals**

Partners cited several sources of differences/ conflicts. Such conflicts may arise between the youth and the old members of the same organization or community, between the individual and the organization in terms of priorities/ commitments, or between various units of the organization.

In a network of organizations, the priorities of the network may clash with those of the member organizations. As a case in point, APPEND cited its own organizational drive to grow that has adversely affected its institutional members. In a bid to enhance sustainability, APPEND as an apex network of microfinance institutions (MFIs) in the Philippines pushed hard to expand the clientele outreach of institutional members as well as to enlarge the loan portfolios of their clients. This thrust for greater economic growth was not necessarily supported by all institutional members, thereby creating tensions during discussions of the network's development goals and targets for the future. Many members felt that the network's overall growth targets were too ambitious and could strain the existing capacities of member organizations.

### **Avoidance of responsibility**

Some ASEC partners identified certain behaviours of their partners which depict a conspicuous avoidance of responsibility. In Indonesia, Bina Swadaya observed the peculiarity of certain local people's culture of self-effacement which predisposes them not to promote themselves. Many local folks do not engage in non-face to face dialogue, which hinders communication especially when conducted via the internet or telephone. Eagles Wings Foundation (Philippines) normally encounters this responsibility-avoidance attitude in the form of unwillingness of partners to divulge information on financial performance.

## **Lack of knowledge/ skills**

Lack of appropriate knowledge and skills (e.g. about business practices in other countries, export markets, sources of finance, and information communication systems) also contribute to the non-resolution of conflicts in the discourse on responsibility. China and Beyond Network (CABN) cited lack of access to information and business practices of “outside world” as a constraint. CABN motivates businessmen from mainland China to adopt socially responsible practices and to contribute to the development of other countries by enjoining their Chinese businessmen counterparts in these other countries to do the same. However, the mainland Chinese businessmen feel constrained from doing so because of limited knowledge about the world outside the vast expanse of China.

Differences in approaches, language barrier, and inflexibility of organization structure were also mentioned as constraints to the discourse on responsibilities.

## **Self-centeredness of people**

A major cause of the above problems in the discourse on responsibility is the self-centeredness of people. This was cited by four ASEC partners - Bina Swadaya, CSRSME Asia, Eagles Wings Foundation, and Ethnos Asia. These organizations noted that people are usually driven by an attitude of “what is in it for me?” when confronted with a new initiative. If the initiative does not concern them, their attitude is summed up thus: “If it doesn’t affect me, it’s not my problem”.

The me-first attitude breeds the common behaviour of not taking responsibility for one’s own actions, or the unwillingness to take on new, bigger responsibilities. Self-centered people also have difficulties acknowledging the leadership of others.

*Which dilemmas are mentioned?*

A major dilemma in the discourse on responsibility is the absence of a universally accepted charter that delineates the responsibilities of various stakeholders/ citizens of society. ASEC partners refer to such universal charter as the “coherent view” that binds citizens together in solidarity, acting on their shared responsibilities, and commonly acknowledging their interdependencies.

*Is there any mention of conflicts of interests? Are there indications of cultural mentalities that determine priorities with respect to assuming responsibilities?*

Conflict of interest does arise in the discourse on responsibility. As mentioned earlier, self-centeredness of man determines to a great extent the individual’s priorities in assuming responsibilities whether he/she is representing the interest of the family, corporation, or religious institution. But man is also influenced by two other strong factors duly cited by ASEC partners: (i) the reigning belief system which underlies the motives/ purposes of actions, and (ii) the style of governance (leadership/ management) which affects relationships between the ruled and the rulers.

One the fundamental belief system is religion. This is especially so in Asia where the influence of religion is pervasive. Divergent religious beliefs of people breed a certain degree of conflicts of interest. In some Asian countries, religious conflicts spill over to the political arena when political parties irresponsibly tap religious sentiments to advance their political interests/ agenda.

Another type of belief system is expressed through the socio-economic beliefs of society’s stakeholders.

In the contemporary era, a basic conflict relating to socio-economic motives is between the profit maximization motive and social mission

motive. This type of conflict cuts across political, business, religious and civic organizations. It pits self-interest vs. group interest, local vs. regional or national interest, workers vs. management interest, and so forth. Within organizations, differences in socio-economic motives can manifest in terms of opposing priorities between dependence of external donor support and self-reliance on one's own limited resources; between options of deploying human resources to income generation activities or to voluntary service work such as community organizing, pastoral Church work, or dialogue activities.

The above mentioned conflict of interest poses a big threat to the discourse on responsibility because of what some ASEC members call the "tyranny of the majority". This is evident in countries where the majority political party tries to stifle democracy by discouraging pluralism/diversity of political views, or where the majority religious belief tries to impose it on the "non-believers".

The second source of conflict of interest is the style of leadership/management. The issue of corruption, for instance, is endemic in many countries of Asia. In such Asian countries that call themselves "democratic", the leadership in business, political or religious organizations has not changed for decades. Evaluation, much less appreciation, of performance is not based on the quality and productivity of performance but on who is connected to the powers that be. This brings about problems of communication and causes lack of real commitment to the cause or the organization's goals and objectives, which in turn manifests in the way workers manage their time and work.

## **Creating cultures of shared responsibility**

*What kinds of practices are adopted to create cultures of shared responsibility?*

Several practices have been adopted by ASEC members to create cultures of shared responsibility. These can be grouped into two main types: instituting concrete actions of mutual help and reciprocity, and

standardizing socially responsible governance policies, structures, and procedures.

Concrete actions of mutual help and reciprocity include:

Collective identification, planning and implementation of common programs/ projects and processes (e.g. microfinance, fair trade, organic farming, value chain development).

Identifying strengths of collaborating units that might be useful for capacity building of the others. APPEND cited an example where its bigger member institutions help smaller ones overcome their operational problems. Ethnos Asia cited another example where a partner with larger resources provided support to smaller ones in terms of sponsorships to training seminars and expertise.

Establishment of corporations/ social enterprises co-owned by member organizations. The advance of social enterprises in Asian countries is considered to be a development in the right direction and supportive of Solidarity Economy.

Contribution to the common program/ project proportional to profits earned by collaborating units. Eagles Wings Foundation cited its Liquity Buffer Fund as a savings and investment program carried out by its member social enterprises in support of the Foundation's Social Entrepreneurship Development Program (SEDP)

Concrete actions towards socially responsible governance include the following:-

Standardizing policies, structures, and procedures of socially responsible governance.

Developing strategic plans for each member/partner institution

Decentralising meetings to be held on rotation basis among member/partner institutions

Conducting regular forum for member/partner institutions to facilitate knowledge sharing & learning, and cascading the forums at the local levels to be hosted and organized by concerned member/partner organizations in the locality

Establishment of Asian Solidarity Economy Council (ASEC) for globalization of solidarity.

*Give some concrete examples of (good) practices to create cultures of responsibility. Have choices been made within your network with regard to different methodological alternatives to promote awareness of (co-)responsibility and putting into practice of ideas?*

Here are concrete examples of good practices reported by ASEC partners to address attitude problems:

Inculcate the value of shared responsibility during meetings/ activities; Work on common projects; Project undertakings should be joint/ cooperative to practice shared responsibility; Conduct frequent & continuous meetings and dialogues among partners; Share, engage and learn; Invest in the poor so that they are empowered to take on shared responsibilities; Draft an memorandum of understanding to formalize concurrence

Concrete examples of good practices reported by ASEC partners to address knowledge/skills problems are the following: Evaluate the needs of each partner organization; Provide training in business methods and setting up accountability structures; Develop toolkits for



strengthening the vision of Community Empowerment and Solidarity; Establish service centers at provincial/regional level to cater to partners & other organizations; Develop strategy for implementation of Solidarity Economy projects/ initiatives; Conduct of Solidarity Economy Forum in each Asian country, include for discussion one (1) case study, of Solidarity Economy initiative per country; Conduct local forums regularly to bring together actors of social enterprises, community enterprises, and various business associations; Promote investment clubs among ASEC members

## **Views on Solidarity Economy**

*What is Solidarity Economy?* ASEC advances the definition of Solidarity economy as an economy that is built on the foundations of ethical core values and socially responsible governance, and it is geared towards achieving the triple-bottom-line goals of social development, sustainability, and ecological conservation.

There is general consensus among ASEC partners that an organization can be considered to be an adopter of the shared vision of Solidarity Economy (SE) when it embraces the triple-bottom-line goals of social development, sustainability, and ecological conservation built on the foundations of ethical core values and socially responsible governance.

Along the four (4) dimensions of social development, sustainability, ecological conservation, and socially responsible governance, respondents identified the following 'desired' features/ indicators of Solidarity Economy:

What is the actual practice of the triple-bottom-line goals by ASEC partners? Socially responsible governance: ASEC partners generally reported that their organizations practice all the socially responsible actions expected of Solidarity Economy (SE) practitioners. The most

common feature of SE practitioner is that it is voluntarily organized by citizens, not by the government or by a private corporation. Members/stakeholders are free to participate or exit from any activities. Each member has one vote, irrespective of the volume or size of his/her contributions (financial and non-financial) to the organization. In the event that the organization generates a profit, this is normally plowed back to projects that benefit communities or in support of operations. There is room for distribution of profits to members, but the amount of profits distributed has certain limits.

Community services: The most commonly practiced by ASEC partners are: marketing services, BDS/training, core values formation, and IGPs. The least commonly practiced are: financial services, health services, and low-cost housing.

Integrating the economic roles of the poor into the business supply chain of organizations: The economic roles of the poor most commonly integrated by ASEC partners into their business/income generating activities are 'consumer/client' and 'producer'. The least integrated roles are: investor, market outlet, and advertiser.

Continuous undertaking of enterprises: The most common enterprises undertaken by APEC partners are: education & food-related enterprises. The next most common enterprises are: health services, clothing, financial services, & low-cost housing.

Risk-sharing among (types of contributions of) stakeholders: The most common form of contribution among ASEC partners is annual dues, followed closely by membership fee, equity capital, and savings deposits. Two organizations reported not enjoining their stakeholders to make any of these types of contributions.

Means of compensating workers: The most common forms of remuneration are salary and allowance (cost of living). Some organizations also practice profit sharing, but one (1) organization does not have any form of compensation for their workers.

Ecological conservation measures: The least practiced among the APEC partners is ecological conservation. Four of the nine APEC partners reported that their respective organizations do not have conservation measures. The three organizations with conservation measures typically practice eco-gardening, tree planting, and use of renewable energy. Only one of the three organizations practice waste segregation.

What are the methods used by ASEC partners in building/ promoting shared responsibilities? ASEC partners use the following methods in building/ promoting shared responsibilities:

Team learning - mastering the practices of dialogue & discussion, the two distinct components of collaborative learning. This is the method most frequently used by the respondents in creating/ building shared responsibilities (Eight of nine respondents reported their organizations use this method "always, every meeting", although one "seldom" use it).

Building shared vision- initiating & nurturing a process whereby personal visions & responsibilities are shared among people throughout the organization. This is the second most frequently used method, with four respondents using this method "always, every meeting" and five using it "many times but not every meeting".

Self-mastery- mastering the art of creating & expressing visions, responsibilities, inquiry, & reflection. This is the third most frequently used method. Four respondents used this method "always, every

meeting”, three used it “many times but not every meeting”, and two seldom used it or not at all.

Mental model: cultivating & managing one’s internal pictures of how the world works. As in the case of self-mastery, four organizations used the method of mental models “always, every meeting”, three “many times but not every meeting”, and two “seldom” used it or not at all.

9  
**THE GLOBAL SOCIAL ENTERPRISE  
MAPPING: THE FIRST ATTEMPT**  
By Dr. Eduardo Q. Canela, PhD



## Touring Social Enterprises in Asia

Let us go on a tour of the solidarity economy in Asia. We will look at it from the eyes of thirteen institutions.

This tour answers an overarching need to visualize the whole. To get out of “my store” mentality and have a feel of how the “mall” is actually doing. This will also allow us a snapshot of how we can affect the others and how they can affect us. It is just unfortunate that we will take the tour on our armchair instead of actually moving around.

As we will demonstrate, the map is dynamic. You can make as many analyses as you want and have as many answers to many “what if” questions??? We will show you some “what if” results in this paper.

### A BRIEF BACKGROUND

Since we started planning this Forum, we have (like many of us would) dreamed of seeing a solidarity economy map to enable us to identify the key players in what may perhaps be called an emerging movement. It was however unfortunate that we could not start it then. There were limits in technology, databases and funding. However, we were fortunate to come across similar minded approaches. The maps then and now are most location-based and answer questions like: Who are the social enterprises in Y city? Some examples include: <http://www.openaction.org/aylluinitiative/> and <http://www.essglobal.info/>.

This mapping exercise is a departure from these types. This exercise is an attempt to visualize what has been inherently hidden from the views of many observers. An attempt to visualize what was hitherto “invisible:” the relationships of one institution with the others, and the synergistic relations that can lead to collaboration and commitment to a shared future.

There are many theories claiming that relationships build enterprises, enterprise relationships build an industry (a conglomerate, cluster, a sector, etc.) and relationships of industries build an economy. Simplistic as it may be, relationship is the rubric of an economy. They can be “pipelines” that move both invisible (like trust, etc.) and visible assets (like money, goods, services, information, etc.). This paper follows this pattern.

## **BUILDING THE MAP**

The resulting “map” is not static. We can take a snapshot of how the network is evolving over time. It changes as more and more responds to the survey. It can likewise simulate strategies and interventions by the various actors in the movement.

To build the map, we were able to recruit ten guides who like the other 25 or so institutions have already started completing the questionnaire online. We thought that including the first ten respondents would essentially be enough to create: The First Attempt. It does not mean that all the others who responded thereafter and those who will respond in the future will no longer be analyzed. They will be. This global mapping exercise will be open till the next ASEF 2013 in Manila. The more responses we receive, the more the map will become a reliable depiction of the solidarity economy landscape and will yield better initiatives and more potent interventions. So we encourage you to continue completing the surveys for your institution even after this Forum has closed.

To build the map, we use the increasingly becoming popular tool called “social network analysis (SNA).” SNA is the study of social relations among a set of actors. Network researchers have developed a set of distinctive theoretical perspectives as well. Some of the features of these perspectives are: focus on relationships between actors rather than attributes of actors; sense of interdependence: a molecular rather

atomistic view; structure affects substantive outcomes emergent effects. Social networks are also characterized by a distinctive methodology encompassing techniques for collecting data, statistical analysis, visual representation, etc. While there are many SNA mapping tools, we use the UCInet (<http://www.analytictech.com/ucinet/>) to prepare the maps for this paper.

Social relations can be thought of as dyadic attributes. Whereas mainstream social science is concerned with monadic attributes (e.g., income, age, sex, etc.), network analysis is concerned with attributes of pairs of individuals, of which binary relations are the main kind. Some examples of dyadic attributes:

Kinship: brother of, father of; Social Roles: boss of, teacher of, friend of; Affective: likes, respects, hates; Cognitive: knows, views as similar and many others.

## **ON WITH THE TOUR!**

As earlier hinted, we built the map with only 13 respondents (our tour guides). Together they have identified a total of 92 other related and “like-minded” institutions who are directly or indirectly involved in solidarity economy. These institutions have varying functions, tasks, thrusts, location, year started and so on. And this information by itself alone shows how “interconnected” we all are.

## **SO HOW DOES IT LOOK NOW?**

The solidarity economy now looked like the map shown in Figure 1 (not included in the article). Considering that the sample is a very small, the resulting map is pretty complex. What can we see from the map?

1. One way dominates. One-way relationships among the network members dominate. Most arrows point in one direction, one side



is communicating while the other does not respond in a mutually beneficial way. This however does not mean that both are not open to mutually-reinforcing relationships (e.g., corresponding, exchange staff, participating in douses or conferences, event co-sponsorships, etc.) but everyone is trying to invest in building such relationships

2. There are hubs. There are a number of hubs within the network. It is however highly probable that the hubs do not actually see themselves as hubs or zones of influence for the promotion and dissemination of solidarity economy initiatives. Most smaller members link to a hub due to their proximity either due to being in the same country or specific location but not because they have similar targets or functions. It is probable that the linkers see the hubs as hubs but the hubs do not see them as such. These hubs may only see them as peers rather than hubs.
3. Consider the major hubs, like CSRSME, CEDNET, TNB, and FTGN, and others. These usual suspects may not even see themselves as centres of influence, but they are perceived as such by many network members. If so, how should they behave and act for the betterment of the whole? Is a network of “influencers” emerging? Do the hubs know the expectations from the members? How can they live up to these expectations?
4. Fragile Links. What if the hubs suddenly disappear from the landscape? What will happen to the whole? Will the network survive? Can an economy with a few key players survive? The resulting map shows that the links between the networks members are still so fragile to sustain an economy. More initiatives to tighten and strengthen the ties that bind could be initiated not only by the hubs but by the individual members themselves. Figure 2 shows the map (not included in the article).

## ANALYSIS OF THE TYPES

The institutions represented in the sample include various types such as:

- (1) Government National;
- (2) Government Local / Sub-national (e.g. province, district);
- (3) National Non-government organization / civil society;
- (4) International Non-government / civil society;
- (5) Private sector / business;
- (6) Bilateral agency;
- (7) Multilateral agency;
- (8) Development Bank;
- (9) Academia / research institute;
- (10) Media and communications;
- (11) Community development organization;
- (12) Consumers organization;
- (13) Cooperative;
- (14) Donor;
- (15) Faith based organization;
- (16) Foundation (non-donor);
- (17) Fair trade organization;
- (18) Labour organization;
- (19) Network; and
- (20) Others, (specify).

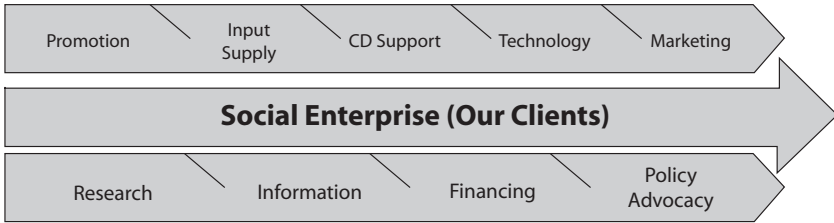
The distribution are as follows:



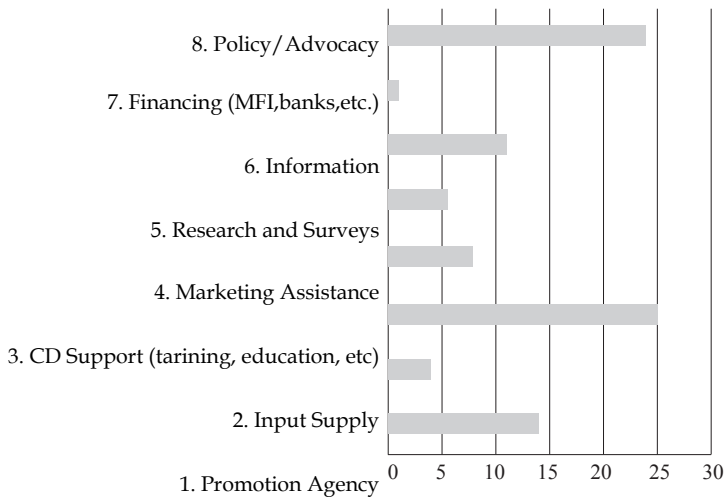
What if we remove those that claims to be networks. The result is something like that shown in Figure 3 (not included in the article).

## FUNCTIONS

The map also shows the contribution of each institution in the solidarity economy value chain as depicted in the illustration below:



The functions consisted of:



For the time being, the most important role (which could be consciously or unconsciously portrayed) of the hubs is in the area of policy advocacy to their clients and the other network members.

## **DOES THE TOUR END HERE?**

This is only the beginning. Initiatives to map out the social enterprises and the solidarity economy will continue. Similar mapping initiatives are likewise being carried out in many parts of the world. Eventually, these efforts can be aggregated to have a visual representation of the state-of-the-art.

Meanwhile, the Asian Solidarity Economy Forum will march on. As can be seen from the maps, it should continue to probe the social enterprises scene that has so far remained small and unconnected islands. Moreover the challenge of relations building among the scattered networks is becoming an imperative. The Forum has a strategic role in gathering more information about these groups or nodes of the emerging social enterprise networks. One by one, network by network, the Forum will be able to contribute to the global solidarity economy movement.

**Annex 1**  
**Table 1: Institutions by Types**

Institutions	Frequency	Percent
1. Government National	1	1.10
2. Government Local / Sub-national (e.g. province, district)	5	5.49
3. National Non-government organization / civil society	5	5.49
4. International Non-government / civil society	3	3.30
5. Private sector / business	4	4.40
6. Bilateral agency	0	0.00
7. Multilateral agency	0	0.00
8. Development Bank	0	0.00
9. Academia / research institute	6	6.59
10 Media and communications	0	0.00
11. Community development organization	13	14.29
12. Consumers organization	1	1.10
13. Cooperative	1	1.10
14. Donor	3	3.30
15. Faith based organization	4	4.40
16. Foundation (non-donor)	2	2.20
17. Fair trade organization	3	3.30
18. Labour organization	0	0.00
19. Network	40	43.96
20. Others, (specify)	0	0.00
<b>Total</b>	<b>91</b>	

**Table 2: Institutions by Functions**

<b>Institutions</b>	<b>Frequency</b>	<b>Percent</b>
1. Promotion Agency	14	15.22
2. Input Supply	4	4.35
3. CD Support (training, education, etc.)	25	27.17
4. Marketing Assistance	8	8.70
5. Research and Surveys	5	5.43
6. Information	11	11.96
7. Financing (MFI, banks, etc.)	1	1.09
8. Policy/Advocacy	24	26.09
<b>Total</b>	92	

10

# Social Enterprise in Malaysia: The UMK Experience

By Prof. Dr. Farok Zakaria, Universiti Malaysia Kelantan





The term Entrepreneurship was still new to most Malaysians in the eighties and nineties, let alone the term Social Enterprise. The term social enterprise is always interchangeably confused with the term volunteerism, social work, welfare and entrepreneurship. All these terms have their own meanings and definitions. As nomenclature to the term, it literally infers that two areas of expertise, namely social and entrepreneurship are combined to form social enterprise.

In Malaysia, the term is widely used recently to explain the effort of some government agencies and non- governmental organisations in changing the economical status of the poor community. Many poor communities are subject to these social enterprise projects such technical skill training and micro financing schemes in assisting them to get out of the poverty bracket.

Universities in Malaysia have also embarked on bridging the universities with the poor community such as carrying out community based poverty alleviation programmes. Universiti Malaysia Kelantan (UMK) is no exception to these kinds of programmes. Through its strategic thrusts, UMK has launched many programmes such as Social Enterprise for Economic Development (SEED), Regional Network in Poverty Eradication as well as actively involved in the Agropolitan Project of the East Coast Economic Region (ECER).

This chapter will highlight various debates on the definitions of Social Enterprise, current social enterprise like projects by government and non-government agencies in Malaysia and the involvement of UMK in this area.

Many scholars have defined the term social enterprise in many ways in line with their disciplines of studies. Yet, the debate for the definite understanding of social enterprise is still going on.

Malaysia as a country heading for industrialised status has embarked on promoting entrepreneurship among its citizens about 30 years ago.

However, the debate on entrepreneurship in Malaysia is still continuing especially in the sector of finance to small and medium entrepreneurs. Creation of Bumiputra entrepreneurs is also another area that has been explored extensively by government agencies in Malaysia.

Recently, Malaysians were introduced to the concept of understanding the need to help the poor community through entrepreneurship activities. This has resulted in the implementation of social enterprise projects in some villages in Malaysia. Universities and non-governmental organisations have embarked on helping the poor communities through various social enterprise programmes as well as voluntary social work programmes with minimal term of reference and guidelines. Some claimed to be doing social enterprise projects which seem to be social work or voluntary programmes. The guideline is still vague and needs to be clarified from time to time so that proper action could be taken. This paper will present some views on the definition of social enterprise as well as quoting some projects that sound like social enterprise, implemented by the government as well as the non-governmental organisations. A case of Universiti Malaysia Kelantan and social enterprise programme will be highlighted in this paper.

## **Malaysia and Poverty**

Poverty is also a serious issue in Malaysia despite the development plans implemented by the government. The term hardcore poor is still mingling in the minds of Malaysians. The poor in Malaysia can be divided in two, namely rural and urban poor.

According to Dr. Richard Leete, the Resident UNDP Representative Malaysia, Singapore and Brunei, in 1970, 49% of households were poor. In 2007, the figure had shown great improvement where less than 5% falls into this poor category. However, poverty is still an important agenda

especially in the rural areas Malaysian governments have also aimed for a more equitable distribution of income and this is the second feature of the post 1970 period that has contributed to poverty reduction. Rural development programmes helped to raise the incomes of impoverished agricultural communities.

In line with the aim of eradicating poverty and improving the distribution of income, The New Economic Policy (NEP) was formulated in 1970. It sought to lessen the association of race with economic function.

Malaysia aims to improve on the poverty targets set through the Millennium Development Goals (MDGs). The Ninth Malaysia Plan, 2006–2010, repeated the commitment to achieve growth with distribution and set targets of reducing the overall poverty rate to 2.8 per cent and eradicating hard-core poverty by 2010.

Poverty and the state of Kelantan is nothing new. Poverty is said to be rampant in Kelantan and it must not be overlooked. In 2004, the incidence of poverty is reported to be 10.6% whereby 1.3% accounts for the hardcore poor (source: NECF Malaysia).

However the state Assembly men of Kota Baru Datuk Anuar Tan in his statement mentioned that by 2007 and 2008, the rate had fallen to 4.1%. Despite the argument, the problems still persist and obvious in Kelantan. UMK as an entrepreneurial university has taken the milestone of looking at the problem as an opportunity.

The problems has to be regarded as an opportunity for UMK to practice his so called “ gurus” in many disciplines, be it Science, Entrepreneurships, Business Management, Arts and Heritage. Thus, poverty shall not exist within the vicinity of UMK if one digests the comradeships of societal spirits in one’s daily activities. The students through the guidance of lecturers have invented entrepreneurship

programmes and activities in order to get the poor out of the poverty stricken areas, hence giving them better lives to move forward and face a more certain and promising future.

The hard-core poor in Malaysia are characterized as follows: They have low educational levels. They have inadequate exposure to the rest of the world, leaving them to be ignorant of the development of the country. They are unmotivated towards upgrading their livelihood. The hard-core poor have big family size. They are involved in traditional agricultural activities.

They also use minimal facilities and technology. Surprisingly, they are very dependent on government subsidies throughout their lives!!!!

Common Solutions to Poverty Eradication in Malaysia implemented by the government agencies in Malaysia in poverty alleviation are mainly categorised as follows:

Entrepreneurship training- Based on the experience of government agencies such as MARA (Majlis Amanah Rakyat), SMIDEC (Small and Medium Industry Development Corporation), and other regional agencies (Kelantan Selatan Development Authority-KESEDAR), entrepreneurship courses are the main solution to alleviate poverty in Malaysia. Programs related to awareness on business opportunities, motivation, management skills and skill or technical based training (agriculture, handicraft, culinary etc.) are the most widely organized courses in Malaysia.

Other assistance include - Financial Assistance programs (Micro Financing); Technical assistance programs and the recent trend has seen social enterprise as a popular program in alleviation of poverty.

## Definitions of Social Entrepreneurships

Mohd Yunus and Karl Weber (2010) refer to social entrepreneurship as social business in helping poor community. Mohd Yunus, the founder of Grameen Bank, has proven its success in giving loans to the poor in starting a business. Yunus and Weber mention that there are two types of businesses, one for personal gain and another other for helping others. In one kind of business, the objective is to maximize profits for the owners with little or no consideration for others. In another, everything is for the benefit of others and nothing is for the owners except for the pleasure of serving humanity. They mention that social business is built on the selfless part of human nature that is not being able to help those who are trapped in poverty.

In social business, a person who invests aims at helping others without making any financial profit to himself. Therefore social business is a business because it must be self-sustaining- that is, it generates enough income to cover its own costs. Part of the economic surplus in the social business created is in turn invested in expanding the business and a part is kept in reserve to cover uncertainties. This concept has been received overwhelmingly by the world, so much so that Mohd Yunus and Grameen Bank were awarded the Nobel Peace Prize Winner in 2006.

Arthur C. Brooks (2008) argues that there are some differences between the concept of entrepreneurship and social entrepreneurship. He describes that entrepreneurship in the commercial world consists of five parts: - Opportunity recognition; Business concept development; Resource determination and acquisition; Launching and growth of business venture; Harvesting the venture (gains and profit)

He then expands his discussion on the variety of definitions of this new area called social entrepreneurship by pointing out three related concepts: - Social entrepreneurship addresses social problems

or needs that are unmet by private markets or governments; Social entrepreneurship is motivated primarily by social benefit; Social entrepreneurship generally works with- not against- market forces

The area of social entrepreneurship is developing and has received overwhelming response from many scholars around the world. In the United States of America, statistics from 1996 to 2004 has shown a growing figure of 3% in all non-profit organizations, 6% in public charity organizations and 7% in private foundations.

In Malaysia, the formation of defining social entrepreneurship is still in its pathway because it is a new area that needs to be ventured by scholars and practitioners of general entrepreneurs. Confusion on whether entrepreneurship is strictly equal to business or encompassing social venture is still running at large. However, UMK has set a clear benchmark quoting that entrepreneurship is entangling about nothing else except mind setting, be it in the business or social venture.

Nevertheless, the writer finds that there are many definitions of Social entrepreneurship in the websites which are similar to what is mentioned by Mohd Yunus and Arthur Weber.

Some of the definitions quoted from a few websites:

Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. [en.wikipedia.org/wiki/Social\\_entrepreneurship](http://en.wikipedia.org/wiki/Social_entrepreneurship)

The application of the principles of business entrepreneurship – including risk-taking and ingenuity – to social causes. [en.wiktionary.org/wiki/social\\_entrepreneurship](http://en.wiktionary.org/wiki/social_entrepreneurship)

An entrepreneur who engages in business seeking both financial and social return.[www.pfc.ca/cms\\_en/page1112.cfm](http://www.pfc.ca/cms_en/page1112.cfm)

Roger L Martin and Sally Osberg from the Stanford Graduate School Business School (*Social Innovation Review*, Spring 2007) point out that Social Entrepreneurship is attracting growing amount of talent, money and attention. However, its vague side of the definition has placed social entrepreneurship in a grey area.

Hence, all sorts of activities are now labelled as social entrepreneurship which range from volunteerism to welfare work. According to them, any definition of the term social entrepreneurship must start with the word entrepreneurship. The word social simply modifies entrepreneurship. The word entrepreneurship connotes a special, innate ability to sense and act on opportunity, combining out of the box thinking with a unique brand of determination to create or bring about something new to the world. The critical distinction between entrepreneurship and social entrepreneurship lies in the value proposition itself.

For entrepreneurs, the value proposition is designed to create financial profit whereas social entrepreneurship neither anticipates nor organizes to create substantial financial profit for his investors-philanthropic and government organizations for the most part- or for himself. Instead, the social entrepreneur aims for the value in the form of large-scale, transformational benefit that accrues either to a significant segment of the society.

Ashoka International websites (retrieved on 28 June 2010, 2.30 P.M) defines Social entrepreneurs as individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for

wide-scale change. The Ashoka website mentions that rather than leaving societal needs to the government or business sectors, Social Entrepreneurs find solutions to problems by changing the system and later persuade the entire societies to take new leaps.

Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, and ethical, engages support in order to maximize the number of local people that will stand up, take the idea, and implement it. In other words, every leading social entrepreneur is a mass recruiter of local change makers—a role model proving that citizens who channel their passion into action can do almost anything.

Patrick O’Heffernan (July 2007) presented some findings in his search for the definition of social entrepreneurship. He found out that The Skoll Foundation defines a social entrepreneur as “society’s change agent: a pioneer of innovation that benefits humanity.”

Wikipedia on the other hand reads social entrepreneur as someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to bring about social change – but does not say the change must be positive.

However the NYU Professor Paul Light in his Social Edge blog writes:

*“The challenge is not to define social entrepreneurship so broadly that it becomes just another word that gets bandied about in funding proposals and niche building. Other terms such as innovation have gone that route, and may never be rescued from over-usage. At the same time, social entrepreneurship*



*should not be defined so narrowly that it becomes the province of the special few that crowd out potential support and assistance for individuals and entities that are just as special, but less well known."*

Akshay Surve, the founder of a social venture start-up in the website PluGGd (retrieved from Wikipedia, 6 July 2010) mentions that: "Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to bring about social change.

Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact s/he has on society."

There are 3 key components that emerge out of this definition and more less common when it comes to other variations of the definition of Social Entrepreneurship: the problem; a sustainable solution & social change. He then expands his discussion as to whether Social Entrepreneurship equate to starting Non-profit organizations? His argument is this: "Social Entrepreneurship by its nature is essentially only bound by the social mission and theory of change. The general perception of equating Social Entrepreneurship to starting Non-profit organizations probably arises out of the strong social missions that these organizations pursue. Although, it is not wholly inaccurate, there are far many examples of for-profit sustainable revenue generating enterprises with a social value generating structure prompting us to re-think the traditional models and conceptualize new hybrid business models".

In general, it seems that after reviewing some definitions, this paper concludes social entrepreneurship as an effort to change a situation or mind-set for the prosperity of the society which shy away from the normal stream of entrepreneurship that is making a monetary profitable return.

However Chong, L.C who is the founder of Social Enterprise for Economic Development Programmes (SEED) for universities in the Asean Learning Network mentions that the main objectives apart from changing the mind-set and upgrading the economic standing of the villagers, it also aimed at giving the opportunities to the participants to empathize as well as to learn collectively with the villagers.

In detail, the objectives of running a social enterprise programme called SEED are as follows:

Learning to learn cross-culturally and to work in inter-cultural, multinational teams in a new and unique environment.

Socially Responsible and Responsive Leaders who are able to empathize with people from less privileged backgrounds (including subordinates and the poor) and hence able to respect the rights and interests of all legitimate stakeholders.

Transformational Leaders who are able to transform their people, their organisations and their society to achieve prosperity and economic development

Entrepreneurial and Creative Leaders who are capable of integrating and applying their multiple knowledge for useful purposes.

### **Agencies involved in offering financial assistance**

A number of agencies are involved in giving financial grants and micro loans to potential entrepreneurs as well as existing entrepreneurs either to start a new business or to develop existing ventures: MARA; Tekun; Amanah Ikhtiar Malaysia (AIM); SME Bank; Agro Bank; Bank Rakyat; State government; Religious departments in various states in Malaysia; Islamic Pawn shop

## Universiti Malaysia Kelantan (UMK)

Universiti Malaysia Kelantan (UMK) is the 19th public university in Malaysia. The formation of the university was mooted during the tabling of the Ninth Malaysia Plan and subsequently approved by the cabinet of Malaysia on June 14, 2006. The inception of UMK was officially announced by the Prime Minister of Malaysia on 1st September 2007 under the 415 Public University Act. The University is located in the state of Kelantan, east coast of peninsula, Malaysia. It is about 400 kilometres from the capital city of Malaysia, Kuala Lumpur. Currently UMK operates from their temporary campus in Pengkalan Chepa, Kota Bharu Kelantan. The permanent campuses in Bachok and Jeli are still under construction and slated to be partially completed in the year 2011.

The vision of UMK is: - "Championing Human Capital Development with Entrepreneurial Characteristics for Global Prosperity"

Since UMK is holding on to the motto of "Entrepreneurship is Our Thrust" and "The Entrepreneurial University", therefore it is inevitable that Entrepreneurship is inculcated implicitly throughout all the courses offered in UMK. However, explicitly and officially for all academic programmes in UMK, it is compulsory for all students to take 12 credit hours of entrepreneurship related subjects.

Apart from academic Entrepreneurship courses taken by them, many entrepreneurship programmes are also implemented such as "Flying Starts", "Financial Planner", "Enterprise Saturday", "Social Entrepreneurship", "Entrepreneurship Programme with SME Bank" and many more. The main objective of this programme is to inculcate the spirit of entrepreneurship as well as develop the entrepreneurial characteristics among students from day one when they claim to be a part of the UMK community.

Kelantan is quoted by many scholars as the hub of small and medium enterprises. Entrepreneurship elements can be found in abundance in

Kelantan, be it the creative hands of the art entrepreneurs of the handicrafts and smiths, the aggressive small business woman entrepreneurs at Pasar Siti Khadijah (so called depicting the entrepreneurial attributes of the wife of the Prophet Mohamed, the traditional cultural entrepreneurs and the ever promising large businesses- they are all here in Kelantan.

Exploiting on the fact that Kelantan is naturally endowed with human capital that is more inclined towards entrepreneurship, a university like UMK is in the right path to its future. UMK as a new university is always thinking of embarking on something unique and boutique of nature whereby it should be more than just mere entrepreneurship.

Standing proud with its tagline of “Entrepreneurship is Our Thrust,” UMK dares to enter into a new entourage that is marrying up Science and arts with Entrepreneurship, without forgetting the importance of sustaining society as the ever valuable gem of heritage. It is indeed a challenge to have the conflicting and inflicting issues all in one bucket. Making the different forces of gain and welfare to work hand in hand is a difficult task for UMK.

Some activists condemn the effort of entrepreneurship by noting that not all in this universe is for commercial purpose. However, some argue that entrepreneurship is not all about business but above all is making a difference in one’s life and innovation is a new approach that UMK is firmly embracing.

## **SEED in UMK**

Social Enterprise and Economic Development is a voluntary programme which supports the fifth thrust of UMK’s Strategic area. This programme stresses on the inculcation of volunteerism in line with social entrepreneurship. This programme is offered to all UMK students from semester one to semester eight.

It is an additional learning for students who are interested in working with the society. In this course, students will be given the chance to apply what they have learned in their respective disciplines into the real world. The practical aspects of what they have acquired in the theory will be tested and put into practice in this course.

SEED had been implemented twice in the district of Tumpat from the 21 July 2010 to 2 August 2010 and 11 July 2011 to 25 July 2011. A series of follow up programmes have been scheduled in order to ensure the success of SEED in UMK.

Those students enrolled in a SEED programme will later be conferred an extra 2 credit hours (classified as an academic course called Society and Economic Development- USK 4012) as an added value to their cumulative credit hours taken for the duration of their studies.

This programme has given tremendous effect to the upbringing of UMK's graduate upon facing the complexity of the real working world.

## **Recommendations**

Serious attention needs to be given to social entrepreneurship in Malaysia. This effort is to ensure that the future generations would not be citizens of greed who are unaccountable and irresponsible.

Hence the writer would suggest the following action to be taken:

Awareness programme on the real concept of social enterprise need to be implemented.

Government agencies and non-governmental organisation should work together in ensuring that this idea of social responsible citizen be realised by 2020.

Programme related to poverty alleviation must incorporate the element of responsible entrepreneurs in areas such sustainability, preservation of the environment, community development as well as social responsibility.

Micro finance should think aloud on the question of what is the next step for these new entrepreneurs. Questions such as what would they be after they are successful should be pondered.

A signature program of social enterprise should be developed.

Religious principles could be embedded in all social enterprise programmes.

Apart from gaining popularity, the term social enterprise is looked upon as a new way on making the entrepreneurs more responsible towards the society. The danger of maximising profit has been proven significantly in a society where the rich get richer and vice versa.

The process of embracing the concept of social entrepreneurship in Malaysia is still a long way and needs to be taken seriously by the policy makers as well as the society at large.

Universities through its establishment could embark on all kinds of community based projects to help the poor through social entrepreneurship. By doing this, the universities are not only producing graduates who are professional in their respective disciplines but also making the world a better place to stay.

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11

## The Social Enterprise Promotion Act in South Korean

By Prof. Dr. Lee Kwang Taek (Work Together Foundation, Korea)





For more than two decades, social enterprise movements in the United States and in Europe have taken on growing importance. Broadly defined as the use of non-governmental, market-based approaches to addressing social issues, social enterprise has become an increasingly popular means of funding and supplying social initiatives around the world.

Yet while the trend and its ultimate objectives are similar, there remain vast differences in the conceptualization of social enterprise among different world regions. These differences stem from contrasting forces shaping and reinforcing the movement in each region.

According to J. A. Kerlin, the concept of social enterprise in the United States is generally much broader and more focused on enterprise for the sake of revenue generation than definitions elsewhere. This remains true even when considering the definitional divide in the United States between academics and practitioners.

In Western Europe, the trend toward social enterprise emerged somewhat later than in the United States and was focused on the simultaneous development of public interest services, and diversification of revenue generation in the third sector.

Most social enterprises in Western Europe operate under the legal form of either a non-profit association or a cooperative. Social enterprises are established as associations in those countries where the legal definition of association allows a degree of freedom in selling goods and services on the open market. In countries such as Sweden, Finland and Spain, where associations are more limited in this regard, social enterprises tend to take the legal form for cooperatives.

In Korea, the Social Enterprise Promotion Act(SEPA) was enacted on December 8, 2006 and became effective on July 1, 2007 and was amended on June 8, 2010.

The legal form of the social enterprise is not limited to the non-profit organization. It ranges between association in the Civil Code and company in the Commercial Code. The corporation of public interest, non-profit private organization, social welfare corporation, consumers' cooperation can also be a social enterprise.

The Minister of Employment and Labour can support the social enterprises with professional consultation for management, technique, taxation, labour affairs, accounting and other necessary information. The State or local autonomous governments can support the social enterprises by renting the state-owned or public land, and by reducing or exempting taxes.

## **Definitions (Art. 2)**

The term "social enterprise" refers to an enterprise certified in accordance with Article 7 as one that pursues a social objective, such as enhancing local residents' quality of life, etc., by providing vulnerable groups with social services or jobs or by contributing to the local community while conducting business activities, such as the production and sale of goods and services, etc.

The term "vulnerable group" refers to a class of people who have difficulties in purchasing the social services they need at the market price, or are particularly hard to be employed under ordinary labour market conditions, and for whom detailed criteria shall be prescribed by the Presidential Decree.

The term "social service" refers to service in the areas of education, health, social welfare, the environment and culture and other equivalent services in the areas prescribed by the Presidential Decree.

The term "associated enterprise" refers to an enterprise that provides various kinds of assistance, such as financial support and business

advice, etc., to a specific social enterprise, and is independent of the social enterprise in respect to personnel, physical and legal matters.

The term “associated local government” refers to a local government that provides administrative and financial support to a specific social enterprise in order to expand social services and create jobs for local residents.

## **Roles and Responsibilities of Parties**

The State shall establish support measures for social enterprises and implement necessary policies comprehensively in order to expand social services and create jobs(Art. 3 (1) SEPA).

Local autonomous governments shall establish and implement support policies for social enterprises, which are suitable for the characteristics of the region(Art. 3 (2) SEPA).

Social enterprises are demanded to make efforts to reinvest the profits generated through its business activities into the maintenance and expansion of the social enterprises(Art. 3 (3) SEPA).

Associated enterprise is not allowed to gain profits generated by any social enterprise ((Art. 3 (4) SEPA).

The Minister of EL shall establish a basic plan for promotion of social enterprises every five years after deliberation by the Employment Policy Council in order to promote social enterprises and support them systematically(Art. 5 (1) SEPA).

The basic plan shall include the following matters(Art. 5 (2) SEPA):The direction of support for social enterprises; Matters concerning the creation of conditions conducive to the promotion of social enterprises; Matters concerning support for the operation of social

enterprises; Other matters prescribed by the Presidential Decree for the promotion of and support for social enterprises.

The Minister of EL has to establish and implement an annual implementation plan according to the basic plan(Art. 5 (3) SEPA). Matters necessary for the establishment and implementation of the basic plan and annual implementation plan is be prescribed by the Presidential Decree (Art. 5 (4) SEPA).

The Mayor of the Special City of Seoul, heads of metropolitan cities, provinces and a Special Self-governing Province of Jeju shall establish and implement social enterprise support for his/her city and province under the conditions prescribed by the Presidential Decree, in order to promote social enterprise in the region under his/her jurisdiction and support them systematically(Art. 5-2 (1) SEPA).

Having established a support plan, the heads of cities and provinces shall submit it to the Minister of EL under the conditions prescribed by the Presidential Decree(Art.5-2 (2) SEPA). The Minister of EL may provide additional support to cities and provinces which have established an excellent support plan(Art. 5-2 (3) SEPA).

The Minister of EL shall conduct a factual survey on the activities of social enterprises every five years and notify the Employment Policy Council of its results(Art. 6 SEPA).

The State sets July 1st of every year as the “Day of Social Enterprise”, and a one-week period from the day as the “Week of Social Enterprise” in order to promote understanding of social enterprises and encourage the activities of social entrepreneurs(Art. 16-2 (1) SEPA). The State and local autonomous governments have to make efforts to conduct activities, such as an event, etc. fit for the intent of the Day of Social Enterprise(Art. 16-2 (2) SEPA).

Social enterprises have to prepare business reports containing such matters prescribed by the Ordinance of the MOEL, as business results and the participation of stakeholder in decision making, etc., and submit it to the Minister of EL by the end of April of every fiscal year. In this case, the Minister of EL may make the business report public in accordance with the method prescribed by the Ordinance of the MOEL(Art. 17 (1) SEPA).

The Minister of EL provides guidance and inspection for social enterprises, and if it is deemed necessary, may order social enterprises and their members to make reports or submit relevant documents as may be necessary for such guidance and inspection(Art. 17 (2) SEPA).

The Minister of EL may evaluate the operation of social enterprises on the basis of the submitted business reports (Art. 17 (3) SEPA). If it is found necessary as result of review of the matters reported and the guidance, inspection and evaluation conducted under paragraphs (1) through (3), the Minister of EL may order a correction(Art. 17 (4) SEPA).

## **Certification Requirements and Procedures of Social Enterprises**

Anyone who intends to get government certification as a social enterprise has to fulfil the following requirements (Art. 8 (1) SEPA):

A juridical person or an association under the Civil Code, a company under the Commercial Code or the form of an organization prescribed by the Presidential Decree, such as a non-profit private organization, etc.

“The form of an organization prescribed by the Presidential Decree, such as a non-profit private organization, etc.” in Article 8 (1) 1 of the Act refers to those falling under any of the following subparagraphs(Art. 8 Presidential Decree):A public-service corporation under Article 2 of the Act on the Establishment and Operation of Public-Service Corporations;

A non-profit private organization under Article 2 of the Support for Non-Profit Private Organizations Act; A social welfare foundation under subparagraph 2 of Article 2 of the Social Welfare Services Act; A consumer cooperative under Article 2 of the Consumer Cooperative Act; and Other non-profit organizations under other Acts.

Conducting such business activities as production and sale of goods and services etc. with the employed paid workers

The main purpose of the organization is to realize such social objective as enhancing local residents' quality of life, etc., by providing vulnerable groups with social services or jobs or contributing to the local communities. In this case, concrete criteria for judgment shall be prescribed by the Presidential Decree.

Decision-making structure in which such stakeholders as service beneficiaries and workers, etc., participate.

Revenue from its business activities shall meet or exceed the standards prescribed by the Presidential Decree.

“Revenue from its business activities shall meet or exceed the standard prescribed by the Presidential Decree” in subparagraph 5 of Article 8 of the Act refers to the case where the total revenue generated from business activities of the organization concerned during the six months immediately preceding the month in which it applies for social enterprise certification in accordance with Article 8 (3) of the Act is 30/100 or more of the total labour costs (referring to the costs for workforce assigned to service and production) spent by the organization during the same period(Art. 8 Presidential Decree).

It should have articles of incorporation, rules, etc. in accordance with Article 9.

When it has distributable profits for each fiscal year, it should spend at least 2/3 of the profits for social objectives (applicable only to the company under the Commercial Code).

It should satisfy the other matters prescribed by the Presidential Decree regarding operational guidelines.

Necessary matters concerning the methods of and procedures for certification of social enterprises were prescribed by the Ordinance of the MOEL and the criteria for certification of social enterprise were announced by the Minister of EL(Art. 8 (3) SEPA).

Anyone who intends to be certified as a social enterprise shall have articles of incorporation, rules, etc. containing the following matters(Art. 9 (1) SEPA): Purpose; Contents of business; Name of business; Location of the main office; Type of organization and governance, method of operation and method of decision-making on important matters; Matters concerning profit sharing and re-investment

Matters concerning capital contributions and loans; Matters concerning the composition, appointment and dismissal of employees; Matters concerning dissolution and liquidation (where it is a company under the Commercial Code and has remaining distributable property, including provisions requiring it to donate at least 2/3 of the remaining property to another social enterprise or a public-interest fund etc.); Other matters prescribed by the Presidential Decree

Any change to the articles of incorporation shall be reported to the Minister of EL within 14 days of the date of that change(Art. 9 (2) SEPA).

## **Support of the Government**

The Minister of EL may provide such support, as professional advice and information, etc., in the areas of business management, technology, taxation, labour affairs, accounting, etc. as may be needed

in the establishment and operation of social enterprise(Art. 10 (1) SEPA). The Minister may entrust such business support to a government-funded institution or a private organization prescribed by the Presidential Decree (Art. 10 (1) SEPA).

The Minister of EL may conduct education and training to cultivate the professional workforces towards needed for the establishment and operation of social enterprise and improve the capacity of social enterprise workers (Art. 10-2 SEPA).

The State or local autonomous governments may provide subsidies or loans for land purchase expenses, facility expenses, etc., or lease national and public land as may be necessary for the establishment and operation of social enterprises (Art. 11 SEPA).

The heads of public institutions in terms of the Small and Medium Enterprises Promotion Act have to promote the preferential purchase of the goods and services produced by social enterprises(Art. 12 (1) SEPA). When the head of a public institution draws up a purchase plan according to the related law, he/she shall include in it a separate plan on the purchase of the goods and services produced by social enterprises (Art. 12 (2) SEPA).

The State and local autonomous governments may grant reduction of or exemption to social enterprises from national or local taxes under the conditions prescribed by the Corporate Tax Act and other laws(Art. 13 (1) SEPA). The State may support part of the four national social insurance premiums, i. e. premiums of the employment insurance, industrial accident compensation insurance, health insurance premiums, and the pension contributions (Art. 13 (2) SEPA).

The Minister of EL may provide social enterprises providing social services with such financial support, as for labour costs, operating



expenses, consultation expenses, etc. within the limit of the budget through open invitation and screening (Art. 14 (1) SEPA). When the Minister provides support to social enterprises receiving support from an associated enterprise or local governments, pursuant to paragraph (1), he/she may provide additional support for business expenses, taking into account the current status of the financial support provided by the associated enterprise or local governments (Art. 13 (2) SEPA). Necessary matters concerning requirements for the selection of enterprises eligible for financial support, screening procedures, etc., shall be prescribed by the Ordinance of the MOEL (Art. 13 (1) SEPA).

The State or local autonomous governments may grant reduction of or exemption from national or local taxes to associated enterprises under the conditions prescribed by the Corporate Tax Act and other laws (Art. 16 SEPA).

## **The Korea Social Enterprise Promotion Agency**

The Minister of EL has set up the Korea Social Enterprise Promotion Agency (KSEPA) in order to efficiently perform the work of fostering and promoting social enterprises. The KSEPA, as a juridical person, came into existence by having its establishment registered (Art. 20 (1)-(3) SEPA).

The KSEPA is commissioned to conduct the following activities (Art. 20 (4) SEPA): Capacity building of social entrepreneurs, discovering models of social enterprises and supporting commercialization; Monitoring and evaluation of social enterprises. Helping to build and operate networks of social enterprises at industry, regional or nationwide level; Setting up and operating the homepages of social enterprises and a relevant integrated information system; Other activities relating to social enterprises, entrusted by the laws and regulations; Activities dependent on the above 1- 5

The government may contribute to the expenses required for the establishment and operation of the KSEPA within the limits of its budget (Art. 20 (5) SEPA). The provisions on foundation in the Civil Code apply *mutatis mutandis* with regard to the KSEPA, except as provided for in the SEPA(Art. 20 (6) SEPA). The KSEPA may request the State, local autonomous governments or such public institutions, as educational and research institutes, etc., to provide materials necessary for the performance of its duties (Art. 20 (7) SEPA).

The officers and employees of the KSEPA are regarded as public officials in applying penal provisions on bribery of the Criminal Code (Art. 20 (8) SEPA). No person who is or used to be an officer or an employee of the KSEPA is allowed to divulge any confidential information learnt in the course of performing his/her duties or use it for other purposes(Art. 20 (9) SEPA).

The Minister of EL has to provide guidance and inspection for the KSEPA, let the Agency submit necessary reports concerning its activities, accounting and property, and order officials to enter the KSEPA and examine books, documents and other articles(Art. 20 (10) SEPA). The articles of incorporation, board of directors, officers, accounting and cooperation with relevant organization of the KSEPA, and other necessary matters concerning the establishment and operation of the KSEPA are prescribed by the Presidential Decree(Art. 20 (11) SEPA).

## **The Prospect**

Korea is one of few countries which took legislative measures in order to promote the social enterprises.

The criticism was raised, however, to the certification and promotion of the social enterprise by the government, because the social enterprises in the United States and Western Europe have appeared on the initiative of private organizations. It would be contradictory, if the government

supports those activities in the field, where the government was not engaged.

Of course, the need to strengthen the Mega system of Solidarity Economy by encouraging support from the government and private corporate sector is not to be ignored. However, it is also feared that the government would likely escape from its own responsibility for the social welfare of the disadvantaged, in the pretext that the social enterprises have taken over the care service with the support of the government.

Many people, in turn, would try to establish social enterprises, although they are not fully interested in the double or triple bottom line. In reality, they are mainly interested in the support of the government. At the beginning of the business, they make every effort to be certified by the government in order to get support with professional consultation for management, technique, taxation, labour affairs, accounting and other necessary information or by renting the state-owned or public land, and by reducing or exempting taxes, etc.

When the period of support expires, not a few social entrepreneurs meet with the difficulties in the business operation, so that they are likely to close their businesses.

In 2007, when Korea made the SEPA effective, the MOEL of Korea made announcement that it would promote 1,000 social enterprises by 2012. Until October 2011, more than 500 businesses have been certified as social enterprises. The question is, if the MOEL, in the remaining 14 months, will be able to certify another half of the 1,000 businesses.

As shown above, we have learned that the government initiative regarding social enterprises has to be not excessive, but moderate. The government intervention is likely to deteriorate their own initiative of the civil sector. The campaign of the government, which is oriented in

the quantity, should be changed into the orientation in the quality, so that the success may have a synergy effect in the business in general.

The requirement of social enterprise to employ people from the disadvantaged groups, as was stipulated in the SEPA of Korea, is also difficult to be met, as those unskilled elderly people, women, disabled, most of whom were once excluded from the labour market, can hardly compete with the regular workers of the same business.

Therefore, the discussion is going on the issue to see if the legal requirements of social enterprise would be mitigated, so that the spectrum of the social enterprises expands enough. Another legal framework like British Community Interest Company is one of the alternative models in the future. In this sense, efforts have to be made towards cultivating support for Solidarity Economy and social enterprises from the government, the private corporate sector, and the international development agencies.

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# Tapping the Potential of Solidarity Economy, South Indian Experience

By Mr. Sam Chelladurai, Executive Director, Anekal Rehabilitation Education & Development (READ) Centre, Bangalore. India



Since the 1980s there has been a huge growth in studies and activities on entrepreneurship. Much of this growth has been in studies of small and medium enterprises (SMEs), but there have also been much smaller range of studies in social and public entrepreneurship. There is no single right or wrong definition of the Social Economy. Many commentators and reports have consciously avoided trying to introduce a tight definition for fear of causing more problems than they solve. The social/Solidarity Economy that embraces a wide range of community, voluntary and not-for-profit activities that also increases the opportunities for the poor and marginalised section of communities.

Many of social/solidarity economies have emerged due to critical socio-economic and political situation faced by the communities who suffer from poverty, unemployment, social discrimination and uncertain future, to find new and innovative solutions to issues (whether they be socially, economically or environmentally based) and to satisfy the needs of members and users which have been ignored or inadequately fulfilled by the private or public sectors.

The Social/Solidarity Economy includes economic activities in the community, voluntary and social enterprise sectors. The economic activity as with any other economic sector includes: employment, financial transactions, trading, group social and medical insurances and purchase of land and livestock etc.

Distinct dimensions involved in growth of social/Solidarity Economy:

As John Pearce, one of the leading thinkers on social enterprise argues: It is essential to have a clear, unambiguous, definition of social enterprise that allows society to know, not only when an organisation is a social enterprise, but also when it is not. (Centre for Local Economic Strategies 2004)

For him, there were six defining characteristics that distinguished Social Enterprises: A social purpose; Engaging in trade; No private profit distribution; Holding assets for community benefit; A democratic structure; Accountability to stakeholders (Centre for Local Economic Strategies 2004)

But this emphasises on social purpose above profit. Effective forms of community participation in service delivery provide both opportunities and incentives for local government officials to respond to community needs. This can create opportunities for more downward accountability, and thus reduce the accountability gap between the citizens and policymakers.

By using solutions to achieve not-for-profit aims, it is generally believed that the Social Economy has a distinct and valuable role to play in helping create a strong, sustainable, prosperous and inclusive society.

Positive approach to social/Solidarity Economy organisations can play an important role in helping deliver many key policy objectives by: Helping the families and community in reduction of poverty through collective economic activities; Helping to drive up productivity and competitiveness; Contributing to socially inclusive wealth creation; Enabling individuals and communities to work towards regenerating their local neighbourhoods; Showing new ways to deliver public services; Helping to develop an inclusive society and active citizenship; Informal and formal control and monitoring of local (weekly) markets and agriculture and food commodities; Enabling local communities in spearheading alternative employment opportunities

Community participation in service delivery involves far more than the direct delivery of services. A central issue is how different types of participation may contribute to strengthening both the short and long routes of accountability for service delivery. That service delivery

obstacles are reduced with long-term efforts to rebuild state capacity, when feasible, through mechanisms of service delivery.

### **Alternative dominant models in Social/Solidarity Economy:**

We have been experiencing the rapid growth of Indian economy through systematized pro corporate and economic empire building plans of the national government of India. While the rest of the world are faced with severe economic crisis India withstood firmly due to its strong approach towards national economic power building, although there were crisis faced by people through price hikes in all forms.

The experiences of NGOs show some practical applications in building alternative social/solidarity economic models. Here it is worth referring back to the original vision of Social Economy that Pearce and many others from the co-operative movement put forward. (Pearce 2003) For them Social Economy is one that creates an alternative to globalisation based on a range of local provisions, including food, energy, housing, transport, etc., supported by credit unions for local finance, possibly through alternative currencies, and Local Exchange and Trading Schemes (LETs).

However utopian it might sound in the present political climate, the fact that social provision was the absolute priority signposted how the Social Economy should evolve. Under a more supportive political framework we might also look to other alternatives that echo - radical ideas from the 1970s around democratic ownership and real economic power. We try to use the term Community Owned Public Enterprise (COPE) here, as one possible alternative.

For small-scale organisations in the voluntary and community sector that serve a particular group or community, those same market values and entrepreneurship are being emphasised above social purpose and



would be locally owned through Panchayat/ community structures with substantial financial backing, clearly accountable to representative public bodies and provide core/essential tradable services to their communities. Such a structure would be directly against the grain of privatisation because it would actively seek to bring back into local public ownership services such as water and public transport while supporting the expansion into new areas of technology including community-based renewable energy systems, Public distribution systems, information sharing on local development that should satisfy a large proportion of community needs.

COPEs would work to a public ethos of service provision but would have long-term contractual relationships with the Panchayat authorities that incorporated social goals such as the training and employment of marginalised groups, migrant labour force as well as the un-organised sector such as domestic workers, casual labourers, petty shop owners, street vendors, mainly improving skills and know-how of their rights, benefits available within the government of the country, where and what and how to deal with their problems as per the law of the land, but also some flexibility in the delivery of those services, (hence the retention of the term enterprise in the context of public provision).

Clearly, this is not on the political agenda and unlikely to be so, but it would seem much more in tune with the original vision of the Social Economy and raises serious but practical issues around ownership structures, funding and financial resources for Panchayat (local governance) authorities independent of central government control, allied to the training of public enterprise managers, and accountability to local communities.

### **Lessons learnt:**

“For an enterprise project management program to be successful,

change is the key. The organization must be willing to throw out sacred cows and adhere to the methodology regardless of outside pressures.”  
- Glen Knight

Clearly there has been a powerful political impetus behind social enterprise but, mainly, from the top down rather than the bottom up. In other words, there seems little organised development, building on local organizations’ experience of service delivery, or of strong traditional models like workers co- operatives.

Community participation as a concept focuses on the idea that involving stakeholders in decision-making about their communities and broader social issues have important social, economic and political benefits.

A successful Enterprise Project Management Program requires a solid program structure with defined roles.

All staff must be involved and trained on project management methodology. Most importantly, the organization must be willing to change. It is also learnt that the leadership training for community leaders and office bearers of social/ solidarity to be invaluable for project managers.

There is broad agreement that community-based interventions have the potential to be more responsive to the needs and priorities of beneficiaries (allocative efficiency). There are successful evidences that community-based projects are comparatively cost effective (productive efficiency) because of lower levels of bureaucracy and better knowledge of local costs.

Some failures, particularly those associated with government intervention, have been compounded by inadequate preliminary studies, resulting in enterprises that could never be commercially viable, While those projects which draw primarily on locally available skills,

materials and financing are clearly likely to be more sustainable, some commentators have argued that this simply amounts to shifting the financial burden of service delivery to potential beneficiaries.

It means that care needs to be given to the demands on community time and costs to beneficiaries. Different aspects of allocative efficiency can be seen in the decentralization cases from Kerala, Tamilnadu, Bulgaria as well as the water programs in Karnataka.

A mixture of government and non-governmental organisation plans have been difficult partnership for promoting social Solidarity Economy unless full participation of people at large taken is taken into consideration. The top down and compulsive plans that are introduced at the end of the financial year by the local government has played a damaging role in deciding local economy that is that meant for creating social/Solidarity Economy.

An effective enterprise learning system must be structured and implemented with much forethought so that it not only supports organizational learning, but also the vision and objectives of that community to enterprise or social/Solidarity Economy group.

By discussing benchmarking, challenges in delivery and retention provide interesting points on how to increase the chances of success before training even begins.

The potential benefits of community participation in service delivery, in which contextual factors shape participation, and the ways in which exploring specific experiences of participation can provide lessons for policymakers.

Through understanding the importance of the connections between participation, accountability and service delivery, as well as different

aspects of context, experiences in community participation.

That service delivery obstacles are reduced with long-term efforts to rebuild state capacity, when feasible, through mechanisms of service delivery.

At the same time, effective community participation exists in the context of political, social and legal structures which all shape the feasibility of participatory actions.

Community participation is increasingly often endorsed as a means of strengthening state-community synergies. This can be seen in the decentralization cases from Kerala, Karnataka and Tamil Nadu where READ Centre has been involved in promoting 36 kinds of social/solidarity economies among Dalits and Tribal communities. Emerging demand-driven approaches theoretically 'empower' communities to command services and provide a mechanism for (re)building trust and accountability and re-establishing the 'social contract' between communities and government.

However major challenges surround the effort of integrating emerging community participation approaches with traditional sectoral and local government approaches. The objectives of strengthening local governance and delivering better services are often confused. Pressure to meet short term sectoral output targets often distracts attention from institutional reforms necessary to make service delivery systems sustainable in the longer term.

## **Conclusion:**

The South Indian experience that may also reflect the realities that the communities elsewhere in South Asia, indicates that the poor and the marginalised are only at the receiving end rather than in the decision making position, due to their utter poverty, helplessness in reversing the political powers and policies that are made with hidden agendas.

Joint ventures have been unsuccessful, and should be replaced by alternative operational models. Strategic partnerships enterprise success in any ownership model is directly linked to input quality, particularly corporate governance and management. Prospects for radical policies may seem so far off the political radar as to be invisible, but we desperately need a real debate about the meaning and structure of the dominant model of the Social Economy emerging through the social enterprise movement and on possible alternatives because there has never been a time when local communities have less control over the economic decisions which impact on their quality of life.

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# SOLIDARITY ECONOMY & MICRO CREDIT: THE APPEND- PHILIPPINES EXPERIENCES

By Dr. Virginia P. Juan, APPEND President/CEO



## BACKGROUND

Due to the negative impacts of neo-liberalism, the Philippines has become one of the poorest countries in the region and one of the most unequal societies in the world. Research studies shows that neo-liberalism or structural adjustment policies and appropriations for debt servicing had stunted industrialization, created massive unemployment, and reduced the quality of social and basic services given to Filipinos. The present economic state of the Philippines was contrary to where it was in the 1960s where the country was second only to Japan.

There have been efforts from churches, faith-based organizations, government, and the private sector to reduce poverty in the Philippines. Although the economic growth indicators seemed favourable from 2000 to 2006, this growth has not been inclusive and dynamic compared to its neighbouring countries. The self-rated poverty index ranged from 44 to 66 percent in the past ten years, and even if the trend decreased from 2001 to 2004, the average stood at 50 to 54 percent from 2004 to 2011.

Today the Philippine government is undertaking massive anti-poverty reduction efforts and its goal is to slash poverty incidence from 20.9 percent in 2009 to 14.2 percent in 2015. The government projects that are currently in place include conditional cash transfer or the provision of cash grant to poor families, which they can use to buy food; seek health care services and for education of the poor children; land redistribution, public and private partnership to create employment; and linking the rural producers into commercial value chains and promotion of agriculture. The Philippine government has also instituted policies to enhance the work of microfinance organizations, so more poor people can access basic financial services.

Microfinance or micro-enterprise development (MED) as a more inclusive term has gained recognition in the local and international scene

as one of the most promising solidarity economy models for poverty alleviation and community transformation. In the early 80's, the term that was used was micro enterprise development (MED) and micro-credit is just one of the services provided by the MED organizations which are originally carried out by non-profit or non-government organizations. Micro credit was the provision of small, collateral-free loans to the poor in developing nations. Over time, micro credit expanded to include a broader range of services and later the name micro-credit was changed to micro finance. Micro finance is now defined as the provision of loans, deposits, money transfers, and insurance coverage to poor and low-income households that are into small and micro enterprise activities.

There are peoples' organizations, cooperatives, banks, and non-government organizations (NGOs) that provide MED in the Philippines, one of which is APPEND. APPEND is a group of MED organizations that started serving the poor in the slum areas of Metro Manila in 1981 and has now expanded to more than seventy out of eighty-one provinces in the country. The impact assessment conducted by various researchers revealed that micro enterprise development with micro finance has improved the savings, family spending, home comfort, children's education, and health of the family of the microfinance clients. The increase in the clients' savings and spending also helped fuel the neighbouring businesses, which contributed to the economic development of their communities. Despite the growth and work of the NGOs in micro finance and the anti-poverty program of the government, there is still much to be done.

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<sup>5</sup>James, Petras and Robin Eastman-Abaya. "US-Backed Repression Soars Under President Gloria Macapagal, Philippines: the Killing Fields of Asia," (CounterPunch, Weekend Edition March 17-19, 2006), <http://www.counterpunch.org/2006/03/17/philippines-the-killing-fields-of-asia/> (Accessed September 10, 2011).

Ponciano S. Intal and Gilbert M. Llanto, p 5-6. "Financial Reform and Development in the Philippines, 1980-1997: Imperatives, Performance and Challenges." (Makati City, Philippines: Philippine Institute for Development Studies, Discussion Paper Series No.98-02, January 1988).

<sup>6</sup>Gariguez, D. "Poverty Strategy of the Aquino Administration by the National Anti-Poverty Commission -" Paper presented at the Micah Challenge Forum, Quezon City Philippines, August 11, 2011.



## UNDERSTANDING POVERTY IN THE PHILIPPINES

The political system in the Philippines and around the world is under the redemptive work of God, and God created it to promulgate kingdom ethics and bring creation order into the management of human affairs, an order based on justice and peace. But Myers saw that political system as a result of the Fall has become captive of the present economic order and begins to serve the powerful and the rich and its ministries of justice cease being just ministers.”

The structural adjustment program package is an economic order whereby the receiving governments of these loans did not have a choice but to bite the bitter bullets of the attached conditions of liberalization, privatization, and deregulation. The developing nations have to open their economies in order to compete with the more powerful and established developed nations. The structural adjustment policy on liberalization as one of the conditions to loans mirrors what Proverbs 22:7 says: “The rich rule over the poor, and the borrower is slave to the lender.”

The verses in Proverbs 22:26 and 27 hold true to Philippines: “Do not be one who shakes hands in pledge or puts up security for debts; if you lack the means to pay, your very bed will be snatched from under you” (Prov. 22:26-27). The heavy borrowings of the previous governments resulted in a total debt of approximately 78 percent of the country’s GDP. The total consolidated debt includes the debts of the government-owned and -controlled corporations (GOCCs), the GFIs (government financial

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<sup>7</sup> Bryan L. Myers, *Walking with the Poor: Principles and Practices of Transformational Development* (Manila, Philippines: World Vision International, 2006)

<sup>8</sup> Edberto M. Villegas. “The Philippine Financial Crisis and the Neo-Colonial State.” *Bulatlat* Vol. IV, No.34 (September 26-October 2, 2004), Quezon City, Philippines, <http://www.bulatlat.com.ph> (Accessed December 7, 2011).

<sup>9</sup> McGovern, Ligaya Lindio, “Neo-liberal Globalization in the Philippines: Its impact on Filipino Women and their forms of resistance.” IN: *Indianan Press*, 2008; *Freedom from Debt Coalition*, 2.

<sup>10</sup> “Social Weather Survey: 49% of households rated themselves as Mahirap or Poor.” *Social Weather Station, Business World*, July 8, 2011.

intermediaries), LGUs (Local government units), and other government projects equalling about P5.9 trillion or 137 percent of GDP. Because of debt servicing, the government has to cut back expenses on health, education, and other social services for its people thereby depriving the very poor access to vital basic services. The government is bound to pay this debt no matter what happens because the country is dependent on external funding to fuel growth.

McGovern and the Freedom from Debt Coalition also confirmed that market failures and government laws and policies supportive of neo-liberalism have been eroding the local economy. After thirty years, poverty in the Philippines has worsened. Poverty incidence hit 26.5 percent in 2009 and around 23 million people are living with USD\$1.00 a day and 44 percent or over 40 million Filipinos lived on less than USD\$2.00 a day. In June 2011, a private research group or the Social Weather Station's survey revealed that 49 percent of the households rated themselves as "poor" and among those who rated themselves poor, 27 percent had experienced hunger over the previous three months.

Although there was a significant increase in income during the period 2003-2006, the increase went to private corporations and not to households. The National Statistical Coordination Board reported in 2011, the Philippine economy grew by 3.2 percent in the third quarter but had decelerated from the 7.3 percent of the first half of 2010 to 3.2 percent in 2011. The lethargic growth was caused by a decrease in government spending, low exports and the decline in agricultural output due to weather conditions. With projected population growing by 1.9 percent to 96.0 million, per capita GDP (Gross Domestic Product) grew by 1.2 percent, per capita GNI (Gross National Income) declined by 0.3 percent. The economic growth has not been inclusive and steady.

Income inequality remained very high from 1985 to 2005. There are about ten million unemployed, which corresponds to an unemployment

rate of 25.9 percent in a population of more than 90 million, while underemployment rate was 18.2 percent in January 2009.

Aside from high unemployment and underemployment rates, the labour market is also experiencing a high rate of overseas migration because of the lack of jobs at home. Another big contributory factor to poverty is natural and man-made disasters such as typhoons, flash floods, landslides, and earthquakes, which normally affect two to six million Filipinos annually. In times of calamities, the poor, who are also the clients of micro finance organizations, suffer most because they normally live in flood prone areas like the riverbanks and hills.

The concept and practice of profit maximization or greed has influenced all sectors of the society including the political system. In many developed countries, a strong political party system is considered to be one of the vital institutions of the various sector groups; however, in many developing countries like the Philippines, political parties are often used as tools of politicians in serving their own interests rather than as vehicles for serving the people and their constituents. Politics in the Philippines becomes a big and lucrative business venture for many people. According to Schelzig in 2005, the major contributory factor for the economy's lacklustre performance in reducing poverty is weak governance. There are three governance issues that contribute to poverty problem in the Philippines: corruption, a weak and inefficient state, and security problems.

Corruption in the Philippines widens the income inequality and poverty; biased tax systems favouring the rich and well connected; the use of wealth and influence of the rich to lobby government for favourable policies that protect their assets; and lower social spending on community projects needed by majority of the poor people. The weak and inefficient state is characterized by the inability of the government to deliver quality basic services to the poor because of limited, large

and highly politicized bureaucracy, and poor implementation of laws and programs.

## **The Beginnings of Microfinance**

In the Philippines, micro finance was started by cooperatives in the 1900s while the rural banks supplied the commercial micro and small-scale financial services to rural entrepreneurs beginning 1952. The government's desire to help the poor gave rise to cheap credit being made available by several government institutions. The impact assessment on these schemes showed unsatisfactory performance. The government and some private banks suffered from capital erosion due to very low repayment rates. Because of the dismal performance of the credit program for the poor, many banks closed their doors to the low-income people. From that point on, these poor entrepreneurs were deprived of access to credit.

In the 1990s, a solidarity group comprised of representatives from the NGOs, cooperatives, financial institutions, and few government agencies was formed. This group initiated discussions on the inefficiency and ineffectiveness of the subsidized and directed credit program of the government. Consultations and discussions with the government led to the creation of the National Credit Council (NCC) under the government's Department of Finance. The NCC was given the following tasks: a) rationalize government credit programs; b) develop a credit delivery system that incorporates capability upgrading and institutional strengthening mechanisms; c) encourage greater participation of the private sector; and d) define and rationalize the role of guarantee programs and guarantee agencies.

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<sup>11</sup> NSCB. "Report on Poverty Statistics and Unemployment." <http://www.nscb.gov.ph> (Accessed December 15-16, 2011).

<sup>12</sup> AusAID. "Australia-Philippines Development Assistance Strategy, 2007-2011." Canberra, Australia: Australian Agency for International Development, May 2007.

<sup>13</sup> Dr. Ma. Piedad Geron. "2010 Microfinance Industry Report." Pasig City, Philippines: Microfinance Council of the Philippines, 2010, 11. Charitonenko, 12.

In 1997, the Philippine government formally recognized microfinance by creating the National Strategy for Micro finance (NSFM), which was aimed at establishing a viable and sustainable financial market that could offer a broad range of financial services for the poor. The NSFM adopted market-based principles of increasing the participation of the private sector in the micro finance industry, which included the government providing an enabling environment to increase the private sector participation; adoption of market-oriented financial and credit policies and operations; and non-participation of government's non-financial agencies in the implementation of credit and guarantee programs.

After the adoption of NSFM, several laws and policy reforms were enacted and issued that were geared to increase the provision of micro finance on a commercial basis. Donors, private groups, and banks believed that commercialization of micro finance was a pre-requisite to the sustainable expansion of client outreach, which would also allow them to fulfil their social objectives of providing the poor with a wide array of products and services. Commercialization in micro finance is associated with the adoption by MFIs of market-based principles in their micro finance operations regardless of whether they are under prudential or non-prudential government regulations. There were around 500 micro finance NGOs, at least 100 rural and thrift banks, and a large proportion of cooperatives served the micro finance market.

### *Challenges in Micro enterprise Development with Microfinance*

The commercialization of micro finance is characterized by an increase in the number of entrants to the industry, which led to cutthroat competition among micro finance institutions (MFIs). With five to fifteen MFIs operating in the same area, for example, poor clients are being enticed to borrow from more than one MFI, which often leads to over-indebtedness of the poor. MFIs driven by the goal of growing big and profitable often apply aggressive lending practices.

The increasing commercialization in micro finance and the requirements to follow certain rules on maintaining maximum profit, led many micro finance institutions in the Philippines to monitor the quantifiable indicators like the number of outreach; net income figures; the amount of the loan portfolio; repayment rates; and other financial indicators. Many of the donors compelled micro finance institutions to comply with the standard performance parameters, which are all rooted to efficiency and profit maximizing methods of doing business for the poor. These factors have pushed many of the micro enterprise development institutions to drift from their original mission of helping the poor holistically.

### **APPEND PHILIPPINES: A Holistic Ministry for the Poor**

In the 1980s, non-government organizations (NGOs) were established, like ASKI, HSPFI, KMBI, RSPI, TPKI, TSPI, TSKI, and few others were organized. These NGOs provided financial and non-financial development services to poor people who did not have access to formal financial institutions. The establishment of the APPEND NGOs in the 1980's occurred during the same period that the Structural Adjustment Program was implemented in the Philippines.

In 1991, a group of Filipino leaders that dreamed of seeing a poverty free Philippines established the Alliance of Philippine Partners in Enterprise Development, Incorporated, which is now known as APPEND, Incorporated. The APPEND organization was registered with the Philippines' Securities and Exchange Commission (SEC) as a non-stock, non-profit organization with a registry number of 186944.

The vision of APPEND is to see a transformed and progressive society where people live in accordance with God's plan with dignity,

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<sup>14</sup> Geron, 11.

<sup>15</sup> Charitonenko, 9-14.

<sup>16</sup> Ibid., 48.

sufficiency, and responsibility towards others and the rest of the creation. Its mission is to help reduce poverty and to promote national transformation by contributing to the growth and development of God-fearing, socially responsible micro and small entrepreneurs.

The core values of excellence in Christian witness mean that APPEND is biased towards a strong transformational mission. There should be integrity and transparency, closer fellowship among member institutions, and everyone has to exercise good stewardship of resources. This Christian witness is only possible if the leaders, staffs, and clients have a personal relationship with the Lord Jesus Christ.

There must also be excellence in enterprise development practices, which means the products and services are effective in bringing about improvement in the lives of the poor. The financial and non-financial services should be in harmony with the organization's vision and mission statements. The APPEND group should always subject itself to an accountability group; should strive to reach greater depth and scale in outreach; and it should be biased not only towards the entrepreneurial poor but to the very poor people as well.

Finally, APPEND and its members should always enhance the transformational impact of its products and services to the poor, spiritually, socio-economically, politically, and environmentally. APPEND must continue to develop demand-driven services that are empowering, inclusive, and culture sensitive. The organizations under APPEND and all the staff should fervently seek God's favour so they can continue to be committed to serving the marginalized and the disadvantaged groups with love, sincerity, and without any prejudices.

### **Transforming people and communities - the heart and soul of APPEND**

The APPEND Network (APPEND and its eleven partners) is a classic example of a solidarity economy group whereby each member

of the organization works towards one motivation – to reach out to poor people so they can experience the fullness of life that God intends for all using the platform of microenterprise development.

By the grace of God APPEND has grown, from an aggregate number of 35,000 clients in 1998 to more than two million clients in 2011; from a simple product line of micro-credit and capital build up or savings funds in the founding years to multiple product lines in 2011. Every organization experienced tremendous growth over the past years. The growth phenomenon in APPEND was not devoid of challenges and operational problems.

Its leadership strongly believed that human development is beyond money. Micro enterprise development could be used not only as a means of improving the material condition of the poor but also as a means of bringing hope to people. Because the root cause of poverty is spiritual, MED organizations like APPEND continued to balance its organizational sustainability with the spiritual development and maturity of its people to ensure that greed and self-interests will not creep in.

The APPEND leaders strive that their operations are motivated not by fame nor profit but by the love of our Lord Jesus Christ, the One whom Isaiah prophesied “For to us a child is born, to us a son is given and He will be called Wonderful Counsellor, Mighty God, Everlasting Father and Prince of Peace” (Is. 9:6). Therefore, the unit of decision-making and analysis for the effectivity of APPEND’s micro enterprise development program is a transformed individual impacting and contributing to the well-being of the family, community, and society.

Transformation is “A deeply rooted change in people’s economic, social political, spiritual and behavioural conditions resulting in their enjoyment of wholeness of life under God’s ordinances.”

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<sup>17</sup> Charitonenko, 40-41



APPEND grew from less than 35,000 clients to as high as 2.9 million clients in 2011. However given the increasing commercialization of the micro finance operations, the efficient delivery of services is no longer a guarantee to sustaining the organization.

The members of APPEND are the poor people. They are poor because they are deprived of and lack access to essential assets such as human capital, physical capital, natural capital, financial capital and social capital.

The experience of APPEND working with the poor, revealed significant findings: first, the entrepreneurial poor were a good credit risk. Poor people, especially women, had exceptional repayment rates, rates that were better than the performance of most banks. The 97-98 percent repayment rate could be attributed to the social preparation of the clients. The values formation training during weekly meetings had also shaped their attitude towards taking on a loan responsibility. Rather than being merely victims, the poor became the key to their own emergence from poverty. With proper support, they could build their own futures.

Secondly, the poor were not only enthusiastic about their access to micro credit, but they were capable of paying interest rates. High repayment rates and cost-recovery interest rates have allowed micro finance institutions to cover their costs.

Thirdly, the poor people must be good entrepreneurs because they were able to survive adverse conditions such as living in slum areas with no comforts, with insufficient water and electricity supply; they lack the necessary sanitation infrastructures, and they always lived with at least USD2 a day. They often lived in unstable environments such as riverbanks, at a foot or slopes of the mountains and hills, where small events could have big consequences. They relied on support and protection in networks that were often not acting on favourable terms.

Many of them may be poor, yet they did not lack entrepreneurial skills and the courage to live in unstable environment. They may just have needed a little support to take advantage of opportunities they would otherwise leave untapped.

## **APPEND'S Social Solidarity Economy Initiatives**

### *Micro-enterprise Development (MED)*

Micro-entrepreneurs used micro credit to capitalize their start up or existing businesses to enable them increase their income levels and improve their living standards. Loan sizes and term of payments are granted on the basis of the size of the business, projected cash flows of the borrowers, and are typically unsecured. Loans in the Philippines can range from Php2, 500 (US\$58) to a maximum loan amount of Php300, 000 (US\$6,977). Loan and interest payments can be scheduled daily, weekly, bi-monthly, monthly, or even yearly depending on the size of the loan and cash flow conditions of the borrowers.

There are two group lending methodologies being practised in the world and Asia, one of which was the solidarity group. In this method, members of ten to forty women come together and mutually guarantee each other's loans. If one of the group members is unable to make a weekly payment, the rest of the group members will cover the amount unpaid by defaulting member. If one has a family, business, or social problems, the group will rally around to support the person. The individual lending methodology on the other hand is utilized for those who graduate from group lending or individuals whose businesses require higher loan amounts. The individual loan is normally guaranteed by post-dated checks issued by the entrepreneur, by a salaried family member, or by alternative collaterals such as chattel mortgage or any property.

<sup>18</sup> Makonen Getu. "Measuring Transformation: Conceptual Framework and Indicators.": Oak Brook, Chicago: Opportunity International, 2000.

<sup>19</sup> Virginia Juan, "The Economic Analysis of Setting up the Opportunity Microfinance Bank." Paper submitted as part of application of OMB to BSP. Manila Philippines, APPEND, 2000.

In APPEND, most of the loans are given to women, because they are more responsible in handling loan responsibility. The profits they get from their micro enterprises are used to augment the income of their husbands. Women with a business at home were happy that they were with their kids, and the additional income from their businesses was utilized for food, clothing, and school fees of their children. For the past years, the micro-enterprise development was able to decrease the economic vulnerability of these women and their households. The increased financial and food security also brought confidence, hope, and a greater sense of empowerment to the clients.

The experience of APPEND was confirmed by Graham Wright when he said, “the careful examination of the evidence and the intra-household dynamics suggests the participation in a micro finance institutions’ program typically strengthens the position of the women in her family. Not only does the access to credit give the woman the opportunity to make a larger contribution to the family’s business, she can deploy her income to assist the husband’s business. She acts the family’s banker – all of which increase her prestige and influence within the household.

*Savings or Capital Build-up*

The micro-entrepreneurs are taught to save or build up their capital so they can be detached from borrowings in the near future by being able to use their capital – build up funds to their businesses. Savings are also important to poor families in times of health emergencies.

#### *Community Development Program*

The purpose of the community development program is to improve the welfare of poor communities by providing interventions like organizing, capacity building, community projects, and business development. Through community development program, the APPEND group hopes to contribute meaningfully to the poverty alleviation efforts

of the Philippine government through the adoption and implementation of community-specific approaches drawn from needs and natural resources of the targeted poor communities.

The specific community projects implemented by the partners are establishments of community enterprises owned and managed by the community using the Community Based Enterprise Development Program technology of APPEND; Replication and Expansion of Financial Service Associations (FSAs) which is the establishment of loans and savings associations for farmers and women micro-entrepreneurs; building of water pumps; provision of medical and health services to children and those with disabilities; leadership training for the youth, and technical assistance; value chain program for livestock and agricultural products like rice, onions and vegetables; empowering the informal workforce through community organizations; building of small irrigation pumps and a material recovery facility, which is a facility that segregates biodegradable wastes from non-biodegradable garbage; construction of toilets and school buildings; rehabilitation and construction of bridges; and provision of short term scholarships, school supplies and college scholarships to children of poor micro-entrepreneurs; engagement of community people to environmental conservation like tree planting and maintenance; halfway house the provision of safe house and food for orphans and homeless children and youth; feeding program for malnourished children and mothers' class where mothers are taught on health and nutrition and parenting and many more.

The community development projects addressed the basic needs of the poor such as housing, source of clean drinking, and irrigation water, community infrastructures and education benefitted the clients and non-clients of APPEND who were the urban poor, farmers and fishermen, women, children, workers in the informal sector and indigenous peoples, and cultural communities. These are the sectors defined as the marginalized and disadvantaged sectors of the Philippine society. They

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<sup>20</sup> Graham A. N. Wright. MICROFINANCE SYSTEMS: Designing Quality Financial Services for the Poor (Dhaka, Bangladesh: The University Press Limited, 2000), 260.

are less-educated, using inferior skills and with limited infrastructure support, low income (which means their income is just enough to buy food and not enough to send their kids to school), with little access to very good health care services, nutritionally deficient, residing in highly urbanized and slum areas, and their houses are not even their own.

### *Microfinance Banking*

Through Opportunity Kauswagan Bank is a legal structure which is regulated by the Central Bank of the Philippines. This bank takes care of the savings of poor communities across the Philippines. Savings can free up poor people from being trapped in debt and poverty for many years. The ultimate goal is for the staff and micro entrepreneurs APPEND and its partners co-own the bank through common or preferred shareholdings.

### *Micro-insurance*

Because of the ill effects of neo-liberalism, government spending on health and social protection to the poor diminished largely which resulted to the deepening poverty in the Philippines. APPEND created the Pinoy Ako Micro insurance Agency to take care of the life and property insurance needs of its members through affordable cost of premium.

## **CONCLUSIONS**

The power of neo liberalism or structural adjustment policies over many nations particularly Philippines and the greed of some people that are so entrenched in the structures and systems in many countries country have no match to the power, sovereignty, love, and faithfulness of God. He is a God of creativity, innovation, and a God who directs the hearts of people to work towards unity for the sake of the oppressed,

marginalized, and disadvantaged groups of people, hence the solidarity economy movement.

Holistic micro enterprise development is probably one of the best solidarity economy initiatives not only because it was tested by time but also through the years those who have gone ahead were able to expand their social services in terms of community projects that address the basic needs of poor communities. Holistic micro enterprise development therefore, becomes a bridge to sustainable development. The APPEND partners that are operating profitably can address some of the structural causes of poverty; however, the impact and outcomes of many of the APPEND projects were still limited.

The challenge on credit pollution is being resolved by consistent dialogues and through the establishment of a microcredit bureau which was participated by big MED players.

Although APPEND has comparative advantage in delivering various programs and projects through its five hundred branch offices spread throughout the country, all operating in the grassroots. There is still a great need to work hand-in-hand with the government. The government through its local government units has the infrastructures that APPEND does not have; therefore combining the strengths of both would fast track the transformation of poor communities nationwide. This goal conforms to the recommendation of the Asian Development Bank in 2009 that there is a need for multi-stakeholder coordination and collective action. According to this study:

“There have been several programs and projects to address poverty in the Philippines in the past decades; these poverty programs were all pushed by the NGOs, civil society groups, religious groups, government and churches however, impacts and outcomes did not improve the conditions of the poor so much. Coordination failure is a key factor for not being able to harmonize these separate responses. While it is the

government's primary role to intervene in the poverty problem, other sectors also need to augment the state's response capacity in terms of resources and outreach. Poverty reduction will not only benefit the poor themselves but society as a whole, and thus a number of stakeholders should be involved in the effort. The social gains from eradicating poverty will ultimately be greater than the combined costs and investments."

Poverty reduction is not a monopoly, and wealth has to be equitably distributed to all and should not rest on just a few people. God has been teaching the leadership and staff of APPEND that in unity there is strength, and in humility there is God's grace. The companies that were established like the micro insurance agency and the bank are all solidarity economy initiatives or kingdom enterprises. The products and services of these companies should conform to the three bottom lines of profit, planet, and people, and should be designed first and foremost for people.

Operationally, the long-term plan is for the micro-entrepreneurs to own part of the stocks of these companies. The opportunity for poor entrepreneurs to co-own a social enterprise is one of the indicators of a solidarity economy whereby the poor micro-micro-entrepreneurs will someday become shareholders and stockholders. This opportunity is often not provided under the neo-classical economics environment, but the ability of the poor people to own shares of stock is being nurtured, and encouraged under the solidarity based-economy.

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# The Development of Solidarity-Based Economy in Japan

By Prof. Dr. Jun Nishikawa (Waseda University)



In Japan, on March 11, 2011, the earthquake of magnitude 9 followed by large scale of tsunami (almost unprecedented in speed and height) took place in the North-East seashore part (The Great Disaster of the Eastern Japan). It has caused 15,840 people killed and some 3611 people are still missing (in the end of November 2011). The number of refugees from the region amount to 330,000 up to this date.

In addition to victims of the earthquake/tsunami, in this disaster, four nuclear power plants in the Fukushima No.1 Atomic station were damaged and the meltdown of nuclear fuels of level 7 took place. Their containment buildings were destroyed due to the hydrogen explosion caused by exposure of meltdown nuclear fuels. Radioactive materials were leaked, contaminating air, soil and sea. In Fukushima prefecture, over 200,000 people were obliged to be evacuated and today still many families live outside their homeland, in which family members are often separated.

This paper treats the development of solidarity-based economy in Japan in recent decades and examines the effects of the Great Disaster in its development. For this purpose, the paper analyses first the background and reason why the serious atomic accident took place at the time of the Great Disaster. Secondly, it shows how the civil networking and solidarity-based economy has been developing in this difficult time and how it indicates a new orientation in the future of this country.

### **The failure of the developmentalism guided by the power elite**

The earthquake and tsunami are natural disasters, however, severe accident of the nuclear plant is a human-made one. We can say that it was one of the results of the developmental dictatorship aiming at high economic growth (developmentalism guided by Political, Bureaucratic and Business world coalition) which was established in the post-WWII

Japan. This developmental regime commanded Japan in her high growth period for nearly a half century.

The Fukushima prefecture, as one of the “backward” North-East part of Japan was developed as supplier of agricultural/marine products as well as labour force to the metropolitan area in that period. The North-Eastern part of Japan was also attributed the role of supplier of energy, in particular nuclear energy, to the industrial centers of Japan. Two devices, economic and cultural, were used in order that the backward rural area accepts the peripheral role in this internal division of labour, forged by the center: one is huge money injected in the North-East; another is the mythology concerning the atomic plant which says that the atomic energy is absolutely safe. On that mythology, the power elite, promoters of atomic energy in Japan, the coalition of politicians-bureaucrats-business world believed themselves that the atomic energy is always safe. This unfounded belief propagated by the dominant consumption-oriented culture was overturned by the East Japan Great Disaster.

Now, the Fukushima prefecture, which was seriously damaged both by tsunami and nuclear plant accident has adopted the “Fukushima Restoration Vision”, which emphasizes the abolition of all nuclear plants and promotion of “natural and recyclable energy”. It emphasizes the “self-reliance on domestic energy” to realize “sustainable development”.

However, in order that the prefecture Fukushima and the North-East region achieve such objective, we have to reconsider the particular type of development that Japan has pursued in these decades. The domestic division of labour that we mentioned above was combined with the international division of labour that Japan has pursued in the high economic growth period: import of raw materials and fuels from abroad (the countries of the South) to industrial centers of Japan and exports of industrial goods to abroad: the same mechanism has worked both in domestic and international planes. ODA was used to maintain this mechanism: this has the same function with domestic subsidies to

the peripheral rural area. It has everywhere created an undemocratic atmosphere dominated by money and power.

### **The collapse of developmentalism accelerated by the rise of civil society and solidarity-based economy**

Now this development-oriented dictatorship, characterized by the domination of the Liberal Democratic Party (LDP) in the Japanese political scene, had been collapsing since the 1990s.

In 1993, the political change arrived with the taking over of the power by the coalition led by the Nihon Shinto (New Japan Party) and since then the Japanese politics has entered in the period of the coalition of different political parties including LDP. In 2009, the Democratic Party (DP) took the power appealing to the nation the necessity of the "Change in the government".

This political change was accompanied by the successive reforms introduced in the political (transparency in the funding of political parties; control of bribery/ corruption), administrative (decentralization, information disclosure and scrap and built of 22 ministries into 13), fiscal (rebalancing governmental budget), social (social security reform), economic and financial (deregulation, big ban and transparency in the financial market), and educational (reducing the control of the ministry of education over schools). These reforms started in 1996 under the Hashimoto cabinet.

Among these reforms, there are sectors advanced in the reforms and there are those where the reforms have progressed very slowly (e.g. fiscal reforms). However, in general, the transparency and accountability of the administration have become the common sense in Japanese politics. In the late 1990s, two new laws hit the traditional development-oriented power structure: NPO law (1998) and Decentralization laws (1999).

The NPO law first recognized the importance of non-profit civil sector in the public scene. The Decentralization laws instituted the transfer of some administrative competences (and later fiscal competence) to local governments.

These reforms showed the decay of omnipotence of the central government (and developmentalist regime controlled by the power elite) over Japanese politics. It showed also the rise of the civil society in its governance.

The state-control over Japanese politics and market was further weakened in the 2000s when the deregulation policy was promoted by the Koizumi cabinet (2001-2006). It was the period when active marketization was progressed in order to accelerate the globalization of Japanese economy. However, in this globalization period, the social gaps between the rich and poor widened, labour market has become unstable, unemployed and poor population increased considerably.

The big enterprises promoted the rationalization combined with overseas investment. The labour market has become tightened. For women and handicapped people, the employment has become precarious. In that period also, we see the rise of social and community enterprises, non-profit organizations, and social investment sector. This is the period of the rise of Solidarity Economy in Japan.

The Solidarity Economy consists of the following factors: first, association and collectives of the workers, farmers, fishermen, and unemployed people. Many social enterprises were formed in that period. Second, association and/or partnership between non-profit organizations and local communities/government. Many community enterprises were born from this association; they were often promoted by local communities. Thirdly, active advocacy is made by the civil society for public policy as well as for private business to promote the

latter's social responsibility. The results were various, however, it is sure that the Solidarity Economy account for non-negligible part in Japanese economy in the first decade of the 21st century.

When DP took the power in the general election in 2009, their major manifestoes were twofold: (1) the control of political party over administration (the implication is the destroying of dictatorship of the Politicians- Bureaucrats-Business world by the oppositional DP who was supposed to be commissioned to this mission by the nation) and the "regional sovereignty" (it is different from the decentralization in the sense that the DP intends to change the relationship between the central government and local governments, transferring largely administrative, fiscal and other competences to the latters, not only conceding partially some competences. )

However, when DP took the power, they faced difficulties of promoting these manifestoes. Hatoyama cabinet promised to promote the "New Public Commons" composed of the partnership between administration and private sectors, including NPOs. The report was published, but its implementation is yet to be seen. The next Kan cabinet, who had sympathy with the civil sector (Mr. Kan originated from the civil movement), faced the Great Disasters including the atomic one. The following Noda cabinet is absorbed to restore economy, by entering FTA/TPP of the Pacific and Asia. This is still the transition period.

After March 11, in the disaster-stricken area of the North-east, we see constant progress of Solidarity Economy. Already at the time of the earthquake/tsunami, the neighbourhood economy worked very actively for mutual help, emergency evacuation and then for cleaning of the huge quantity of mud/debris. The nuclear disaster, which forced people to evacuate outside the endangered zone, destroyed community ties, but even in refugee place, the Solidarity Economy of the neighbourhood played a crucial role in caring and supporting mutually.



After the disaster and through restoration process, many NGOs/NPOs and volunteers from the nationwide, including overseas volunteers, participated in restoration work: emergency relief, provision of refugee place, caring and medical activities, cleaning and decontamination work, support for livelihood of weaker people, assistance from civic fund or fair trade, technical and financial aid for restoring or establishing community social enterprises, and advocacy for adequate public assistance and policy.

The development of Solidarity Economy promoted by NGOs/NPOs/civil society constitutes one of the surest means for restoration, though the work remains immense. However, after the East Japan disaster, we see the new development of civil society and new public sphere (in Japanese “kizuna”, human and social ties) which might substitute to the hegemonic sphere of developmentalism conducted by the Politicians-Bureaucrats-Business world coalition which dominated Japan of the economic growth period.

Here we see one of the future orientations for a Japan after the nuclear disaster, which aims at sustainability, regional sovereignty and more democratic public sphere based on people’s participation. The growth mania civilization promoted by dominant elite and nuclear energy has brought the destruction of humane world and the death of the nature. The Solidarity Economy which is actually being developed in Japan indicates the new direction which will guide this country to enter in the post-developmentalism age.

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## Corporate Social Responsibility & Community Enterprise

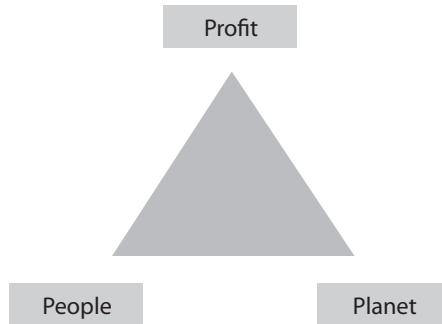
By Dr Peggy Mekel & Dr. Lisbeth Mananeke,  
Sam Ratulangi University Manado Indonesia



## 1. Corporate Social Responsible and Triple Bottom Lines

Nowadays, in a very competitive business environment, local and multi-national companies try to enlarge their markets by using various ways. One of their strategies is by giving more attention to their customers and even all of their stakeholders. Therefore, companies establish the policy whereby there is a concern about environment and social economic condition of the society where the companies conduct their activities. Unfortunately, when conducting these activities, companies face challenges from the society because they are assumed to give a negative impact to the society's social economy condition and even the environment (Spillane, 2007). In his research, Bakan (2004) even criticizes the companies' behaviour as psychopaths who are not able to maintain the relationship with other creatures, do not pay attention to the feeling of other creatures, manipulate the facts to generate profit and have no guilty feeling. Therefore, CSR (Corporate Social Responsibility) activities need to show that the companies really care about the society.

Business for social responsibility (2002) defines CSR as "business practices that strengthen accountability, respecting ethical values in the interest of all stakeholders". While, Blowfield & Frynas (2005) suggest that it is perhaps more useful to think of it as an umbrella term used to describe a variety of beliefs and practices which hold that: first, companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; second, companies have responsibility for the behaviour of others with whom they do business (e.g. within supply chains), and third, companies need to manage their relationship with the wider society, whether for reasons of commercial viability or to add value to society or both. To pursue sustainable development, government, company and community must hand in hand implement the triple bottom line concept.

**Figure 1: Triple Bottom Line (People, Planet and Profit)**

People, Planet and Profit are related with sustainable community and need to get the sufficient attention in conducting the businesses which are not just focused on profit. Business needs to focus on people, especially local or surrounding society because the business is “the part” of the society and ignoring their existence will lead to riots (for short term) and continuous social problems in the long run. By using the logic that the business is the part of the society, when the society cannot be sustained then business will face the same condition. Business needs to focus on planet because if the environment is destroyed, then profit is not worth. It is useless to be rich in a destroyed environment because environment (and nature) provides for our needs and when it is destroyed, even if we have money, we cannot replenish it back.

In its implementation, there are strong arguments against CSR which as follows:

- Friedman (1970) stated that the one and only responsibility of business is to increase profit, and it is supported by Norberg (2003) who stated that, if the company focuses on CSR rather than increasing the efficiency, companies will be less productive

and have a slow growth which will lead to the condition where the society will have less resources to fulfil their needs.

- Heath and Norman (2004) stated that, if the company owners have a strong commitment to CSR program, it will face failures in reaching the profit.
- Friedman (1970) and Buchholz and Rosenthal (2004) stated that, top management of a company should not be responsible for the community/people, as they are not taking the role of government.
- Elaine Sternberg (1994) stated that, using company resources for the activities outside the business is categorized as stealing the resources and not suitable to be done.

According to Indonesian Law No 66 year 2003, each state owned enterprise must distribute 1 – 3% of its profit to society development. For a company as arranged in Law no 40, articles 74 year 2007 stated that companies are encouraged to implement good social responsibility to the society. With the availability of CSR among community, it is one of the sources of possible capital for small business to start. Even though we believe, in a true social solidarity economy, the system does not depend to donation or philanthropy, but it is to encourage a subsidiary and local empowerment. It is required to have a strong partnership among the community. Solidarity economy is expected to help people to be self-dependent so that they live in dignity.

## **2. Challenge of Solidarity Economy in Indonesia**

Concerning People, Planet and Profit in conducting the business as the part of CSR shows the solidarity economy aspect in CSR and therefore, implementation of solidarity economy in Indonesia is

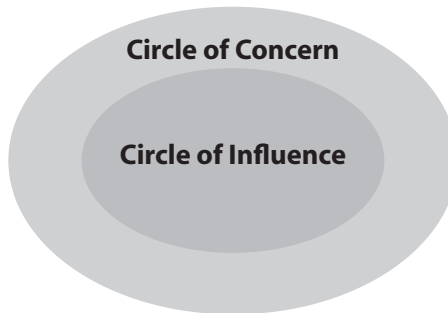
supposed to be easy but it is not easy, because:

- **Alternative economy/Solidarity economy is still not familiar**  
Solidarity economy is something new in Indonesia. Textbooks in Indonesia's Schools and Universities introduce planned economy and market economy but not solidarity economy. Therefore, the introduction of solidarity economy will be more difficult and need the efficient and effective promotion channel. It is difficult, but not impossible.
- **If started, it still works individually**  
If solidarity economy has already been introduced, the implementation will not be easily united in one organization because there will be individual implementation. Since Indonesia is a very big country, it is not an easy job to unite all the organizations who implement solidarity economy.
- **Less networking**  
As stated in the first point, solidarity economy is something new in Indonesia and it means less networking to be worked with. The lack of networking will be a significant barrier to start promoting solidarity economy.
- **Less integration of the stakeholders and No Solidarity Economy Supply Chain**  
Solidarity economy is related with the integrated supply chain and in Indonesia it is a bit difficult to find social entrepreneurs within the integrated supply chain. It creates difficulties in implementing Solidarity Economy because more efforts are needed to integrate all stakeholders in business supply chain.

### **3. The Implementation of Social Solidarity Economy in Indonesia**

According to *The Seven Habits of Highly Effective People* by Stephen R Covey and Simon and Schuster (1992), there are two types of circles: circle of concern and circle of influence. Circle of concern is the concern that cannot be controlled while circle of influence is the concern that can be controlled. In this current economy condition, there are things that we can control and things that we cannot control. Implementing solidarity economy to create the better life is about maximizing the effort (by maximally doing what we can do) to do actions as the responsible member of society and, we can start from our own circle of influence, which is our local community.

**Figure 2: Circle of Concern and Circle of Influence**



### **4. Local Initiatives on Solidarity Economy**

Introducing Solidarity Economy in Indonesia is not easy but it is again not impossible. Some local initiatives on Solidarity Economy have already started taking place which are :

- **General Lecture about Solidarity Economy to introduce and formulate the concept to the University students**

Solidarity economy is an approach to create sustainable community and sustainable means that it is not only related with the present condition but also the future and the future belongs to young people. Therefore, it is very important to introduce young people in universities to Solidarity Economy so that they may be made aware of the importance of Solidarity Economy and implement it to build a business.

- **Workshop of Solidarity Economy and local social responsibility business to the youth Organizations**

Most of Members of youth organizations are men of action who are very active and trained to speak in public events. Therefore, it is very important to involve them in the process of introducing Solidarity Economy, especially to young people.

- **Starting the small business**

Focus of Solidarity Economy is about a business with integrated supply chain which will need strong stakeholders who implement Solidarity Economy and need the investors and business owners who aware of Solidarity Economy so that there is a possibility for the existence of integrated supply chain.

- **Building strong networks**

Having strong networks is very important to make sure that Solidarity Economy can be introduced and implemented widely in Indonesia. Strong networks will guarantee the sustainability of businesses within integrated supply chain.



## 5. Making A Successful Small Community Business.

In establishing a successful solidarity economy business community, we need to consider the following points:

- **What are the resources?**
  - **Members who have time**
  - **Members who have the skill**
  - **Members who have land**
  - **Members who have capital & market access**

Every resource needs the other and has a specific role in creating business within an integrated supply chain. If there is one component that does not exist in the supply chain, it will be very difficult for the business to sustain.

- **Utilizing the existing resources**
  - **Organizing all possible resources to complement with each other**

As was stated in the previous section that every resource needs one another, it is very important to have a discussion on the role of each resource so that there will be clear description of doing the jobs as expected.
  - **Filling the gap & re-arranging the resources**

In conducting the activities, there is a possibility that there will be one missing resource and to solve it, there must be a discussion on having that missing piece fulfilled so that the activities are conducted as usual.

- **What are the projects?**

- **Specific to the potential of the village**
- **Mostly Agriculture, Rica, Onions, Tomatoes, Vegetables, tibo tibo (small trader)**
- **Product are sold to: Local Marts**

Indonesia is an agriculture country and therefore, agriculture has the biggest potential and it has the high demand as well because people consume it as their daily needs. That potential is suitable with the concept of integrated supply chain because it will be easier for people to participate as stakeholders as producers and sellers to of products in Local Mart.

- **Challenge**

There are some challenges to create business or projects based on Solidarity Economy concept in Indonesia, those are:

- **Moral hazard**  
Business is all about the risks but what if the risk taken is not felt by the party who takes the risk? It will create a moral hazard and it is one thing that may be happen if there is no supervision on how the capital is utilised to create a business based on Solidarity Economy concept.
- **Easy money creates the wrong attitude**  
As the first step of creating the business, there will be capital given to the producers and the worst thing that may happen is the producers use it in the wrong way because they get it easily.

- **Free money makes people not appreciate the value of money but ask for more since there is no obligation to return the money back.**

Getting the capital for conducting the business activities for free will create a wrong mentality. Money will not be used for the right purpose and will have the possibility to be used for consumptive purposes (Smoking, Family Parties, Events, Buying electronics, traveling, etc.)

- **Comfort Zone Thinking**

By knowing that there will be continuous support from the Solidarity Economy institutions, the people will tend to be in their comfort zone because they know that they will always get help whenever they need it.

- **Defined project**

Sometimes, the project is executed without evaluating the ground level conditions and it unfortunately meets failures. As example, one crop in area X may not grow well in area Y.

- **Money becomes a Political issue**

In the project, money is supposed to be the capital to start the business but if it is not well-allocated it can be political issue of conflict and may affect the success of the business.

- **Social tensions & social dis-harmonization.**

Money is a sensitive issue and therefore there is a need to do some research on the parties involved before allocating the money among all.

- **How to face challenges & avoid moral hazard**

- **Good mental and attitudinal education for the community**  
The proper allocation of money is highly recommended to prevent the riots from happening. Besides the proper allocation, it is also important to educate the society with good mental and attitudinal values on money so that they may use it efficiently and effectively for society welfare.
- **Followed by regular refreshment for maximum retention**  
The project, once started is not supposed to be left unattended but need to be refreshed with time so that it may create maximum retention among stakeholders.
- **Strong monitoring & evaluation program**  
One of the causes of challenges in implementing Solidarity Economy businesses and projects is lack of monitoring and evaluation. It is necessary so as to have a kind of solution and project completion for the moral issue.



## **PART 4**

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# **Case Studies in Solidarity Economy**

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## Tribal Social Enterprise

By Mr. Sam Chelladurai, Executive Director, Anekal Rehabilitation Education & Development (READ) Centre, Bangalore. India



Social Enterprise has been considered as one of oldest businesses that have been practiced since time immemorial through various forms in order to share and exchange commodities produced by the communities. Such practice dates back to Athens (around 510 BC), while law courts and schools have existed way back to 2400 and 2500 BC in Sumeria. The names of those forward-thinking Sumerians are sadly lost in the sands of time. In India it's fairly evident that social entrepreneurial people wanting to use their skills and traits to make social change have existed for many centuries. The weekly markets (or shandies) organised at a central place (village) where as many village communities gather to buy or sell their commodities, are one of best examples of social enterprise.

Many commercial enterprises would consider themselves to have social objectives, but commitment to these objectives is fundamentally motivated by the perception that such commitment will ultimately make the enterprise more financially valuable. Social enterprises differ in that, inversely, they not only aim to offer benefit to their investors, but also they believe that doing so will ultimately further their capacity to realise their philanthropic goals with a sustained economic social empowerment of all stakeholders involved.

There has been a tendency within government to view the community or larger group as the unit of Tribal development and consequently considerable political pressure has been applied to establish businesses with tribals under some form of collective ownership. However, there is evidence to show it may be more appropriate for the owners of businesses to be smaller family groups and a good argument for shifting the funding focus from community enterprises to individuals, families and small homogenous groups, so that they too can become more of a social enterprise.



## **Origin of Tribal Social Enterprises (TSFs) by READ Centre:**

READ Centre has been involved in improving the skills and capacity of Tribal social enterprises since 1999 among 45 Tribal hamlets in two districts in Karnataka and Tamilnadu in southern India. While trying to set up model TSFs in the remote hamlets and villages for the tribal communities, READ Centre did a research through Participatory Rural Appraisal (PRA) and came to learn that collective efforts and ventures as a method of enterprise improvement have the greatest potential for increasing Tribal involvement in business. It was obvious that many of Tribal groups are generally poorly skilled, especially in management, and collective efforts allow the non-Tribal partners to contribute their management skills to the project. Ideally, over a period of time and with support and inputs from various training agencies, the Tribal partners have been successful in developing their own business and technical skills.

At one of general body meeting of Tribal self-help group meeting one of women leader came up with an idea that instead of promoting individual or family based economic or income generating activities, why don't they try to promote a collectively owned social enterprise that would bring constructive approach and strengthen their identity in the long run. Hence we had to design a democratically adaptable methodology in promoting Tribal Social Enterprise (TSE)

Methodology in the formation of TSEs: (1) Form Tribal women self-affinity groups; (2) Link the groups with local banks; (3) Start with what the community can do from local resources; (4) Revitalize the age old crafts like basket weaving; (5) wool blanket weaving; sheep and goat rearing; country chicken rearing; bee keeping and honey processing; wooden and silver ornaments making; tribal dress making, processing forest products; Form and get legal recognition of their Federation;

## Conduct Participatory Rural Appraisal (PRA) and Social Enterprise (TSE)

### Phase.1 **ESTABLISH CORE GROUPS**

Audit of existing Tribal Social Enterprises (TSE) to identify opportunities and establish generic benchmark criteria by industry

Find out from existing TSE training resources within local and outside of project area

Prioritize the identified TSE based on the merits and demerits set by the collective

Form identified TSE into regional clusters and establish geographic and/or industry affinity groups (e.g. Tribal joint forest ethical tourism networks)

### Phase. 2. **CURRICULUM DEVELOPMENT**

Make use of existing programs and develop culturally appropriate new vocational education modules (e.g. promote the idea of money saving into a generic financial management training program)

Deliver modified enterprise improvement programs to both TSE's and individuals at an appropriate level to encourage the formation and development of sustainable businesses activities

### Phase. 3. **FACILITATE IMPLEMENTATION (12 months)**

Implement the plans at given time intervals where Tribal community takes direct participation and leadership

Co-ordinate existing committees and sub groups to provide technical and secretarial support to source

Information and linkage building with local banks and financial institutions

Document periodically the case studies and individual testimonies as models and valuable proof of economic development of Tribal communities

Organise public hearing for the beneficiaries' to narrate their experiences and personal and collective opinions TSEs and future actions

#### Phase. 4 **PROJECT REVIEW & EVALUATION**

Quality control of products (clean and neat presentation)  
timely delivery of orders from external purchaser/s

Level of understanding and cooperation from the groups on TSEs

Comparisons between individual incomes to group income

Solidarity efforts provided by all stakeholders

Conflict resolutions of the TSEs

Monthly activity report and general meetings of groups

Quarterly assessment of TSE by the groups and federation Leaders

Once in six months (internal evaluation)

Annual evaluation (external)

LOCAL FUND RESOURCES: Local community (tribal groups); Local Governance (Panchayat); Local Banks (on lending loan money); implementing organisation (READ Centre)

It took more than five years for the Tribal Social Enterprise to understand that it would be rather comfortable for them to shift from individually managed enterprise to a group managed one, and in the due course time learn to undertake shared responsibilities to face realities to take up conscious effort to working as a collective group toward a social goal rather than income maximization.

The collective good, given priority over individual gain that brings credibility to all projects do not necessarily aim to be self-sufficient and often require on-going subsidies. The most appropriate legal structure is an incorporated association called TRIBAL FEDERATION FOR SOCIAL ENTERPRISE (TFSE)

### **Learning from TSE by the beneficiaries and READ Centre:**

A few times we have experienced that enterprises funded with an external idea (input) in favour of communities have not been successful. Loans have not been repaid periodically that brought conflicts. Only few jobs have been created and the costs per permanent job created have been far in excess of budget estimates. Some of the reasons given for failure of enterprises included poor administration of the funding program itself, and the inadequate business skills of the recipients of the funds. Failure may also be attributed to uncertainty of the desired goals.

The Tribal joint Action Committees as well as READ Centre has been taught good lessons that when a community structure (e.g. an incorporated association) is also used for enterprise development there is a very real risk of confusing the task of supplying public services with the aims of community enterprise. This kind of intervention may

be applicable in rural areas, where people reside in discrete Tribal communities.

Non-Tribal community based businesses often expend a great deal of effort in developing a strong philosophical base which includes the understanding that the enterprise may be not-for-profit or that benefits will accrue to all of those involved or be reinvested to produce long-term gains such as employment.

Although there are relevant research that has been carried out in the Indian context, case studies from other locations indicate that in some instances cultural traits and social moves can influence Tribal entrepreneurial activity. For instance, while in Tribal groups in Kerala state and Tamilnadu have been successful in business as a way of attaining personal economic and social status, the conservative leadership among Tribal communities in Karnataka are more interested in politics and administration than in helping local people to develop commercially.

Analysis of TSE in Karnataka have noted that failures are often due to financial difficulties or poor management while in other instances failure, apparently has been due to a perceived conflict of values. For example, Tribal community leaders and members have disagreed over whether resources should be used for traditional activities rather than business activities.

Where we work, the tribal communities are not homogeneous but are composed of different language and kinship groups, often with different interests in land, and where factional disputes are the norm rather than the exception. It should not be surprising therefore that the residents of remote communities do not always share common goals regarding community based enterprises and that community ethos in many communities rather than being strong, is in fact relatively weak (Ellanna et al 1988:33).

This situation results in an unstated tension that is rarely admitted in the Tribal self-management policy context in India.

The above statement makes a good argument for shifting the funding focus from community enterprises to individuals, families and small homogenous groups. Of course such a move would not accord with the principles of community enterprise and would instead encourage the formation of a relatively wealthy entrepreneurial sub-group with the backing of public funds. This begs the question "How does this process differ from public support of entrepreneurial non-Tribals?" Government subsidies to rural industries and to regional sectors is common in non-Tribal enterprises, however these subsidies are not generally to community-controlled entities.

It is essential to clarify policy and program aims to determine the appropriate enterprise structure. Thus, if the aim is basically socio-economic e.g. the generation of employment for the community, then community ownership is appropriate. If, on the other hand, the aim is strictly commercial, i.e. to maximise income for the owners, then it is better that enterprises should be owned by individuals, family groups or organisations based on family ties.

### **The Case for Joint ventures.**

Joint ventures can be either bilateral or trilateral: between Tribal groups or non-Tribal businesses or with both. The rationale behind joint venture is mixed. Tribal groups are generally poorly skilled, especially in management, and joint venturing allows the non-Tribal partner to contribute their management skills to the project. Ideally, over time, with support and with input from various training agencies, the Tribal partners develop their own business and technical skills.

Joint venturing with an established non-Tribal business also secures Tribal people a place in an existing market and reduces financial risk by utilizing the venture capital of the partner. This method of enterprise improvement has the greatest potential for increasing Tribal involvement in business but also requires the greatest investment of human resources.

The Tribal community can work on projects of value to the community in return for wages – increasing skills and work experience, raising the quality of life and self-reliance of community members, and preparing the whole tribal community for the economic development.

Similarly, the JALSAP Program (Joint Action in Land care and Sustainable Action Program) provides support for young people to acquire new skills in projects that promote environmental, conservation and cultural heritage outcomes and of community and environmental benefit. These activities also pave their way for local labour resources and sustainable agriculture activities that protects the lands from encroachers, land mafia and degradation of tribal lands.

## **Conclusion:**

The project team has considerable level of skills and capacities to assist the Tribal community to expand their social enterprise systematically. Both the beneficiaries and the organisation have learnt the importance of extending employment opportunities and developing a skilled and adaptable workforce. Improving and scouting for regional partnerships will play a leading role in developing regional TSE strategies that will determine regional priorities for improving local fund raising and resource building in order to sustain collectively owned and managed tribal social enterprise.

It must be borne in mind that not all tribal social enterprises are capable and skilled to move forward without limitations and constraints. As our experiences confirm social enterprise is going to become the center point of local and regional improvement and social recognition by all in due course of time.

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# Banana Tree to Business Card: The Journey of One Planet Café & Nissindou Printing Company

By Dr Wong Lai Yong, CSR Asia-Japan



This is a case study on a unique and innovative approach in building a sustainable business value chain and providing social inclusion. The producing of banana fibre in Zambia to its transformation as a business card paper in Japan matches the backdrop of a rural countryside that is linked through a meaningful value chain to the setting of the urban world.

## **The background**

Ecological paper made from different sorts of environmentally conscious material might not be new to us. Material such as elephant dung, pet bottle are among the sources that we have often heard of. Having mentioned this, one wonders then, where the solidarity point of this case study lies.

The journey starts with two gentlemen, Peo Ekberg and Shinya Abe. The former is a Swedish environmental consultant who lives in Tokyo, Japan and the latter, a Japanese printing company second generation President (based in Hokkaido, Japan) who specializes in offering eco-friendly business cards (currently with a range of 15 types of recycled material, including PET bottles, bamboo, kenaf, milk cartons and so on).

The first contact between them was initiated when Ekberg ordered eco-friendly business cards over the internet with Abe, in the aftermath of a 2008 scandal where paper manufacturers in Japan admitted to intentionally mislabelling recycled paper products.

Their first meet during Abe's business trip to Tokyo marked the beginning of their collaboration at which time Ekberg shared his dream and passion in utilizing existing banana trees in Africa for paper manufacturing (Ekberg's early career in journalism found him making numerous visits to African countries and he set up the One Planet Café in a village near South Luangwa National Park in the year

2007 to provide internet services and a place for the local community to gather). Ekberg set out to achieve environmental and social inclusion (by providing employment and income generating opportunities) for the local community who had mostly been isolated from the economic world. Having learned of his initiative, Abe immediately showed genuine interest and offered his sincere co-operation.

### **The business model**

Ekberg produces banana fibre by mobilizing the local community (in a rural village in Zambia whereby he has set his footprint through the establishment of the One Planet Café) to produce it. He started from scratch by training the local community who had previously never held wage based jobs.

Abe, for his part, imports the banana fibre produced by One Planet Café for pulp making without use of chemicals in Japan through an organic pulp making organization. He uses the finished products for printing eco-friendly business cards and other paper related products, including post cards in Japan, as well as trading the paper produced either domestically or internationally. In order to expand the reach of banana paper business cards, Abe arranged for the pulp to be mixed with used clothing collected by an apparel manufacturer cum retailer through their retail shops because the so-called banana paper prevalent is mostly composed of 30% banana fibre with the rest from other substances.

### **How is this project linked to Solidarity Economy?**

Although the scale of expansion for this project in the future is yet to be ascertained, this case study certainly sets an example for Solidarity Economy through the following points.

Firstly, one of the main objectives of this project lies in social inclusion by employment creation for indigenous people in rural Africa, i.e., a village near South Luangwa National Park, Zambia. Uniformed aprons made via traditional textile is utilised by workers to signify respect for their indigenous culture.

Secondly, the concept of fair trade is applied. The policy of no child labour and no hazardous work imposed towards the workers is thoroughly practiced. The Zambian workers, most of them having never experienced a paid job in their life before, are fairly and equally treated. Written contracts with job functions and wage amounts are clearly stated respectively.

Occupational safety and health of workers is a priority as evidenced by the presence of functional first aid kits. In addition, boots are provided for workers cutting the banana stems as a means of prevention from the risk of being bitten by insects, snakes or other harmful animals or insects. In addition, money is also allocated weekly for the workers to purchase food ingredients from the market and plans are also underway to ensure part of the profits derived from this project be used for training workers on the learning of English and Mathematics.

### **How is this a project towards socio economic transformation?**

The banana fibre produced in this project is carried out by marginalized groups in one of the poorest countries in the world and shipped to Japan, the third largest world economy and needless to say, a conventional capitalism economy. In Japan, the banana fibre is mainly used for business cards, as well as other paper products.

As a result of this, a link has been created for this isolated group of people to the economic world. Through job opportunities provided

for the indigenous people, those who do not read or write and have never had wages paid for a job are seeing their community and their own livelihood improve. Apart from honing their skills through on the job training, they are now able to send their children to school to receive formal education with their wages. This eventually contributes to poverty reduction for the local community. In Japan, this project has been brought to public attention through a documentary broadcasted on national TV by NHK (Japan Broadcasting Corporation).

Our conventional economy model is very much dependent on offsetting our environment for economic growth. Climate change, global warming and reduced biodiversity are among the price being paid by the world over to achieve economic growth.

Socio-economic transformation is not achievable if our environment together with its precious plants and animals are endangered. This project is environmentally correct (not only environment friendly) by using only existing banana tree branches for the purpose of making paper. Furthermore, the manufacturing process of pulp is a non-chemical one and without heating elements involved.

### **Challenges ahead and solutions**

Though the socio-economic and environmentally positive impact of this project is well documented, it is not free from challenges too.

The first challenge is in providing technical guidance to the local community who are mostly illiterate. This is being addressed through technical guidance and training by providing basic reading and writing skills at the same time. In order to further improve the livelihood for locals and achieve sustainability, arrangements are underway to send equipment to produce banana paper to Zambia via JICA (Japan International Cooperation Agency).

The second involves the costly delivery of banana fibre from Zambia to Japan. Once a certain standard in quality is set and delivery dates can be guaranteed, transportation by sea will bring down the cost and price paid by consumers for ensuring a wider spread of consumption.

The third challenge calls for a more integrated system to be instituted in terms of global marketing, public relations and sales support as it will provide for more job opportunities in a sustainable manner for the local community. Approaches to the Ministry of Foreign Affairs, Japan and other governmental offices, as well as international agencies are being undertaken as an approach to create better awareness that will hopefully result in higher demand.

## **Conclusion**

With around 125 banana tree growing countries, this holistic and sustainable approach to produce paper in each stage of its process serves as a model for other parts of the world to create a more significant impact in terms of addressing the social-economic as well as environmental imbalances.

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# Environmentally Sustainable Community Betterment Approach In West Bengal, India – A Case Study of A Rural Community

By Ms. Rajanita Das Purkayastha, PhD Candidate,  
Centre for Social Entrepreneurship, Binary University



Sustainability of livelihood has a direct implication on the locally available resources and applicability of the preferred solution. The short term research based study in the southern part of West Bengal, India was capable of devising an innovative technique of generating organic manure using Vermicomposting using Eucalyptus leaves along with indigenous *Perionyx* sp. of worms and commonly available microbial culture. The greatest advantage of the technology was its local applicability and cost-effectiveness.

Additionally, it happens to be an environmentally sustainable option for livelihood betterment. The rural agricultural communities find it difficult to continue their traditional pursuits of earning through agriculture and farm based activities. This is the reason for a mass exodus of the youth to the urban habitats in search of an additional source of income. This environmentally sustainable technology is not only locally appropriate for the rural community but also a unique scheme of ensuring socio-economic betterment by generating income from farm as well as non-farm based activities. Most of the community betterment programmes are aimed at empowering local communities by building increased awareness and better accountability. The advantage of the concept of Sustainable Livelihood Approach (SLA) is that it ensures that the local people are actively involved in managing their own produce with the thrust on promoting self-reliance and confidence to make them feel empowered. In recent decades the benefits of community ownership and participation in terms of empowerment have also been recognised and exploited to a good effect (Girard and Siochrú, 2005).

An alternative and people-centred approach to development always responds to the perceived shortcomings of the emerging top-down, bureaucratic, market-oriented approaches to development thinking (Bennett 2010). Especially speaking of rural agriculture based communities across the world, the problems of complex poverty, insufficient family income and inadequate access to resources universally exist in substantial quantities. When analysing a community betterment



approach for socio-economic development of such needy communities, Vermicomposting is definitely a worthwhile solution among most others. Vermicomposting is a planned solution to the problem of open dumping which is deleterious to the soil-water- air ecosystem. Additionally, it is also an economically viable solution for recycling and development of rural agricultural based communities. The harmful effects of chemical fertilizers on soil microbes and the unavoidable leakages in the form of expenditure on crop manures and inorganic fertilizers could be completely obliterated through this environmentally sustainable technique. This particular technique would create impeccable socio-economic betterment for a selected rural community in the form of alternative source of income involving even the women, who can maintain the Vermiculture units according to flexible timings together with their household chores.

The benefits of designing a Vermicompost project are: Low investment and high income scheme; Successfully involve not only the educated jobless youth but also women and any other non-working adult group; Additional source of income for a hard core poverty struck families; The mother source is deemed as a conventional organic waste and finds its way into bins or open dumping; The Vermicompost beholds elevated levels of nitrogen, potassium and phosphorous (Shivakumara C 2008). There is a growing recognition that even well-planned development policies and programs sometimes have negative environmental impacts that are undetected until their impact is severe (Eckman 1993). FAO defines sustainability as: 'the management and conservation of the natural resource and the reorientation of technologies and institutions in such a manner as to ensure the attainment and continued satisfaction of human needs for present and future generations. Such sustainable development in the agriculture, forestry and fisheries sectors, conserves land, water, plant and animal genetic resources, is environmentally non-degrading, technically appropriate, economically viable, and socially acceptable' (FAO 1988).

Kutay (1992) found that, environmental benefits of community participation exist when there was a close working relationship between the local community and the industry they practice (in Campbell 1999). Altogether, previous literatures have shown that the consensus of all major stakeholders plays important roles in making any development programme a successful story. It was the ultimate intention of the study to explore a situation, especially within the existing livelihood framework where it was possible to gauge all local knowledge, aspiration and participation to generate an environmentally sustainable technique for community betterment. Advocating the principles of Solidarity Economy, it is obvious that community based enterprises are a means to foster economic, social and cultural growth at the community level. By introducing an environmental factor in their operations, community enterprise, they become a natural partner to sustainable development processes in turn. The advantages of community based enterprises are that they are involved in commercial activity, directly or indirectly, by producing goods or, more commonly, services for which they charge, and the resulting revenue is their main (if not only) source of income (Source : ANPED, The Northern Alliance for Sustainability).

**Research Objectives** - The research had some short-term and long terms objectives to achieve. While the immediate goals were to ascertain the potential and applicability of the innovative concept, the long term vision was to transform the innovative ideas into a community-based enterprise.

Generically, the research project had the following objectives:

1. Performing a high level study of the problems faced by the rural communities of South Bengal and ascertaining the scope of enhancement and development of their present livelihood patterns.

2. The study wished to come out with a technology, utilizing all the available resources in place, which is not only environmentally sustainable but also ensuring a socio-economic betterment for the community.

The short term study was capable of a contriving an innovative dimension to the conventional technology of Vermicomposting by using Eucalyptus leaves and indigenously available worms which imparted certain insecticidal properties to the Organic Manure.

## **Materials and Methodology**

The test was executed following an official permission issued by the administrative office of Jadavpur University, West Bengal. All sorts of analysis (physico-chemical and biological) were performed under the jurisdiction of the School of Environmental Studies, Jadavpur University. One particular parameter, Potassium, was analysed in the Environmental Engineering Section of Civil Engineering Department, Jadavpur University, West Bengal, India. Making a note of the socio-economic problems faced by the rural community of South Bengal, all materials that are locally accessible to the community were collected to perform the test.

These include: Eucalyptus leaves, Restaurant wastes; Banana leaves, Cow dung, Indigenous Perionyx species of worms and Extended Microbial culture

The test bedding and tentative set up for Vermicompost unit was arranged on the roof top of the School of Environmental Sciences and Oceanographic Studies, Jadavpur University, West Bengal, India. The area selected for laboratory testing and set up was relatively undisturbed and was away from direct sunlight, making it ideal for worms to be reared.

A total of eight physico-chemical parameters were analysed both at the beginning and end of the study to compare and record their change over a period of time.

The materials that were collected for the purpose of the study were too a larger extent recyclable materials indicating that it is extremely a low cost based study, especially with respect to the mother material which is an organic waste.

## **Results**

Two types of observations were recorded for the purpose of immediate as well as extended research. While the former dealt with laboratory based findings of the composed technology, the later formed a brief idea of the actual setting of the research.

**Physico-chemical Findings:** The test results that were obtained both in case of pre-compost and final compost after providing the particular incubation temperature showed that all parameters, except moisture content, phosphate, potash and organic carbon, indicated an increase in their readings, including the number of worms.

**Social-Demographic Findings:** The village is located in the southern part of West Bengal and the demographics and socio-economic background of the villagers are as provided as below:

**Demographic Data:** No of Male: - 1548 Female: - 1101 Total: - 2649;  
General Caste: - 434 families; Scheduled Castes and Scheduled Tribes: - 16 families; Other Backward Castes: - 14 families; Families migrating to other places for work: - 44 families; Below Poverty Line Families: - 213;  
Total families: - 464

Socio-Economic Data: - Agricultural families: - 312 families; Service: - 52 families; Van and Rickshaw Driver: - 24 families; Small Businessmen: - 36 families; Landless Labourers: - 60 families

Socio-demographic data revealed that nearly 90% of the villagers are pursuing some form of traditional farming as their primary occupation, howsoever marginal. There has been an appreciable record of landless labourers and people below poverty line in the village and agriculture seems to be inadequate as the sole form of sustenance.

## **Discussion**

From the socio-economic findings, it becomes evident that the village in the southern bound district of West Bengal has nearly 500 households who are predominantly farmers. It is well accepted that the village with an appreciable number of people below poverty line and dominance of agriculture, has been suffering from the common problems of insufficient income, vulnerability/ threats and inaccessibility of capital, land and opportunities.

The scientific results confirm the feasibility of Vermicomposting technology as a locally appropriate green technology performed with materials which are available locally in abundance and is mostly untapped or usually wasted. Interestingly, vermicomposting is also logically dependent on agriculture for its long term continuance.

## **Conclusion**

The aim of the study was not only to estimate the scientific potential of Vermicomposting as an environmentally sustainable technique for waste management but also to analyse the innovative social potential of Vermiculture as means of empowering the rural communities. The test results have given a new dimension to the accepted framework

of Sustainable Livelihood and its enhancement and development for agriculture based rural community of West Bengal. *Eucalyptus globulus* is very commonly available in South Bengal because of the dominant forestry practices executed in the region.

The test results have successfully displayed the possibility of demonstrating a people centric participatory approach for socio-economic betterment by using an innovative technique inspired from locally available resources. It was a challenge to draw out organic manure from materials which are conventionally unacceptable but embody certain unique properties to make the appropriate value addition for tapping the most competitive markets.

Vermicomposting is a viable and a scalable business option for rural agricultural based communities under the auspices of community based enterprises. These kinds of enterprises are aligned to the principles of Solidarity Economy displaying collective effort of sharing risks and benefits for sustenance. Solidarity economy advances a socio-economic order that places economic and technological development at the service of the needs of the people and ecological sustainability as a goal of economic activity rather than maximization of profits under the unfettered rule of market. Since it is not a spontaneous activity and emerges gradually from the hardships of an underprivileged community, this form of an alternative economy is capable of sustaining itself in the long run.

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# Supporting Social Entrepreneurship in Underdeveloped & Developing Countries - A South Korean Example

By Ms. Marie Myung-Hee LEE, Head of International Affairs,  
Work Together Foundation, South Korea



The Work Together Foundation (WTF) started the Smile Together Project in 2010. Even though its planning was initiated at that time, the actual implementation has just started this year. In this breakout session, WSS 1f CSR & Community-based Enterprises include Cooperatives. I would like to introduce the background, philosophy and core values of the Smile Together Project, while introducing four of its projects, its challenges, and its future tasks.

## **The Start**

Originally, WTF had not been oriented toward development assistance projects in developing countries. WTF's vision is building a sustainable society by resolving social polarization and developing an employment-friendly environment, and WTF supports social entrepreneurship as one of the ways to attain this vision. WTF works with private companies to raise funds, rather than with personal donors.

This is a good way to get a relatively large amount of funding from private companies in terms of operation efficiency, but it reduces the number of opportunities to meet the public, communicate with them, and build citizen-based grassroots support. Considering all of these points, WTF thought it was necessary to meet the public and gain their support.

At just that time, Seoul Broadcasting System (SBS) introduced a TV fundraising opportunity to fight child poverty at both the domestic and international level. WTF recognized this as an opportunity to promote itself as a civil society based foundation which is supported by citizens, and to raise public awareness of the work the foundation was doing.

In 2009, WTF started to raise funds from the public to support children living in poverty, in partnership with SBS. At that time, five other NGOs got together to raise funds as a consortium, including World Vision, Good Neighbours and UNICEF. The TV campaign focused on fundraising for extreme cases of poverty and hunger. All the other NGOs

have already engaged in urgent support overseas for many years, and had abundant cases to be broadcasted.

The first TV campaign was successful, and all the participating NGOs got even distribution of the donations collected by SBS. Each donor promised to donate \$18 (USD) per month for two years. Later on, this became the root fund of the Smile Together Project, the international cooperation project initiated by the Work Together Foundation.

## **Smile Together Project**

There are many organizations which support children suffering from hunger and a lack of education. The international NGOs had over 50 years of experience and know-how through the trial-and-errors of their projects. WTF felt that it didn't have to go through this process as a newcomer in international development cooperation. Rather than repeat the errors of others, WTF decided to utilize its strength, which is supporting social entrepreneurship in underdeveloped countries. It was thought that this could contribute to the sustainability and self-sufficiency of the children, their families and their communities, since social enterprises provide the tools to earn a living.

The rules of the Smile Together Project are simple. The project works with local partner organizations which understand local context and utilize resources in the local community and government. Second, it promotes the concept of social entrepreneurship and provides financial and non-financial support for supporting existing social enterprises or start-ups, which ultimately try to eradicate child poverty. This does not mean that the supported social enterprises should always give direct benefits to children. Social enterprises where their parents work and earn money also fit into the project.

## **The ST Project's principles**

A project physically based in a local community and working with residents: The foundation believes most problems come from the urban centralization of the population and little wealth redistribution in the local community. The ST Project supports community-based social enterprises, which revitalize the community economy and make people feel proud of their community.

A project nurturing leadership in local people: If international or national NGOs are engaged in a project, they should have clear picture of when they will step out of the project, even if it's a long-term involvement. To attain this, the organization should develop the capability of the local staff during its project.

A project which created a sustainable business model without harming the local community: Most of the businesses in underdeveloped and developing countries take advantage of low labour costs and harm the environment. In addition, lots of the free training program run by NGOs is in the service industry, since these skills can be taught in the short-term and results are easily seen. This causes the centralization of the population and environmental problems. The ST Project would like to support the building of competitive working skills and business models that don't harm the environment.

The ST Project also considers the points:- Clarity of social purpose and the social problem that needs to be solved; Feasibility or actual establishment of social enterprises that aim to provide solutions for impoverished children; Possibility of providing direct support to impoverished children for the promotion of the fundraising campaign; Networking with the local community; Enterprise sustainability even after support from the Work Together Foundation ends; Institution's ability to conduct the enterprise responsibly; Effective budgeting and transparency

The details of the implementation of the ST Project are:- Financial support; On average \$30,000 (USD) for a fiscal year (from \$20,000 to \$200,000 on each project); Non-financial support; Business consultancy services with the uGET program of the School of Management at Yonsei Univ. and pro bono business consultants; Pro bono professional consultancy services from the business industry; Connecting business field related resources and networks for facilitating further support

Projects supported in 2011 are: - JSC Banteay Prieb Shop for Handicraft (for families' independence from PWDs), Lotus Hair & Beauty Center (for orphans over the age of 16); CAMP Sewing Center (for relocated people from Metro Manila, the Philippines); Phoudindaeng Community Café and paid program for responsible tourists (for the sustainability of the Phoudindaeng Youth Center which fosters youth leaders within the community with AVAN)

## **Challenges and Tasks**

The biggest issue is continuing the ST Project's funding. Since the foundation raises money from the public through a TV campaign, it is necessary to promote extreme cases of child poverty. And the TV station wants to direct the money to the organizations which attract donors.

However, the ST Project does not have those kinds of cases, because we help them find jobs. People usually don't worry about getting a job until after they address their hunger and healthcare issues. The public do not usually see the necessity to support people who need jobs, preferring to help those in extreme situations. This causes a reduction in the total amount raised for the ST Project. WTF should show the effectiveness of the ST Project and its fundamental approach to eradicating poverty through diverse methods, and encourage people to continue donating to support social entrepreneurship, the sustainable mechanism for ending poverty.

Second, building firm partnerships with local organizations is the key to the success of the ST Project. Different from other funding schemes, the ST Project provides both financial and non-financial support. The ST Project offers financial benefits when it fully understands the meaning and operation of each local project. It also wants to know the management situation in order to introduce other resources appropriate to each project.

WTF should not end each supported project by becoming outsiders who offer nothing but verbal support, but by linking individuals to other potential resources and sources of information.

Third, utilizing pro bono services is critical to support each project. Services from translating materials for communication to business consultancy are done by professional volunteers. Since they joined the ST Project because of what it means to them, they will leave if they decide they no longer find the work to be meaningful. It is necessary to explain why we work on each project and follow up on the changes that occur while they are involved.

## **Conclusion**

Since the ST Project actually commenced in 2011, there may be the things that weren't fully considered, and it is possible that not all of the supported projects will succeed. But WTF believes in the capability and commitment of its partner organizations, and tries to support them once WTF sees problems that the partner organizations need to work on.

It is true that some parts of the world have an urgent need for emergency food aid and healthcare. Most of those cases are in Africa, and few of them are in Asia. However, there is little support left after their immediate health and hunger needs are met. However, people do not see this as an urgent issue to solve.

After their basic human needs have been taken care of, it seems as though there is nothing left to do but sit and wait until they face another crisis that requires outside intervention. This may be an exaggeration, but in many ways it's true. It is not a matter of laziness; it's that they haven't had opportunities to earn an income. WTF believes the Smile Together Project will give them such opportunities while acting as a partner focused on working together for sustainability in underdeveloped countries rather than as a provider of direct support, which is pragmatic and humane ways to solve poverty around the world.

**APPENDIX 1****ASEF KL2011 PROGRAMME DETAILS****DAY ONE OCT 31, 2011 (MONDAY)**

8.30 am	<b>PLENARY ONE</b> <b>Welcome &amp; National Organising</b>	KEY NOTE ADDRESS Datuk Dr Denison Jayasooria, Chair organising Committee ASEF KL2011 (Email- jayasooriadenison@gmail.com)
	<b>Keynote Speech</b>	Mr Pierre Calame, President, Foundation Charles Leopold Mayer Foundation for the Progress of Humankind. (Email- p.calame@fph.ch)
	<b>Responses</b>	Hon Datuk Saifuddin Abdullah, Deputy Higher Education Minister, Government of Malaysia & Advisor to National Organising Committee -ASEF KL2011 (Emailsaifuddin61@yahoo.com)
		Dato Michael Yeoh, CEO, Asian Strategy & Leadership Institute, Malaysia's Representative ASEAN Connectivity (Email- dmyeoh@gmail.com)
	<b>TEA BREAK</b>	
10.30am	<b>PLENARY TWO</b>	<b>PERSPECTIVES ON SOCIAL/ SOLIDARITY ECONOMY</b> - Triple Bottom Line Goals (People, Profit & Planet)
		Plenary Session 2 will provide the conceptual framework for understanding social/ solidarity economy from the perspectives of different continents. There is a need to distinguish solidarity/social economy from dominant, neoliberal economy. This session will identify the diversity of thought and developments globally.
	<b>Moderator</b>	Mr David Thompson, Jobs Australia & COMMACT International. (Email - thommo@ja.com.au)
	<b>Speakers</b>	Asian Perspectives, Developments & Innovations Mr Benjamin Quinones Jr, Chair, CSRSME, Asia. (Email - benq@oneagleswingsphilippines.org)



Conceptual Overview & Developments in the Americas,  
 Dr Emily Kawano, Director, Centre for Popular Economics & the US Solidarity Economy Network.  
 (Email - emilykawano@gmail.com)

European & African understanding & Models  
 Mr. Eric Lavilluniere, International Coordinator,

Institut Européen d'économie Solidaire: INEES, Luxembourg.  
 ( Email - lavilluniere@inees.org

Global Trends & Movements, the RIPESS Story,  
 Ms Nancy Neamtan, Chair, RIPESS.  
 Prof Farok bin Zakaria, Universiti Kelantan Malaysia.  
 (Email -farok@umk.edu.my)

12pm **Round Table Reflections**

1pm **Lunch**

2pm **WORKSHOP SESSION 1 SOCIAL ECONOMY IN ACTION**

The focus of Workshop session 1 is on what has been happening on the ground by way of concrete models and innovations. Opportunities have been provided for presentation of case studies under six workshop groupings:-

- **WS1a Micro credit and social finance** – Major innovations have developed in the area of credit for the poor, community saving & social investment,
- **WS1b Fair trade** – much has taken place in this context and therefore case studies are welcome,
- **WS1c Value chain development** – many organizations and businesses have innovative examples and success stories in building a business value chain and providing social inclusion,
- **WS1d Green dimensions** especially in green technology such as organic farming, eco tourism, solar energy & alternative energies,
- **WS 1e Islamic Initiatives** emerging by setting alternatives to mainstream markets such as Islamic financing, pawn shops and ethnical business,
- **WSS 1f CSR & community based enterprises** including cooperatives – It would be an opportunity for private sector initiatives to share experiences and also reflect how to redirect them towards social economy model

4.00pm	<b>Tea Break</b>	
4.30pm	<b>PLENARY RELECTIONS &amp; FREEBACK</b>	
	<b>Session Moderator :</b>	Mr David Thompson (Jobs Australia & COMMACT International)
5.30	<b>Break Time</b>	
8.00pm	<b>WELCOME DINNER &amp; BOOK LAUNCH</b>	(Dinner hosted by the Ministry of Higher Education, Government of Malaysia)
	<b>Welcome Speech</b>	Prof Dato Joseph Adaickalam, Chairman Binary University College, Malaysia (Email - joseph@binary.edu.my)
	<b>Special Address</b>	Cabinet Minister, Government of Malaysia
	<b>Book Launch</b>	Pierre Calame's "Essay on Oeconomy " & Brief thought from Pierre Calame
	<b>Book Launch</b>	Benjamin Quinones's "Sowing the seeds of solidarity economy: Asian experiences" & brief thought from Ben Quinones
	<b>Special songs</b>	Filipino entertainers sponsored by Ms. Cherina Chacko

#### DAY TWO Nov 1, 2011 (TUESDAY)

8.30 am	<b>PLENARY THREE</b>	<b>TAPPING THE POTENTIAL OF SOCIAL/SOLIDARITYECONOMY</b>
		<p>Plenary 3 focuses on drawing out the strengths of social/solidarity economy which has enabled its growth and development globally. What are the distinctive dimensions enabling the rapid growth of these enterprises as an alternative to mainstream dominant models. This is reflective and analytical in dimension drawing from the practice, success and failure of social economy and enterprise models. What lessons can we learn from our success?</p>
	<b>Moderator</b>	Dr Ed Canela, International Consultant. (Email - ed.canela@gmail.com)
	<b>Speakers</b>	Prof Jun Nishikawa, Waseda University, Japan. (Email - jnishi@waseda.jp)

Prof Lee Kwang Taek, Work Together  
Foundation, S.Korea  
(Email - sansayon@hanmail.net)

Mrs Virginia Juan, President & CEO, APPEND,  
Philippines.  
(Email - vjuan1216@yahoo.com)

Mr. Toto Sugito, Founder and Chairman of Bike  
To Work Indonesia Community - B2W.  
(Email - toto@b2w-indonesia.or.id)

Dr Philip Hui, Deputy Secretary General,  
Longsee Foundation,  
Hong Kong SAR, China.  
(Email - drphiliphui@gmail.com)

Mr Sam Chelladurai, Executive Director, Anekal  
Rehabilitation Education and Development  
(READ) Centre, Bangalore, India.  
(Email - readcentre@gmail.com or 175.sam@  
gamil.com)

10am **TEA BREAK**  
10.30am **PLENARY FOUR**

## **OVERCOMING CHALLENGES & HURDLES IN SOCIAL/SOLIDARITY ECONOMY**

*Plenary Session 4 focuses on the challenges and hurdles faced by social/solidarity business related to access to finance, markets, technical expertise, business development or un-conducive policy environment.*

*This too is a reflective session in defining the hurdles but also providing pointers to overcoming them and emerging successful.*

**Moderator** Ms Cindy Chen. Alfanamics Private Limited,  
Singapore.  
(Email - Cindy.Chen@alfanamics.com)

**Speakers** Prof Dr John Clammer. Institute for  
Sustainability & Peace, UN University Japan.  
(Email - johnclammer@gmail.com)

Mr. Yvon Poirier, Canadian Community  
Development Network – CCEDNET.

Ms. Ramona Ramos, Executive Director,  
World Fair Trade Organization, Asia.  
(Email - director@wfto-asia.com)

Ms Martine Theveniaut, Pactes Locaux, France.  
(Email -martine.theveniaut4@orange.fr)

Mr Paul Sinappan, Community Consultant & Fellow, Centre for Social Entrepreneurship, Binary University College, Malaysia.  
(Email - paulsinnappan@gmail.com)

Ms Uchiha Shoko, Pacific Research Centre-PARC, Japan.  
(Email- kokusai@parc.jp.org)

12pm

Round Table Reflections

1pm

Lunch

2pm

**WORKSHOP SESSION 2 TAPPING POTENTIAL & OVERCOMING CHALLENGES OF SOCIAL ECONOMY**

*Workshop session 2 focuses on the theme of lessons from success and also on challenges and how we can overcome them. Sessions are specific on five major challenges identified which is impacting the growth & development of solidarity economy worldwide.*

The five specific workshops in session two are:-

- WS2a Access to Finance
- WS2b Access to Markets (suppliers, buyers)
- WS2c Access to technical expertise, technology and training
- WS2d Access to Business development services
- WS2e Developing conducive policy environment for social enterprises
- WS2f Voices from the grassroots

4.00pm

Tea Break

4.30pm

**PLENARY RELECTIONS & FREEBACK**

Session Moderator : Dr Ed Canela (International Consultant)

5.30

**SPECIAL INTEREST GROUP DISCUSSIONS (By Invitation)**

- Youth Caucus meeting to strengthen solidarity economy network Asia. Moderator: Mr John Anugraha (Global Citizens for Sustainable Development)
- Asian Solidarity Responses to Rio + 20 United Nations Conference on Sustainable Development. Moderator: Datuk Saifuddin Abdullah and Mr Pierre Calame

**Break Time / Free Evening**

**DAY** Nov 2, 2011 (WEDNESDAY)  
**THREE**

**8.30 am** **PLENARY FIVE** **NEXT GENERATION VOICES IN SOCIAL ECONOMY**

Plenary session 5 will focus on the views of the future leadership in the social economy in Asia. A number of key younger generational leaders who have been involved in the solidarity economy are invited to make their presentations on how they see the future of social economy in Asia. They will draw their conclusions based on their experiences and also through active participation at ASEF KL 2011 sessions.

**Moderator** Mr John Anugraha, Executive Director, Global Citizens for Sustainable Development, India.  
 (Email - ajohn316@gmail.com)

**Speakers** Ms Shomi Kim. Head, Multicultural Education Program Team UNESCO/MIZY, Centre - Seoul Youth Centre for Cultural Exchange, S.Korea)  
 (Email - shomikim@gmail.com)

Mr Patrick Omar B Erestain, Programme Manager and Coordinator, Leadership for Effective and Sustained Responses to HIV & AIDS, Philippines  
 (Email-patrick.erestain@gmail.com)

Mr Iham Issac Zikri, Director, Global Citizens for Sustainable Development, Indonesia

Ms Ema Izati, Centre for Women Leadership, Binary University College, Malaysia  
 (email- emazull\_1@yahoo.com)

**10am** **TEA BREAK**  
**10.30am** **PLENARY SIX**

**THE STEPS FORWARD FOR SOCIAL ECONOMY**

*Plenary session 6 will chart directions for the future development of social economy in Asia with the establishment of the Asian Social Entrepreneurs Coalition and implementation of the Value Chain Development Program (VCDP)*

**Moderator** Prof Cielito F Habito. Dean of Economics,  
Ateneo de Manila University (Email - cfhabito@gmail.com)

**Speakers** Datuk Dr Denison Jayasooria (Chair National  
Organising Committee ASEF KL2011)  
Mr. Ben Quinones Jr (CSRSME Asia)  
Mr. David Thompson (Jobs Australia &  
COMMACT International)

12.00 pm **Round Table Reflections**

1.00 pm **Lunch**

2pm

WORKSHOP SESSION 3 THE STEPS  
FORWARD FOR SOCIAL ECONOMY

The five Workshop groups are all forward looking sessions charting a course of action towards the future. How do we enhance the opportunities, overcome the challenges and chart a future course of action at the continental Asia level which is also applicable at the national level as strategy and implementation directions.

- WS3a ASEF Social Finance
- WS3b ASEF Trading/Marketing
- WS3c ASEF Training & Social media Networking
- WS3d ASEF Business development services
- WS3e ASEF Policy advocacy
- WS 3f ASEF Community

4.00pm **Tea Break**

4.30pm **PLENARY RELECTIONS**

Session Moderator : Mr Ben Quinones Jr

5.30 **Break Time**

8.00PM **CLOSING DINNER & SPECIAL SESSION ON CHARTER FOR HUMANRESPONSIBILITY** (Dinner hosted by the Department of National Unity & Integration, Government of Malaysia)

Welcome Speech: Prof Datuk Yusof Kassim, Vice Chancellor, Asia-Pacific University College of Technology & Innovation -UCTI  
(Email -myusof54@gmail.com)

Panel Presentation on the Charter of Human Responsibilities, Forum of Ethics & Responsibilities

Mr Pierre Calame President, Foundation Charles Leopold Mayer Foundation for the Progress of Humankind.  
(Email- p.calame@fph.ch)

Ms Sudha Sreenivasa Reddy, Asia Coordinator, Charter of Human Responsibilities Forum of Ethics & Responsibilities  
(Email - sudha\_179@rediffmail.com)

Ms Edith Sizoo, Coordinator of the International Facilitation Committee of the Charter (Email - edith.sizoo@lc-ingeniris.com)

Speech by Special Guest: Tan Sri Koh Tsu Koon (Cabinet Minister in Prime Minister's Department, Government of Malaysia)

APPENDIX 2

**Core Malaysian Volunteers@ASEF KL 2011**



Mr James  
Pereira



Ms Valerie  
Singanga



Mr. Karl  
Kahari



Mr. Henry  
Duku



Ms Ema Izati



Mr SM  
Brahmananda



Ms Rajanita  
Das Pritam



Datin Rose Cheng  
Jayasooria



Mr. Ghulam  
Rahani



Mr. Mohamed  
Tamim Areti



Mr. Kudzai  
Bere



Mr. Caleb  
Galadima





'Developments in Solidarity Economy in Asia' provides an overview of social solidarity economic developments across Asia. It is a compilation of a series of papers and case studies presented at the Asian Solidarity Economy Forum held in November 2011 in Kuala Lumpur.

This book contains nineteen chapters by sixteen writers which cover reflections and summary of the Asian Forum, conceptual & thematic understanding together with historical developments and concrete case studies of social solidarity economy at the grassroots in Asia.

The writers include academics & policy makers, development practitioners & activists. They are Dr Ben Quiñones (Philippines), Ms Deborah Loh (Malaysia), Prof John Clammer (Japan), Mr Yvon Poirier (Canada), Dr Emily Kawano (USA), Dr Eduardo Q. Canela (Philippines), Prof Dr Farok Zakaria (Malaysia), Prof Lee

Kwang Taek (S.Korea), Mr Sam Chelladurai (India), Dr Virginia P. Juan (Philippines), Prof Jun Nishikawa (Japan), Dr Peggy Meekel & Dr Lisbeth Mananeka (Indonesia), Dr Wong Lai Young (Japan/Malaysia), Ms Rajanita Das Purkayastha (India/Malaysia), & Ms Marie Lee (S. Korea).

The volume is edited by Datuk Dr Denison Jayasooria who was the national organising Chair for ASEC KL2011. He is the Deputy Chair, Asian Solidarity Economy Council (ASEC) and a Board Member, Inter-continental Network for the Social Solidarity Economy (RIPESS). He is also the Principal Research Fellow at the Institute of Ethnic Studies (IKES), National University of Malaysia (UKM).

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