

EXPLANATORY NOTE FOR THE WORKSHOP “THE EXTERNAL DIMENSION OF SOCIAL ECONOMY”-Bratislava, November 30th 2016

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Preliminary issues

The workshops in the conference are intended to bring together different experiences, theoretical and practical knowledge and points of view on a subject of significant interest for the development of Social Economy and for the goals pursued by this type of entrepreneurship. The choice of speakers has been made with a view to combining different variables: sector (i.e. research, public administration, social entrepreneurs, etc.), geography, type of social entrepreneurship (mutuals, cooperatives, social businesses, etc.).

In this workshop the speakers are encouraged to address complex issues such as the external dimension of Social Economy, by bringing to bear not only their practical experiences or initiatives they may have engaged with, but also by using other assets such as research, points of view, their own analysis or even counter-examples. The aim is to try to facilitate a vivid and participatory debate after their initial interventions.

A few words about External Dimension

We have chosen this expression in line with a practice within GECES group which tries to go beyond the classic approach of Cooperation for Development and includes all areas related to the external action of States and International Organisations such as UN agencies, multilateral banks, etc.

Social Economy has a long history as a relevant actor in the globalisation process. Without trying to make any exhaustive list of the most significant initiatives in the last century, it is worth mentioning, for example, the evolution of the first cooperatives and the different cooperative legal frameworks in developing countries in Central and South America in the first decades of the 20th century, the role of the same type of Social Economy companies in the Alliance for Progress of the Kennedy administration, the close relations between Social and Solidarity Economy and the birth and development of the Global Social Forum as a reaction to neoliberal globalisation, or the longest standing programme in the area of Social Enterprise that we are aware of: the Social Entrepreneurship Programme of the IADB (since 1998).

Now, we are witnessing an increasing interest among key international actors towards different types of social entrepreneurship, be it Social and Solidarity Economy and the United Nations Task Force on that subject, the Social Enterprise World Forum. and the recently launched multi-annual framework partnership agreement between the EU and the International Cooperative Alliance.

As stated in the GECES report, the significance of current challenges requires ambitious and innovative actions as well as the mobilisation of different types of resources. This is behind the current initiatives which look at different types of social entrepreneurship to take a more relevant role in the actions of the different actors of the “enlarged” international community¹.

¹ By this we also include other actors different from the state which were considered the only members of the

In the current workshop we pretend to address this trend, its opportunities and threats and the recommendations included in the GECES report in its chapter “Enabling key drivers of international development and growth”.

For the sake of efficiency we will only include here the recommendations from that chapter, but we strongly recommend speakers to read the whole report and, specifically, the chapter concerned.

Recommendations from GECES report

1. Strengthen knowledge and impact of social enterprises and their support mechanisms globally

Recommendation 11: The European Commission/EEAS should contribute, through the next cycle of its international development programmes, to a significant and ongoing increase in open source intelligence about social economy and social enterprises, and support ecosystems globally. Actions should encompass:

- Launching a major ongoing research initiative together with other interested donors and partners such as the OECD and its Development Assistance Committee members, the UNRISD,⁵⁹ the World Bank, EU national development agencies and other public and private donors.
- Allocating a specific budget for impact evaluation for new support programmes for social economy and social enterprises to bridge the lack of robust and clear evidence about the impact of this enterprise support on SDGs. This action should also be taken by Member States.

2. Foster cooperation and the active involvement of the EU in international initiatives for social enterprises

Recommendation 12: The European Commission should take a leading role in fostering global cooperation in social economy and social enterprise support by acting as a market convener and harnessing knowledge exchange. Actions should encompass:

- Undertaking in 2017 a process of internal learning, coordination and cooperation between the various departments of the Commission and EEAS, whose work touches on the development of infrastructure and support for social economy and social enterprises;
- Starting in 2017, initiating a series of regular exchange and action-oriented meetings with other global donors and investors (private and public) active on a transnational basis in supporting social economy and social enterprises (irrespective of local designation);
- Making the case, together with the German Government, which holds the G20 Presidency from Autumn 2016, for promoting specific policies to support inclusive businesses/activities and social enterprises (as discussed in the G20 Inclusive Business Framework) to better reflect the differences in the set of values, principles and *raison d’être* between these organisations.

3. Strengthen the role of social enterprises in EU external policy

Recommendation 13: The European Union and the EEAS should mainstream tailored support in all its existing and future policies and initiatives promoting social and economic development (cooperation and development, foreign policy, trade policy, neighbourhood policy etc.) and embed social enterprises in strategic thinking in order to build supportive ecosystems for social economy

international society/community according to this concept in international public law.

and social enterprises as reflected by the pillars of the SBI. Actions should encompass:

- Earmarking, in the next programming cycle, dedicated direct and indirect funding for social economy organisations, including social enterprises, in third countries, along with governments and support and social finance organisations; and starting concrete collaborations with other global partners and innovation funds to leverage EU funding and boost the impact of the respective programmes;
- Raising awareness, in particular with third country governments, of the role social economy and social enterprises play in achieving the SDGs, as well as on the potential of North-South, South-North or South-South exchange of learning, innovation and collaboration, providing cases of successful replication of innovative social economy and social enterprise solutions and models as well as their impact;
- Embedding social economy and social enterprises in Europe’s revised Consensus on Development;
- Organising marketplace events to connect social enterprises with the international financial ecosystem and facilitate major investments in developing countries, as well as engage other social economy organisations in defining financial instruments to meet their needs.

Expectations

In the view of the opportunities offered by a workshop reuniting key and highly experienced actors in this issue, we intend to at least address two main elements in this interesting subject: opportunities and threats. Furthermore, our intention is not to limit it to a discussion of the GECES Report and the apposite chapter, but to use its powerful content to facilitate the identification of tangible opportunities and threats.

In order to also guide the interventions of the speakers we include here some elements which could be used by them on their own accord.

We also understand that these elements may require much more than the expected time of this workshop, so we only provide them as a guide not only for the interventions of speakers but also for the subsequent debate after those interventions. Again, this is only a proposal.

Threats

Awareness regarding epistemology: we should be aware of the theoretical assumptions underlying any analysis and the proposals of action emanating from those analyses. Thus, it may be worth having in mind the words of Anup Dash when addressing the needs of clarifying the epistemological basis of Social and Solidarity Economy:

“Orthodox economics is passing through a crisis and a period of ‘unrest’ (Fullbrook, 2003). There is something fundamentally wrong in economic orthodoxy; many of its assumptions are fatally flawed, many of its ‘dogmas’ do not hold in reality. Economics has increasingly become ‘an arcane branch of mathematics rather than dealing with real economic problems’ (Friedman, 1999, p. 137), and as Coase summarizes, theoretical system in economics ‘floats in the air’ and ‘bears little relation to what actually happens in the real world’ (1999, p. 4). Economics, in fact, is a colossus with feet of clay—with dubious methodological status and a preference for doxa over episteme. Economic theory is broken, because it is plagued by

theory- practice inconsistencies. As Stiglitz (2002) has observed, economics has suffered ‘a triumph of ideology over science’.”

Compartmentalisation and commodification of problems: in a related line of thought we should also bring to our analysis the works of Karl Polanyi, when he conceptualised capitalism as a system which disembeds the economic sphere from the social one. Therefore, if the “solutions” to problems are also compartmentalised and commodified we may also end up producing results contrary to our (stated) goals. Edgar Morin also addresses this issue when defining “the ecology of the action”². One practical example of this maybe Jevon's paradox³.

The systemic approach to resource allocation. In an evolved context of political action which sees the political actors as embedded in a complex governance system, their action, in order to have the capacity to maximize impact requires adaptation. In this context, the capacity of public actors to facilitate the appropriate allocation of resources increases.

Thus, closely connecting with this, we should also be aware that, in a context of scarce resources, some initiatives may suffer from a backlash when attention may be shifted towards other “new” actors. Therefore a hybrid approach may be more effective. This recent article in Stanford Social Innovation Review by Yoti Sharma can offer some clarifications on this:

“As a social change-maker working in India, I don’t find that this neoliberal idea of social entrepreneurship correlates with my own perception of the term. To me, the focus of social entrepreneurship should be not the “enterprise” but the beneficiary. Its design should flow from, and be anchored to, the needs and capacities of the beneficiaries. Profit-making should be secondary to making impact. Hence, **charitable donations and nonprofit capability that can add value to the beneficiary should be a welcome part of the solutions set**” (bold type added).

She also proposes to pursue an approach of hybrid networks (charity and social entrepreneurs) which should also lower the “gravity center” of social enterprises so they are closer to communities they try to benefit.

Limits of evidence-based policy approach: threats are the more dangerous where they are not evident or hidden behind some epistemological problems. In this case, we would like to bring the attention to two key bias of research.

The first one could be that of the “omission bias”, which is best explained by Samuel Martín-Sosa Rodríguez, within a recent article in an online Spanish newspaper⁴:

“In the search for social utility, research is carried out on plants which can increase solar reflexivity to reduce global warming, hormones which may fatten the livestock, species

² His proposal states that the moment an individual undertakes an action, whatever it may be, it starts to escape her/his intentions. The action enters a universe of interaction and it is finally the environment that takes possession over it, possibly changing its course into one contrary to the original intention.

³ https://en.wikipedia.org/wiki/Jevons_paradox

⁴ http://www.eldiario.es/ultima-llamada/cientifico-politica_6_548455153.html. August 15th 2016.

which may adapt to growing salinity (...). All of these are end-of-tube solutions which assume, accept and in a way tend to keep, if not to encourage, the premises of a socioeconomic model which has created the problems they pretend to patch up”⁵

The second one is utility bias: in current world, as it happens in science, some research lines are given preference over other and in many cases this is so not because of their impact in solving highly relevant problems, but because of their financial performance. So we should be aware of this bias in our political action.

Finally, we should learn from our (recent) past: and in this case some examples closely related to social entrepreneurship are highly evocative, such as the case of microcredit and the abuses that arose as a result of focusing attention upon increasing the market for financial actors in so-called bottom of the pyramid, at the expense of addressing poverty reduction.

Opportunities

There are, of course, several opportunities, many of them are evident enough so in this section we will only try to point out some less obvious ones. Again, this is only a guide for the speakers, not a compulsory path of analysis.

The accumulated experience, research and practices on partnerships: one key element in the success of a new strategy is learning (which also includes using new elements/knowledge appropriately). In this case one maybe less evident issue for the general public is the lessons learnt in the area of partnerships between Social Economy and Public actors. Furthermore, such widened knowledge base (which also includes tacit knowledge within key actors) is not confined to the European continent, nor even to OECD countries, as shown by many relevant experiences coming from areas such as South America, Africa or Asia.

Moreover, thanks to the evolution in these partnerships and in the type of actors, we have the opportunity to develop what could be considered “post-corporatist” ecosystems/partnerships, where social economy actors embrace lobby action beyond the defence of their own narrowly defined self-interests. On the other hand, public actors have the opportunity to take action in the same sense and re-define the role of Social Economy actors in all stages of the policy processes also at international level.

The changes also in basic assumptions on international cooperation: the changing landscape of the international community, the practices and research has opened up an opportunity which is also a challenge to pursue not only North-South or South-South initiatives, but also South-North ones since the relevant flows included in these initiatives are not exclusively (nor even primarily) financial ones.

Crisis as an opportunity: we have already mentioned the emergence of new types of social entrepreneurship and we would also like to highlight the changed conditions in the ecosystem which also facilitates improved impacts.

⁵ Translation by the author.

The leading role and the nature of the European Union itself: despite recent developments and challenges posed to the role of the European Union as an international reference (partly due to its current internal situation and its response to those challenges) this is an unique initiative in terms of complex responses to international problems. Thus, there is a moral obligation to bring its expertise in researching and implementing Social Economy policies to its international initiatives. Also, by enacting this moral obligation it can find the best way to address those challenges mentioned before.