

*India-Brazil South-South Research Partnership in SSE (Supported by the ILO)*

**Mapping the SSE Landscape in India and Brazil  
through South-South and triangular cooperation:**

**A focus on Gender-Based Initiatives in Social and  
Solidarity economy**

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## 1. SSE and the ILO

### 1.1 Recognition of the SSE in ILO's Agenda

According to the *Foreword of the Reader on the first Academy on Social and Solidarity Economy*<sup>1</sup> (2010), the ILO has been involved in the promotion of the Social and Solidarity Economy since its establishment. In 1920, the ILO Director-General created a Cooperative Branch, now the ILO Cooperative Programme (EMP/COOP). The first ILO official document making reference to the Social and Solidarity Economy dates back to the proceedings of the 11<sup>th</sup> Session of the Governing Body (January 1922). In the 1980's the ILO developed the concept of 'social finance', which covers a broad variety of microfinance institutions and services. In 2001, the ILO set a New Consensus on social security that gives the highest priority to extending coverage to those that have none, leading the ILO to further increase its support to community-based protection schemes and mutual benefit societies. More recently, the ILO has started to promote 'social enterprises' and 'social entrepreneurship'.

The concept of Social and Solidarity Economy is already an integral part of many ILO initiatives and programmes, such as labour-intensive programmes, the promotion of eco-tourism and fair trade, support to indigenous minorities, local economic development projects, ILO/AIDS, green jobs and, more broadly, sustainable enterprises and the social protection floor. The ILO has developed, over decades, an extensive expertise in Social and Solidarity Economy, and developed a comprehensive set of strategies and tools for serving people in their quest for social justice through Decent Work.

Promoting Social and Solidarity Economy is about contributing both simultaneously and in a mutually reinforcing manner to each dimension of the Decent Work Agenda.<sup>2</sup> Enterprises and organizations of the Social and Solidarity Economy create and sustain jobs and livelihoods, extend social protection, strengthen and extend social dialogue for all workers, and promote the application and enforcement of standards for all. In this time of crisis recovery, the promotion of social economy within the Decent Work Agenda framework is a significant ally for implementing the Global Jobs Pact, from local to global levels.

Also, the ILO Declaration on Social Justice for a Fair Globalization (2008) states that "productive, profitable and sustainable enterprises, together with a strong Social and Solidarity Economy and a viable public sector, are critical to sustainable economic development and employment opportunities".

The ILO recognizes that today, the Social and Solidarity Economy is a reality in many people's lives because it promotes values and principles that focus on people's needs and

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<sup>1</sup><http://socialeconomy.ilo.org/en/2010-edition>

<sup>2</sup>The Decent Work Agenda (DWA) was formulated by the ILO's constituents – governments and employers and workers – as a means to identify the Organization's major priorities. It is based on the understanding that work is a source of personal dignity, family stability, peace in the community, democracies that deliver for people, and economic growth that expands opportunities for productive jobs and enterprise development. The main aspects of DWA are: promoting jobs, guaranteeing rights at work, extending social protection and promoting social dialogue.

on their communities. In a spirit of voluntary participation, self-help, and self-reliance, and through enterprises and organizations, it seeks to balance economic success with fairness and social justice, from the local level to the global level.

In this perspective, the ILO Regional Conference *The social economy – Africa's response to the crisis* organized in 2009 in Johannesburg confirmed the increasing interest of ILO Constituents in SSE, and this conference led to a tripartite consensus with the adoption of the *Plan of Action for the promotion of Social and Solidarity Economy enterprises and organizations*.

The ILO further decided to support the needs of ILO constituents and other Social and Solidarity Economy stakeholders by organizing a yearly International Academy. The International Academy, which has brought together participants from across the world, contributed to the ILO's work on the Social and Solidarity Economy for the promotion of decent work for all. The main objective of the Social and Solidarity Economy Academy is to generate a better understanding of the concept of Social and Solidarity Economy and its possible contribution to social innovation in the world work.

The first Academy, entitled "*Social and Solidarity Economy: understanding common concepts*", took place in Turin (Italy) in 2010. The second Social and Solidarity Economy Academy took place in Montreal (Canada), in 2011, and specifically discussed "*Social and Solidarity Economy: Our common road towards Decent Work*". The third Social and Solidarity Economy Academy took place in Agadir (Morocco), in 2013, and had as main theme "*Social and Solidarity Economy: an opportunity to enhance youth employment*". The fourth edition of the Academy on Social and Solidarity Economy was held in Campinas (Brazil), in 2014, and the main topic of this edition was "*Social and Solidarity Economy: towards inclusive and sustainable development*". In this edition, the Academy had a special focus on the Social and Solidarity Economy Organizations (SSEOs) added value in terms of inclusiveness and sustainability and the role that the SSE can play in the debate of the UN post-2015 development agenda. The fifth edition of the ILO Academy on Social and Solidarity Economy was held in Johannesburg, South Africa (2015), and had as main theme "*Social innovation in the world of work*". In other words, the 5<sup>th</sup> Academy has a special focus on how Social and Solidarity Economy organizations and social enterprises develop and bring to scale innovative models for social and economic inclusion solutions providing services and products that add social, economic and environmental value. Also in 2015, the ILO was part of the organization of the sixth Edition of the Academy on Social and Solidarity Economy that took place in Puebla (Mexico), in November.

Other important events in which the ILO acted as a key partner were carried out with the United Nations Research Institute for Social Development (UNRISD): "*Potential and Limits of the Social and Solidarity Economy*" (2013) and "*Social and Solidarity Finance: Tensions, Opportunities and Transformative Potential*" (2015), both held in Geneva, at the ILO headquarters, with the participation of the Emerging and Special Partnerships Unit of the Partnerships and Field Support Department (PARDEV) as a strategic partner, both due to their supporting staff and to the granting of South-South scholarships for international experts from South.

## 2. SSE and SSTC in the world of work

### 2.1 SSTC: brief historic, objectives and elements

Cooperation between developing countries has been part of global development cooperation since the 1970s, but only recently it has gained greater visibility. The growing importance and relevance of South–South and triangular cooperation have been reaffirmed by several of the main UN Conferences.

South–South and triangular cooperation is complementary to traditional North-South relations, and incorporates the idea that “through a spirit of solidarity, developing countries can provide sustainable solutions to their own problems and at lower cost”. In this way, “South-South Cooperation efforts – including the identification of successful experiences in one country and their adaptation and application in another – are an important addition to the dissemination of decent work outcomes under the ILO’s four strategic objectives”. At the same time, it “enables the formation of networks between both developing countries and traditional donors in triangular schemes that contribute to a fair globalization”. Seen in this way, it is understood that “the ILO can play an important role not only as a support channel but also as an institution that maximizes financial, logistical and technical resources” (Amorim, 2013, p. 8).<sup>3</sup>

Thus, South–South and triangular cooperation are seen as an important means to tackle the challenges faced by the less developed countries. The Istanbul Programme of Action<sup>4</sup> highlights South–South cooperation as an important aid modality and asks the developing countries to promote this cooperation with the less developed countries.

A brief retrospective and the main landmarks of the South–South and triangular cooperation follow below:

- Buenos Aires Plan of Action on Technical Cooperation between Developing Countries (TCDC, 1978);
- In 2004, the High-Level Committee on the Review of Technical Cooperation among Developing Countries spawned the High-level Committee on South-South Cooperation. Under the guidance of the High-Level Committee, the United Nations system has given priority to South–South and triangular cooperation as a fundamental form of the promotion of collaboration initiatives at the national, the regional and the inter-regional level;
- In December 2009, the High-Level United Nations Conference on South–South cooperation, held in Nairobi, gave a considerable political boost to South–South and triangular cooperation, requesting that the organizations of the United Nations system make additional efforts toward ensuring fulfillment of the expectations of the member states in relation to support for this form of cooperation;

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<sup>3</sup>Amorim, Anita (Coordinator), *South-South Cooperation and Decent Work: Good Practices*. ILO, Geneva, 2013.

<sup>4</sup>Fourth United Nations Conference on the Least Developed Countries (LDC-IV), Istanbul, 2011. Additional information at: <http://www.un.org/wcm/content/site/ldc/home/Background>.

- In 2010, the Nairobi Outcome Document, drawn up in 2009 and approved by the UN General Assembly in 2010, provided the most comprehensive and far-reaching definition of South–South and triangular cooperation within the context of the United Nations system;
  - In this same year (2010) – during the Global South–South Development Expo – India, Brazil, and South Africa (IBSA) signed a Statement of Intent with the ILO on South–South and triangular cooperation in the area of decent work. The Statement reaffirms the intention to strengthen the ILO’s South–South cooperation programme, looking to promote greater solidarity and equality amongst countries and peoples on labour matters;
  - Later, in 2012, the government of India hosted the first IBAS Conference of Ministers on decent work, and many initiatives are under way to support this Declaration, in collaboration with the Special Unit for South- South Cooperation of the United Nations Development Programme;
- Also in 2012, the relevance of South–South and triangular cooperation was reaffirmed in the *Quadrennial Comprehensive Policy Review of operational activities for development of the United Nations System* (2012), which dedicates one part to South–South cooperation.

In relation to the abovementioned Nairobi Outcome Document, it is interesting to bear in mind its main aspects<sup>5</sup>, since they allow us to visualize the main constituent elements of South–South and triangular cooperation, namely:

- a) South–South and triangular cooperation takes initiatives at social, economic, environmental, technical and political level, and is a useful tool to involve the social partners from the developing countries in the promotion of the Decent Work Agenda, through development cooperation;
- b) South–South and triangular cooperation is a manifestation of solidarity between the countries and peoples of the South that contributes to national well-being, national and collective self-reliance, and the attainment of the development objectives, including the Sustainable Development Goals;
- c) South–South and triangular cooperation should not be seen as official development assistance, but as an egalitarian partnership based on solidarity; not a substitute for North-South cooperation, but rather a complement to it. Here is where the concept arises of “triangular cooperation”, which is defined as “South–South cooperation, supported by a partner from the North”;<sup>6</sup>

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<sup>5</sup> Based on the document: “South–South and triangular cooperation: The way forward”, 313th Session, Geneva, 15–30 March 2012. Available at: [http://www.ilo.org/wcmsp5/groups/public/—ed\\_norm/—relconf/documents/meetingdocument/wcms\\_172577.pdf](http://www.ilo.org/wcmsp5/groups/public/—ed_norm/—relconf/documents/meetingdocument/wcms_172577.pdf).

<sup>6</sup> As examples of this cooperation we can mention that the ILO has already been involved in such triangular experiences, in the agreement between the United States and Brazil to support Haiti in the fight against child labour in the construction sector, as well as in the Memorandum of Understanding between Brazil and the United States, signed in 2011, for the promotion of decent work through South–South and triangular cooperation.

d) South–South and triangular cooperation takes on different and evolving forms, including in particular the sharing of knowledge and experiences, training and technology transfer;

e) The ILO’s “tripartism” is an advantage for it plays a significant role in South–South and triangular cooperation since it can incorporate proposals, contributions and demands, both from the governments, as well as from the employers and workers. In other words, the tripartite structure of the ILO provides a useful platform for the building of consensus and cooperation among the actors from the developing countries. The governments, employers, and workers in the Member States constitute the largest network of knowledge concerning the world of work. Through social dialogue, the representatives of this tripartite structure can share viewpoints on issues of common interest in the economic and social policy area;

f) Through South–South and triangular cooperation, a certain cross-cutting nature can be perceived between its objectives on behalf of building more inclusive and sustainable patterns of development, permitting the tackling of the global crisis in its different facets (economic, financial, labour, food, energy etc.). Seen in this way, within the United Nations system, the ILO could play a distinct and unique role for resolution of such crises, for example, through the application of the ILO’s Declaration on Social Justice for a Fair Globalization (2008)<sup>7</sup> and of the Global Jobs Pact (2009);<sup>8</sup>

g) South–South and triangular cooperation has been an effective means to promote cooperation between trade unions and universities, with the purpose of strengthening knowledge and research capacity for interventions in terms of policies and organizational development. The economic crisis has led to an increase in unstable and vulnerable employment in the world, particularly in the South. In response, the knowledge, and experience of the trade unions may be an advantage in the drawing up of national and international policies directed to these issues.<sup>9</sup>

According to Morais (2014),<sup>10</sup> explicitly and implicitly, there are certain *constituent elements* in the ideas and actions of South–South and triangular cooperation, such as:

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<sup>7</sup> This Declaration defines four strategic objectives: (1) creation of greater opportunities for women and men, so as to ensure employment and income; (2) improvement in the coverage and effectiveness of social protection for all; (3) strengthening of tripartism and social dialogue; (4) promotion and implementation of fundamental standards, principles and rights at work. Available at: [http://www.ilo.org/public/portugue/region/eurpro/lisbon/pdf/resolucao\\_justicasocial.pdf](http://www.ilo.org/public/portugue/region/eurpro/lisbon/pdf/resolucao_justicasocial.pdf)

<sup>8</sup> Available at: [http://www.oit.org.pe/1/wp-content/uploads/2009/12/OIT\\_Pacto\\_Mundial\\_PORT\\_web.pdf](http://www.oit.org.pe/1/wp-content/uploads/2009/12/OIT_Pacto_Mundial_PORT_web.pdf)

<sup>9</sup> One of these examples of cooperation is the Global Labour University, which is a network created in partnership with the ILO, one of the few advanced educational infrastructures that promotes capacity-building and knowledge for trade unionists from countries of the South. In the same way, the ILO’s Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) has been practicing and promoting South–South and triangular cooperation at regional level, through a platform for sharing knowledge and a network of policies for capacity building, linking public institutions, international organizations, organizations of social partners, universities and civil society. For additional information, it is suggested to consult the already-referenced work coordinated by Amorim (2013).

<sup>10</sup> MORAIS, L. *Social and Solidarity Economy and South – South and triangular cooperation in Latin American and Caribbean: Contributions to inclusive sustainable development*. Geneva: ILO, 2014

- Taking in initiatives in the social, economic, environmental, technical and political realms;
- Manifestation of solidarity;
- Egalitarian partnership based on solidarity, on the sharing of knowledge and experience, and on training and technology transfer;
- Tripartism and the building of consensus and cooperation between the actors;
- Social dialogue;
- Shared interest;
- Emerges out of a socio-economic demand;
- Respect for autonomy, peculiarities, and priorities at national level;
- Cross-cutting nature of actions and objectives;
- Cooperation between trade unions and universities;
- Strengthening of knowledge and research capacity for interventions in policies and organizational development.

The Brasilia declaration (June 6, 2003) establishing the IBSA Dialogue Forum as a trilateral joint development initiative between India, Brazil and South Africa, which recognizes a common interest in and priorities placed on “the promotion of social equity and inclusion”, acknowledges “trilateral cooperation as an important tool for achieving the promotion of social and economic development” and states their intention to give “greater impetus to cooperation among their countries”, affirming also their agreement that “globalisation must become a positive force for change for all peoples and that must benefit the largest number of countries”. In 2010, the IBSA Ministries of Foreign Affairs signed an agreement with the ILO with the goal to further develop and promote South-South and Triangular Cooperation, in order to contribute effectively to the implementation of the Decent Work Agenda and its four strategic objectives that are inseparable, interrelated and mutually supportive. This agreement was followed by a Declaration of Intent signed in 2012, namely to: “intensify and further enhance policy dialogue and exchanges between India, Brazil and South Africa (IBSA countries) and the ILO in areas included in the Decent Work agenda; and to promote South-South cooperation among all development actors – multilateral organizations, social partners, donors agencies, civil society organizations -, as a complement to North-South and triangular relations (ILO, 2015).

The recognition and pertinence of these elements in the projects and actions of South-South and triangular cooperation may be reiterated with analysis of the Guidelines from the above-mentioned Document “Quadrennial Comprehensive Policy Review of Operational Activities for the Development of the UN System” – QCPR (2012), and the importance that this document assigns to South-South and triangular cooperation.

As can be noticed, these elements converge with the constituent elements of the Social and Solidarity Economy, making of the latter, and of South-South and triangular cooperation, complementary instruments of support to the economic and social development of the territories in which experiences and practices along those lines exist.

Another important Document is the “*2030 Agenda for Sustainable Development*”. This Agenda is a plan of action for people, planet, and prosperity. It also seeks to strengthen universal peace in larger freedom. The Document recognizes that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. All countries and all

stakeholders, acting in collaborative partnership, will implement this plan. The 17 Sustainable Development Goals and 169 targets, which are put forward by the Agenda, demonstrate the scale and ambition of this new universal Agenda. They seek to build on the Millennium Development Goals and complete what these did not achieve. They seek to realize the human rights of all and to achieve gender equality and the empowerment of all women and girls. They are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental.<sup>11</sup>

A careful reading of this Agenda demonstrates the relevance of all seventeen goals. However, in the case of the objectives of this study, we emphasize two of them: the eighth (*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*) and seventeenth (*Strengthen the means of implementation and revitalize the global partnership for sustainable development*).

**Box: Goal 8 -Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries
- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors
- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- By 2020, substantially reduce the proportion of youth not in employment, education or training
- Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment
- By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all

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<sup>11</sup> More information: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

- Increase Aid for Trade support for developing countries, in particular, least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries
- By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization

Source: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

### **Box: Goal 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development**

- Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
- Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 percent of ODA/GNI to developing countries and 0.15 to 0.20 percent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 percent of ODA/GNI to least developed countries
- Mobilize additional financial resources for developing countries from multiple sources
- Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress
- Adopt and implement investment promotion regimes for least developed countries

Source: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

These two objectives reinforce the importance of decent work and South – South cooperation, which is an important opportunity to strengthen partnerships for sustainable development. Such capabilities are reinforced above all by incorporating the Social and Solidarity Economy, as we will notice ahead.

## **2.2 ILO and SSTC in practice: some consideration**

As registered in “South–South and triangular cooperation: The way forward” (2012), Brazil became the first partner from the south to support the ILO’s Technical Cooperation Programme, through a South–South cooperation agreement. Since that time, the ILO has formally strengthened its role as a bridge between the countries of the South, helping them to share experiences on decent work and to move forward to the achievement of the Millennium Development Goals. Subsequently, new partners from the Global South have established partnerships and indicated interest in the promotion of the Decent Work Agenda through South–South and triangular cooperation, including South Africa, Argentina, Chile, China, India, Kenya, and Panama. The main points of entry for the ILO’s South–South and triangular cooperation activities have been integrated packages targeting areas like the promotion of employment creation and of social protection floors, sectoral activities, migration, child labour, forced labour, green jobs, social dialogue and the development of competencies and capabilities.<sup>12</sup>

<sup>12</sup> For a more detailed view, consult Amorim (2013), as well as the document “Brazil’s Contribution to the ILO South-South and Triangular Cooperation Strategy; An overview: 2011-2013”. VII Annual Review Meeting, ILO, Geneva, 18 June 2013.

The following may be cited as examples of South–South and triangular cooperation actions and practices:<sup>13</sup>

1. Initiative to combat child labour in Brazil, Bolivia, Ecuador, and Paraguay;
2. Supporting actions to comply with the targets for 2015 for elimination of the worst forms of child labour in the Lusophone countries of Africa;
3. Inter-American Centre for Knowledge Development in Vocational Training CINTERFOR – ILO and South–South and triangular cooperation;
4. South–South and triangular cooperation and social protection;
5. South–South cooperation for implementation of gender-sensitive Social Protection Floors (SPFs) at national level;
6. Innovations in Public Employment and Inclusive Sustainable Growth Programmes;
7. Programmes in the area of the green economy, as Brazil’s “Green Allowance” Programme;
8. Recent experiences: an initial South–South mission was organized for consultation and knowledge sharing with an Indian specialist in “Mission Convergence”, within the context of the development of a social protection system (2012); South–South interchange missions took place with preminent Thai specialists from the National Office for Health Security and from the Office of Research of the Health Insurance System, to support the conceiving of a computer system for management and monitoring of the Health Insurance Scheme of the National Social Security Fund (2012); In Togo, the South–South cooperation initiative supports the National Social Protection Commission (2012); Nairobi for the Global South–South Development Expo (2013); South–South Cooperation for Sustainable Development and Poverty Eradication” (2013);

Within this perspective, important events should be highlighted, which served (and continue to serve) as a rich space for knowledge and exchange of diverse experiences between the protagonists of the social and solidarity economy (practitioners, researchers, governments and representatives of institutions, amongst others) on different topics surrounding the social and solidarity economy and its practice. They are: the ILO’s Social and on the Solidarity Economy Academy,<sup>14</sup> overall in Agadir (2013), Campinas (2014), Johannesburg (2015) and Puebla (2015) where we discussed deeply the connections between Social and Solidarity Economy and South – South Cooperation and the UNRISD’s Conference on the Potential and Limits of the Social and Solidarity Economy (2013) and Social and Solidarity Finance: Tensions, Opportunities and Transformative Potential (2015).

### **3. Social and Solidarity Economy (SSE) and IBSA**

#### **3.1 IBSA Declaration and SSTC**

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<sup>13</sup> For a more detailed view Morais (2014).

<sup>14</sup><http://socialeconomy.itcilo.org/>

India and Brazil, together with South Africa, as responsible leaders of the emerging Global South, driven by the imperative to open up new possibilities beyond the Washington consensus, have established the IBSA Dialogue Forum to articulate a new framework for equitable growth and to build a new global agenda towards “the goal of a fair and equitable world order”<sup>15</sup> based on a greater role and voice of the South. The guiding force of IBSA is “the shared vision of the three countries that democracy and development are mutually reinforcing and the key to sustainable peace and stability” (IBSA, Tshwane Declaration, 2011, p.2).<sup>16</sup> IBSA strives to “contribute to a new world order whose political, economic and financial architecture is more inclusive, representative and legitimate” (*ibid.*) that reflects the changed realities of the global economy in the 21st Century, through the increased voice and representation of emerging economies and developing countries, thereby creating an international architecture for a global economy that works for the poor, albeit through a “soft balancing” approach.

Continuing the postcolonial search for equality (which originated in the Bandung conference in 1955, where India played a key role), India, Brazil, and South Africa are today negotiating new roles in the evolving global system, commensurate with their increasing economic and regional importance. Meeting on the sidelines of the G8 summit on June 2, 2003, in Evian, the leaders of the three countries expressed a disappointment over their “symbolic” presence in the meeting and emphasized on the need for them to move to a more active and constructive engagement in shaping a new world order. As LuizInácio Lula da Silva, then President of Brazil put it, “What is the use of being invited for dessert at the banquet of the powerful?”, adding, “We do not want to participate only to eat the dessert; we want to eat the main course, dessert and then coffee.” (quoted in Kurtz-Phelan 2013;<sup>17</sup> Stuenkel, 2015<sup>18</sup> ).

The "India, Brazil and South Africa Dialogue Forum" (IBSA) was formally established with the adoption of the “Brasilia Declaration” on 6 June 2003, at the pioneering meeting of the foreign ministers of the three countries who examined “ themes on the international agenda and those of mutual interest”, emphasized “their intention to give greater impetus to cooperation among their countries”, and identified the “trilateral cooperation among themselves as an important tool for achieving the promotion of social and economic development”.<sup>19</sup> IBSA is founded on the values of participatory democracy, respect for human rights, the Rule of Law and multilateralism, and committed to “inclusive sustainable development, in pursuit of the well-being of their peoples and those of the developing world”.<sup>20</sup>

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<sup>15</sup>First IBSA summit Meeting, Joint Declaration, Brasilia, 13 September 2006. #8, p.3

<sup>16</sup>IBSA, 2011, Tshwane Declaration, 18 October, India-Brazil-South Africa (IBSA) Dialogue Forum, Fifth Summit of Heads of State and Government, [http://www.ibsa-trilateral.org/images/stories/documents/declarations/FINAL\\_Tshwane\\_Declaration\\_18Oct\\_12h23.pdf](http://www.ibsa-trilateral.org/images/stories/documents/declarations/FINAL_Tshwane_Declaration_18Oct_12h23.pdf)

<sup>17</sup> Kurtz-Phelan, Daniel, 2013. “What is IBSA Anyway?”, *Americas Quarterly*, Spring. [www.americasquarterly.org/content/what-ibsa-anyway](http://www.americasquarterly.org/content/what-ibsa-anyway)

<sup>18</sup>Stuenkel, Oliver, 2015. “The Uncertain Future of IBSA”, Carnegie Endowment for International Peace, 18 February. <http://carnegieendowment.org/2015/02/18/uncertain-future-of-ibsa>

<sup>19</sup>IBSA Declaration, Brasilia, 6 June 2003, IBSA Dialogue Forum Website, [http://ibsa.nic.in/brasil\\_declaration.htm](http://ibsa.nic.in/brasil_declaration.htm), accessed 18 September 2015.

<sup>20</sup> About IBSA—Introduction, IBSA Dialogue Forum website, <http://www.ibsa-trilateral.org/>, accessed on 25 September 2015.

The IBSA Dialogue Forum provides an important framework to further trilateral cooperation among three of the most important developing countries in the world, which have undertaken to continue to advance the agreed principles underlying South-South cooperation. In their 5th summit, the IBSA Leaders reaffirmed that South-South cooperation is complementary to, and not a substitute for, North-South cooperation. The Leaders re-emphasized that South-South cooperation is a common endeavour of peoples and countries of the South, a “partnership among equals, and must be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit” (IBSA, Tshwane Declaration 2011, p.10).<sup>21</sup>

The formation of IBSA as a new entity has been seen positive in different ways in the international arena and has created high expectations. While for some, it is “a natural development, long overdue, in order to fulfill the need for flexible arrangements in a changing world order, with greater participation of developing countries, while at the same time articulating themselves regionally and within the framework of established international organizations” (Amorim 2008, p.10).<sup>22</sup>

Solidarity is a key defining feature of the SSTC. The IBSA solidarity is based on the following important commonalities, which the three countries share: In the first place, they are three multiethnic, multicultural democracies. Secondly, a colonial past binds them to a common history. Third, these are three countries that recognize they still face the challenge of combating poverty and inequality within their borders. Fourth, they are part of the developing world, but have, in recent years, experienced rapid economic growth rates, have expertise in some areas of high technology and are increasingly well integrated into the global production networks. Fifth, located on three different continents, each has strategic geopolitical importance and has the capacity to act on a global scale (de Souza, Francisco Figueiredo 2009, p.8).<sup>23</sup> Thus, the IBSA partnership exhibits some striking features of both synergy and complementarities between the three countries, which have developed a self-critical awareness of their new roles in the new international architecture to be part of the solution to the global problems.

IBSA keeps an open and flexible structure. It does not have a headquarters or a permanent executive secretariat. The IBSA Dialogue Forum is structured around regular consultations at Senior Official (Focal Point), Ministerial (Trilateral Joint Commission) and Heads of State (Summit) levels. There are also sixteen intergovernmental working groups for different sectoral areas. More significantly, IBSA is not limited to government initiatives through these structures only. It broadens its spheres of engagement through different people-to-people forums aimed at deepening the relationship between the societies in India, Brazil and South Africa through the exchange of ideas and cooperation

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<sup>21</sup>IBSA, 2011, Tshwane Declaration, 18 October, India-Brazil-South Africa (IBSA) Dialogue Forum, Fifth Summit of Heads of State and Government., [http://www.ibsa-trilateral.org/images/stories/documents/declarations/FINAL\\_Tshwane\\_Declaration\\_18Oct\\_12h23.pdf](http://www.ibsa-trilateral.org/images/stories/documents/declarations/FINAL_Tshwane_Declaration_18Oct_12h23.pdf)

<sup>22</sup>Amorim, Celso, 2008. Presentation at the First Academic Seminar of the IBSA Dialogue Forum held in September 2006. Brasília, Fundação Alexandre de Gusmão: FUNAG.

<sup>23</sup>Francisco Figueiredo de Souza, “IBSA: A Brazilian perspective”, In: *Emerging Powers: India, Brazil and South Africa (IBSA) and the Future of South-South Cooperation*, Special Report, August 2009, Washington, DC, Woodrow Wilson International Center for Scholars.

and as a means of engaging society at the grassroots level. Thus, this Forum has also spread its activities to encompass a broad range of forums (such as the Academic Forum, Business Council, Editors Forum, Intergovernmental Relations and Local Government, Parliamentary Forum, Tri-nations Summit on Small Business, and the Women's Forum) to facilitate interaction amongst academics, business and other members of civil society (<http://www.ibsa-trilateral.org/about-ibsa/background>).

Thus, the IBSA framework operates through three distinct pillars of cooperation. One pillar drives the efforts of the IBSA countries to coordinate their positions on global and regional political issues, such as, the reform of the global institutions of political and economic governance, (such as the UNSC/WTO/Bretton Woods Institutions etc.) in order to strengthen multilateralism and make it more responsive to the interests of the global South. It has also coordinated its positions around a range of issues like climate change, TRIPS, Terrorism, Peace and Security, MDGs and Sustainable Development etc. (IBSA 2007).<sup>24</sup> These are primarily political and diplomatic in substance and operated at the highest level through the Summits of Heads of State and Government. In addition to that, the Foreign Ministers meet about once a year to preside over the Trilateral Ministerial Commission meetings of the Forum. These Summits and Joint Ministerial Commissions (as well as on occasions when foreign ministers meet on the margins of the United Nations General Assembly) have issued Communiqués and Declarations that consolidate its common positions, which thus constitutes a repository of common positions about a wide range of global issues.

While sharing similar interests and aspirations with regard to global issues and governance, the IBSA countries face common challenges of poverty, inequality, deficit in technical expertise in certain areas. In order to address this issue, the IBSA Forum has the second pillar designed to share expertise and experiences of best practices with one another among the three countries. This pillar operates through various sectoral working groups to propel closer engagement and collaboration between sectoral specialists from the three countries through concrete development projects. Today the Forum has inter-governmental Working Groups in areas like agriculture, culture, defense, education, energy, environment and climate change, health, information society, human settlements, public administration, revenue administration, science and technology, social development, tourism, trade and investment, and transport and infrastructure. The work of the working groups has also been complemented by the different people-to-people forums, which constitute an important track, going beyond the government, to intensify social cooperation among the three countries under the IBSA umbrella.

The third important pillar of cooperation is the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (the IBSA Fund) which was created in 2004 with the purpose to identify and support replicable and scalable projects that can be jointly adopted and implemented in interested developing countries as examples of best practices in the fight against poverty and hunger. The Fund is a breakthrough, and a pioneering effort to implement south-south cooperation through the multilateral system and a unique initiative to enhance south-south cooperation for the benefit of the least developed countries. The Special Unit for South-South Cooperation (SU/SSC) of the UN Development Programme serves as the Fund Manager and the secretariat of the Board of Directors of the IBSA Fund. The IBSA Fund Board of Directors comprises the Ambassadors, Permanent Representatives and Deputy Permanent Representatives of India, Brazil and South Africa

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<sup>24</sup>IBSA, 2007, Fourth Meeting of the Trilateral Commission of the IBSA Dialogue Forum, New Delhi Ministerial Communiqué. [http://ibsa.nic.in/4\\_tcm.htm](http://ibsa.nic.in/4_tcm.htm) (accessed on 1 October 2015).

to the United Nations in New York. IBSA projects, need to adhere to specific criteria (such as national ownership and leadership, local capacity development, south-south cooperation, and use of IBSA country capacities, sustainability, replicability, innovation, and impact) and are executed through partnerships with UN agencies, national institutions, local governments, and NGOs.

Since it began its operation in 2006, IBSA countries have contributed US\$27 million to the Facility in support of 16 projects in partnership with 13 countries across a wide variety of thematic projects with the objective of advancing the 8 MDGs. Its portfolio of projects spans Africa, Asia, the Arab States and Latin America. To date, 73.7 percent of the IBSA fund portfolio has been allocated to least developed countries (LDCs).

Examples of the projects in countries and sectors, supported by the IBSA Fund, include: a solid waste management project in Haiti, increasing the capacity of the government and the Civil society in Burundi to combat the spread of HIV/AIDS, projects for agricultural development, adult literacy and clean energy in Guinea-Bissau, development of infrastructure and capacity to provide quality medical care services for children and adolescents with special needs in Cambodia, Establishment of a Rice Seed Production Hub to enhance agricultural yield, thereby developing rural livelihoods reducing poverty and hunger among communities in Vietnam, Project to provide safe drinking water to reduce or eliminate the health risks as well as develop climate-change adaptation measure in Cape Verde, Creation of a Sports facility to enhance access for youth and to sporting activities that encourage team-building, positive role models and the development of leadership skills of the youth in Palestine, Enhancing Livelihoods Through Fish Farming and Agriculture in Lao PDR, and a project to strengthen the capacity of key State institutions in Sierra Leone to implement macroeconomic reforms and good governance practices for poverty eradication. New projects in Sudan and South Sudan have also been approved as post-conflict and reconstruction development (PCRD) country in need of support for their developmental challenges.

The IBSA Fund is an innovative mechanism and the major instrument to produce tangible results on the ground. It runs on a demand-driven approach, and a model to lead by example the South-South cooperation agenda in partnership with the United Nations system. It is a great idea that may not only alleviate poverty, but also enhance the debate about innovative ways of poverty reduction and south-south cooperation in general (Stuenkel 2014).<sup>25</sup> In the few years of its operation, despite its small size, it has achieved a record of remarkable success. The IBSA Fund was given the South-South and Triangular Cooperation Champions Award in 2012 by the United Nations for its innovative approach. It was also the recipient of the MDG Award in 2010 and the United Nations South-South Partnership Award in 2006. The IBSA Fund for Alleviation of Poverty and Hunger plays an important role through sharing of developmental experience of IBSA countries for inclusive and sustainable growth and empowerment of the peoples of developing countries. At their meeting on 24 September 2014 held at the sidelines of the 69th session of the UNGA in New York, the IBSA foreign ministers emphasized that “the footprint of IBSA Fund should be expanded to reach out to other countries in need of immediate developmental assistance. The Ministers also stressed the need to explore IBSA Fund projects aimed at women’s empowerment”.<sup>26</sup>

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<sup>25</sup>Stuenkel, Oliver, 2014. “South-South Cooperation: Does the IBSA Fund Matter?”, *Post-Western World*, 27 January. <http://www.postwesternworld.com/2014/01/27/south-cooperation-matter/>

<sup>26</sup><http://www.ibsa-trilateral.org/about-ibsa/ministerial-meetings/foreign-ministers>

IBSA is an emerging trinity in the new geography of international trade. The formation of IBSA as a platform for political consultation and economic cooperation is emblematic of what UNCTAD refers to as “the new geography of international trade” (Puri/UNCTAD 2007).<sup>27</sup> IBSA countries have acquired significantly increased weight and influence in international trade and economy and are contributing in an unprecedented way to its dynamism. The integrative efforts of this “ginger group”, driving as well as benefiting from its new found robustness, is opening new avenues for South-South Cooperation in several areas, including on commodities, manufacturing and services exports, transport and energy issues, FDI and transfer of technology etc., while also attempting to strengthen intra-IBSA trade, investment, transfer of technology and economic cooperation in terms of the IBSA Plan of Action adopted in New Delhi in 2004.

Given relatively low levels of previous economic interaction, the IBSA ministers made a modest commitment to increase the intra-IBSA trade flows to US\$ 10 billion by 2007 (IBSA 2004),<sup>28</sup> which was enhanced to US\$ 15 billion by 2010, and now to US\$ 25 billion by 2015. In 2003, intra-IBSA trade amounted to US\$ 3.9 billion, which has grown to US\$ 23 billion. This suggests that intra-IBSA trade has increased very significantly since the Forum was created and is already very close to the target, which is a very promising basis to build on more ambitious targets. In the assessment of the UNCTAD, IBSA countries could reinforce each other’s economic strength by creating a market of 1.2 billion people, 1.8 trillion dollars of GDP and foreign trade of more than \$730 billion.<sup>29</sup> IBSA partnership is also of immense strategic value for multilateral negotiations and shaping their respective roles in global economic governance (*op.cit.*).

IBSA can be distinguished from previous ‘dialogues between developing countries’ or ‘coalitions of the south’, which were characterized by amorphous memberships and based on ideological differences. Therefore, despite the emergence of BRICS (where the three IBSA countries have an overlapping membership), IBSA does not lose its significance. The IBSA countries share many commonalities that are not necessarily shared by China or Russia.

The IBSA countries are multi-cultural and multi-party democracies, and thus, the IBSA provides a platform to freely debate in a complex political context on how to deliver on *growth in the framework of democracy*. As a bloc, IBSA is thus more homogeneous and coherent (ideologically, politically, and socioeconomically) than BRICS. The shared democratic experience, common values, and vision give IBSA greater strength and long-term potential. In the words of the former Prime Minister of India, Dr. Manmohan Singh, “IBSA has a personality of its own. BRIC is a conception devised by Goldman Sachs”, and “We should preserve the common principles and values we stand for” (Quoted in Kurtz-Phelan 2013, p.2).<sup>30</sup> The IBSA has a common interest in some aspects of global governance reform, not shared by Russia and China. For example, while the IBSA

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<sup>27</sup>Puri,Lakshmi, 2007. “IBSA: An Emerging Trinity in the New Geography of International Trade”, Policy Issues in International Trade and Commodities, Study series # 35, UNCTAD/ITCD/TAB/36, Geneva, UNCTAD.

<sup>28</sup>IBSA, 2004. India-Brazil-South Africa (IBSA) Dialogue Forum: Plan of Action.  
<http://www.dfa.gov.za/docs/2004/ibsa0305a.htm>

<sup>29</sup>About IBSA—Introduction, IBSA Dialogue Forum website, <http://www.ibsa-trilateral.org/>, accessed on 25 September 2015

<sup>30</sup> Kurtz-Phelan, Daniel, 2013. “What is IBSA Anyway?”, *Americas Quarterly*, Spring.  
[www.americasquarterly.org/content/what-ibsa-anyway](http://www.americasquarterly.org/content/what-ibsa-anyway)

countries claim to be natural candidates for permanent membership in the UNSC, Russia and China may not be on the same page with them

IBSA predates BRICS, and there are substantial differences between their central priorities. BRICS's central priority is economic integration while IBSA's central focus is development, political coordination, and comprehensive integration of its members (achieved through a broader framework which extends beyond the government mechanisms to various civil society, people-to-people processes). It has a legitimate image through its profile as a development partner of the LDCs, providing cooperative exchanges on best practices. IBSA is "a voice for democratic values from the Global South" (CHRI 2013),<sup>31</sup> with a consolidated and homogeneous position in terms of development, democracy, and global governance reforms issues, and has a cohesive personality of its own. BRICS is a coalition concerning matters of "hard power" while IBSA is a coalition concerning matters of "soft power" (Arruda and Slings by 2014, p.3).<sup>32</sup>

### **3.2 SSE as an opportunity to fostering IBSA countries**

There is far more to IBSA than just trade and investment. One of the founding objectives of the IBSA Dialogue Forum, apart from the promotion of trade and investment opportunities, is "[t]o promote international poverty alleviation and social development programmes"<sup>33</sup> and the Forum seeks to complement each others' competitive strengths into collective synergies towards a new and more "inclusive sustainable development in pursuit of the wellbeing of their people".<sup>34</sup> At their 5<sup>th</sup> Summit (2011), the IBSA leaders further affirmed that "eradicating poverty continues to be the greatest global challenge facing the world today," and "stressed the need to strengthen social policies and to fight poverty, unemployment and hunger" as "a relevant priority in the context of an increasingly globalized world". They reaffirmed their commitment to the implementation of the MDGs and the objective of making the Right to Development a reality for everyone.

In the context of the neo-liberal economic policies, with their emphasis on market-led, export-oriented growth and capital accumulation, and especially since the recent global economic crisis, the problems of poverty and unemployment have worsened damaging the lives of people, eroding cohesive communities and thwarting the SDGs. Development is not about more growth, market, and trade. It is about building better lives and resilient communities in a sustainable way against the shocks, risks and crises (economic, environmental, and social) inherent in the system of capitalist growth. Corporate-driven globalization has caused a negative impact on the labour market in a large number of countries (and sectors), which face major challenges of income inequality, continuing high levels of unemployment and poverty, the vulnerability of economies to external

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<sup>31</sup>Commonwealth Human Rights Initiative (CHRI), 2013. *Newsletter*, Vol. 20, No. 1.

<sup>32</sup>Arruda, de Pedro Lara and Ashleigh Kate Slingsby, 2014. "Digesting the Alphabet Soup: A Comparative Institutional History of IBSA and BRICS", Research Brief No. 43. Brasilia, International Policy Centre for Inclusive Growth, UNDP, June. [www.ipc.undp.org](http://www.ipc.undp.org)

<sup>33</sup><http://ibsa.nic.in/aboutibsa.htm>

<sup>34</sup>IBSA Dialogue Forum, 5th Summit of Heads of State and Government, Tshwane Declaration 2011, <http://www.ibsa-trilateral.org>

shocks, and the growth of both unprotected work and the informal economy. The Social and Solidarity Economy (SSE) is an emerging response to reclaim the market for social ends. In other words, the SSE articulates an economy that brings social content and moral purpose, environmental focus and democratic character to capital (Dash 2014).<sup>35</sup>

As Paul Singer says, “Social and solidarity economy refer to collective practices of sustainable development that contribute to building a more just and egalitarian world (...) by linking economy to society, local to global, labour to investment, and production, consumption, and the environment” (quoted in ILO 2012, p.2).<sup>36</sup> Both India and Brazil are a tremendous source of innovations in SSE by which local communities rebuild their fractured lives, regenerate the local economy, restore their social fabric and ensure social protection, within a solidarity-based framework as a pathway to a more democratic, sustainable and better future. A large part of these low-cost, home-grown, community-driven, solidarity-based, wellbeing-focused, indigenous economic practices, governed by “other rationalities” and embedded in the local cultural contexts were pushed to the margin by the colonial and post-colonial predatory economic system, only to be rediscovered today, when they surprisingly proved resilient in the face of the crisis-ridden dominant model (Dash 2015).<sup>37</sup> Heavily concentrated with women, more so in the informal sector, these enterprises often lack labour standards, without any decent work opportunities, security, and protection for the workers.

The challenges facing countries around the world is to craft robust policy instruments designed to strengthen national capacity to restore the lifeline of the people through a job-intensive recovery process, an extension of social protection, and increasing opportunities for women and men to secure decent employment and income as a powerful driver of the SDGs. In the context of these challenges to achieve progress and social justice in the context of globalization, and more immediately, to provide a crisis response framework designed to guide national and international policies to counterbalance the effects of the economic crisis and stimulate recovery, the ILO has made an important contribution by adopting the *Declaration on Social Justice for a Fair Globalization* (2008), and the *Global Jobs Pact* (2009) as a compass for the promotion of a fair globalization based on Decent Work, expressing the ILO’s mandate and key focus on the need for a strong social dimension to globalization in achieving improved and fair outcomes for all.

Decent work is the bedrock of any strategy to reduce poverty and is the means for achieving equitable, inclusive and sustainable development. Through the DWA, countries are able to define their priorities and targets within national development frameworks and aim to tackle major decent work deficits through efficient programmes that embrace each of the four strategic pillars.<sup>38</sup> Decent work “sums up the aspirations of women and men

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<sup>35</sup>Dash, Anup, 2014. “Toward an Epistemological Foundation for Social and Solidarity Economy”, Occasional Paper #3 (March), UNRISD, Geneva.

<sup>36</sup>ILO 2012, Partnerships for Decent Work Newsletter, No. 30 (June), PARDEV, ILO, Geneva.

<sup>37</sup>Dash, 2015, “Social and Solidarity economy and the IBSA Dialogue Forum”, in Anita Amorim et.al. (eds), Social Solidarity and South- South Cooperation: A compilation of short South-South Cooperation articles for the “*Academy of Social Solidarity Economy: Social Innovation. In the World of Work*” (Johannesburg, 2015), ILO, Geneva.

<sup>38</sup>The *ILO Declaration on Social Justice for a Fair Globalization* defines four strategic objectives: 1) Creating greater opportunities for women and men to secure decent employment and income; 2) Enhancing the coverage and effectiveness of social protection for all; 3) Strengthening tripartism and social dialogue; and finally 4) Promoting and realizing standards and fundamental principles and rights at work. These four strategic objectives are inseparable, interrelated and mutually supportive.

in their working lives for opportunity and income; rights, voice and recognition; family stability and personal development; and fairness and gender equality” (Amorim and Dale 2013, 11).<sup>39</sup> SSE takes the central position in the intersections of SSTC and the ILO declarations for shaping fair globalization through advancing the DWA. There is no “one-size-fits-all” solution to these employment-related challenges which are central to the IBSA development goals, and the IBSA countries firmly believe that the wealth of knowledge and experience in the best practices within them developed in the process of finding solutions to their own problems. While it is important to further consolidate their achievements, they have joined efforts to share and exchange of these results-based practices and to transfer of knowledge of the decent work know-how among other countries of the Global South in a spirit of solidarity, converging with the ILO’s focus on mainstreaming the DWA through SSTC, for sustainable results in the context of the new development framework guiding the post-2015 agenda.

Since the beginning, IBSA has had a strong focus on the social dimensions of globalization and has sought to make the neoliberal international financial architecture responsive to development. Already, in their founding meeting in Brasilia (2003), the foreign ministers of the three countries expressed their concern that large parts of the world had not benefited from globalization. They agreed that globalization must become a positive force for change for all peoples, and must benefit the largest number of countries. In this context, they affirmed their commitment to pursuing policies, programmes and initiatives in different international forums, to make the diverse processes of globalization inclusive, integrative, humane, and equitable. Further, the ministers recommended that the exchange of experiences in combating poverty, hunger and disease in the three countries would be of immense use to all of them. (IBSA Dialogue Forum, Brasilia Declaration, 2003).<sup>40</sup>

IBSA is strongly committed to the ILO’s DWA and the Declaration on Social Justice for a Fair Globalization. At their 4th Summit, held in Brasilia (April 2010), the IBSA Heads of State emphasized on “the need to promote a job-intensive recovery from the downturn and create a framework for sustainable growth”. They declared their intent for furthering the Decent Work Agenda not only in their country but also on an expanded canvas which covers other developing and low-income countries. In this context, they further explicitly reaffirmed to lend:

*their support for the global jobs pact, adopted by the 98th session of the international labour conference, which, while demonstrating the linkages between social progress, economic development and recovery from the crisis, offers policy options adaptable to national needs and circumstances. The Leaders also reaffirmed that their actions in*

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<sup>39</sup>Amorim, Anita and Andrew Dale (eds), 2013, *South-South Cooperation and Decent Work: Good Practices*, Department of Partnerships and Field Support, ILO, Geneva.

<sup>40</sup>IBSA Dialogue Forum: Brasilia Declaration.6 June 2003.[http://ibsa.nic.in/brasil\\_declaration.htm](http://ibsa.nic.in/brasil_declaration.htm), accessed 18 September 2015.

*response to the crisis are guided by the International Labour Organization (ILO) Decent Work Agenda and the 2008 Declaration on Social Justice for a Fair Globalization.*<sup>41</sup>

IBSA declared its commitment again to the ILO declarations when the IBSA ministers of Labour met at the margins of the 101st International Labour Conference, in Geneva in 2012, and reaffirmed their commitment to promoting a response to the Global Economic Crisis through guidance from the 1. International Labour Organization Decent Work Agenda, and 2. the 2008 Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact.<sup>42</sup> The ministers underscored the importance of the Decent Work Agenda as a key instrument in the fight against poverty and hunger (MDG 1), and reiterated "to make the goals of full and productive employment and decent work for all, including women and young people, a central objective" of their national and international policies and national development strategies. Further, this ministerial meeting also focused on the measures to implement the four strategic objectives of the Decent Work Agenda, including measures to 1) accelerate employment creation, 2) reduce informality and 3) create sustainable enterprises. They agreed that sustainable social protection systems are essential to 1) assist the vulnerable, 2) prevent poverty, 3) address social hardship and 4) stabilize the economy. To this end, they expressed their commitment to strengthening respect for International Labour Standards, particularly the Fundamental Principles and Rights at Work, and stressed the importance of social dialogue, especially to promote social cohesion (based on the Global Jobs Pact, particularly articles 11, 12, 14 and 15).

They reaffirmed IBSA's belief that Decent Work can benefit from South-South Cooperation, which can be particularly useful for the promotion of the Global Jobs Pact, of the 2008 Declaration on Social Justice for a Fair Globalization and of the 1998 Declaration of Fundamental Principles and Rights at Work (based on paragraph 17 of the Nairobi outcome document). Hence, they agreed to further develop and promote South-South cooperation, inspired by the principles of solidarity, respect for national ownership, sovereignty and without conditionality to enhance local capacity in other developing countries in the area of Decent Work through mutual cooperation and sharing of best practices (based on paragraphs 18 and 20 of the Nairobi outcome document of the High-Level United Nations Conference on South-South cooperation, approved by UN General Assembly Resolution 64/222), which could be made more effective to promote South-South Cooperation in contributing to the implementation of the Decent Work Agenda and its four strategic objectives, as well as the Global Jobs Pact, in particular through a South-South Cooperation Programme with the ILO, as stated in the Declaration of Intent signed between the IBSA countries and the ILO on 22nd November 2010 (based on Declaration of Intent signed by India, Brazil, South Africa and the ILO, 22 November 2010).

More importantly, this IBSA ministerial meeting proposed to create *an IBSA tripartite Working Group on Decent Work*, to meet at least once a year at the margins of the International Labour Conference, with the aim to i) promote the exchange of views and experiences in the area of Decent Work; ii) promote South-South Cooperation initiatives for the benefit of developing countries, including through partnerships with different

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<sup>41</sup> IBSA Dialogue Forum: Fourth Summit of Heads of State/Government, Brasilia Declaration. 15 April 2010. <http://www.ibsa-trilateral.org/images/stories/documents/declarations/Final%20Summit%20Declaration%20-%202010.pdf> p.2

<sup>42</sup> IBSA Declaration of Ministers of Labour and Employment of IBSA - Geneva - 12 June 2012. [http://ibsa.nic.in/ibsa\\_declaration\\_geneva.htm](http://ibsa.nic.in/ibsa_declaration_geneva.htm)

stakeholders; iii) foster dialogue between IBSA Governments, workers, and employers as a way to promote integration amongst India, Brazil, and South Africa; iv. Share regional experiences in each one of the three continents of the developing world; and v. Coordinate positions and present common understandings at the deliberations of the ILO.

While the above declarations have laid a bridge between IBSA and the ILO, the Government of India, with the support of the ILO, organized an International conference on South-South Cooperation on "Innovations in Public Employment Programmes and Sustainable Inclusive Growth" in New Delhi in 2012. The conference aimed at building capacity and facilitating sharing of knowledge among the developing countries, and it is extremely significant that the conference was organized to focus on the public employment schemes at a time when many countries from the South are still struggling to find innovative ways of addressing unemployment, poverty and income inequalities amidst economic growth. This conference brought together some 40 high-level delegates from 22 countries, including 10 ministers. The ILO brought to this conference its long international experience with Public Employment Programmes (PEPs) at the operational and the policy levels, bringing to the table the protective, empowering and income sustaining role of social protection through employment, in order to develop new insights on how PEPs have demonstrated the validity of the decent work approach at all levels of development.

IBSA countries had to share their own innovative solutions in setting the path to meet the challenges of poverty and Decent Work Gaps. India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), South Africa's "Expanded Public Works Programme" and Brazil's "BolsaFamilia" are some of the success stories in this direction. Three thematic sessions created a huge space for wider knowledge sharing : Theme 1 on Spectrum from Public Works to Employment Guarantee Scheme : Tools and Training for Mass Employment Generation and Poverty Alleviation with experiences from India, South Africa and Ethiopia; theme 2 on Asset Creation linkages with Green Works and Climate Change Adaptation with experiences from India, Indonesia and Nepal; and theme 3 on Income Security and Targeting (Wage Levels, Employability, Social Protection and Other Decent Work Elements with experiences from Cambodia, South Africa and India.

This conference was another crucial milestone for IBSA in the process of mainstreaming DWA through SSTC. The recommendations adopted at the end of the conference encouraged partners from the South: i) to further develop and promote SSTC to implement the DWA; ii) to enhance policy dialogue and exchange between IBSA, all countries of the South and the ILO; iii) to ensure better appreciation of policy issues relevant to public employment programmes, employment guarantees, green jobs and other innovative schemes; iv) to provide and obtain guidance on the design of effective policies and exchange these experiences of the South; and v. to support and work with ILO's SSTC initiative to foster greater solidarity and enhance equality among countries and peoples in the world of work.<sup>43</sup>

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<sup>43</sup>IBSA International Conference on South-South Cooperation 'Innovations in Public Employment Programmes and Sustainable Inclusive Growth', 1- 3 March 2012, New Delhi.<http://www.ilo.org/newdelhi/whatwedo/eventsandmeetings/ibsa/lang--en/index.htm> (accessed on 8 October 2015); Partnerships for Decent Work Newsletter, No. 27, March 2012. Partnerships and Development Cooperation Department, ILO, Geneva. [www.ilo.org/pardev](http://www.ilo.org/pardev)

A healthy, vibrant and efficiently functioning economy driven by the robust fundamentals of SSE is a strong bull work against the collapse of the global economic and financial system, and the bedrock of sustainable development. Given its unique identity and strategic importance, its rich experience and expertise in homegrown innovations, along with its commitment to DWA and fair Globalization with a focus on enhancing positive social outcomes,<sup>44</sup> ensuring that globalization is fair and equitable in countries of the Global South through the alternative technostructure of development cooperation, IBSA presents a real opportunity as a Dialogue Forum to strengthen SSTC in the context of the post-2015 development regime, but more specifically in relation to the Goals 8 and 17 of the SDGs.

#### **4. Mapping of SSE in India and Brazil**

##### **4.1 Mapping of SSE in India**

Starting with an economy, which at the time of its Independence in 1947 was stagnant (with about 0.5 percent growth per annum) for almost about the preceding fifty years under the two-century long colonial regime, India is today one of the fastest growing economies in the world. Beginning with the State economic planning from the 1950s with an average growth rate of 3.5 percent over the next three decades (referred to as ‘the Hindu rate of Growth’), its growth rate averaged 5-6 percent in the 1980s. But with the economic reforms, which began in 1991, its growth rate accelerated much faster, at a rate of 7.5 percent between 2000 and 2011 – higher than the average growth rate of emerging economies. With a GDP of 2.3tr US\$, it ranks within the 10 biggest economies of the world.

Yet, the structure of the GDP in India presents a critical challenge with serious implications for the post-2015 Sustainable Development Goals (SDGs). Poverty levels are still very high (about 22 percent), and about 270 million people are below the poverty line (as per Tendulkar committee of the Planning Commission of India).<sup>45</sup> The incidence of multidimensional poverty (MPI) is much higher at 53.7 percent. In the context of the Scheduled Castes and the Scheduled Tribes, multidimensional poverty headcount ratio 65.80 and 81.40 percent respectively. Growth has not been ‘inclusive’ enough to reduce inequality. Economic inequality, to a large extent, is found to be coterminous with social exclusion (e.g., in terms of gender and caste/tribe). India loses as much as 28.6 percent in its Human Development Index (HDI) due to inequality. Its inequality adjusted HDI is 0.418 as against the HDI score of 0.586. Apart from gender and caste-based inequalities, the structure of growth has also been spatially uneven with significant rural-urban and inter-regional disparities in various economic indicators as well as in terms of the indicators of HDI values which ranged between 0.237 and 0.50 in 1981, between 0.367

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<sup>44</sup>Enhancement of positive social outcomes in terms of decent work, social protection, social dialogue, respect for human and labour rights, gender equality, environmental sustainability, and the promise of decent livelihoods and well being by all in the process of development.

<sup>45</sup>Government of India, Planning Commission, 2014, Report of the Expert Group to Review the Methodology for Measurement of Poverty. [http://planningcommission.nic.in/reports/genrep/pov\\_rep0707.pdf](http://planningcommission.nic.in/reports/genrep/pov_rep0707.pdf)

and 0.638 in 2001 and between 0.419 and 0.910 in 2009-10, Bihar being with the lowest and Kerala with the highest figure in all the three years.<sup>46</sup>

India’s growth trajectory has been marked by several critical turns and structural changes. The structure of the Indian economy is rather complex and marked with several key features. Economic reforms have not delivered on the employment front as they have on the GDP front. As a result, the employment performance of the post-reform economic growth has been very dismal. Organized sector employment did not grow for most of the post-reform period. Practically all the new employment was in the unorganized sector where productivity and earnings are low. Even within the formal sector, the proportion of ‘informal’ workers has steadily grown, due to the fact that most of the new employments are casual or contract employment. Increasing informalization, casualization, and contractualization, have also raised questions about the quality of most of the new jobs that are being created (e.g., in terms of decent work, job security and social protection). The structure of the GDP and the composition of growth have important implications for employment and livelihoods, equity and welfare of the people and larger developmental goals in India. Also, it must be noted that the high and increasing inequalities leading to the growing dualism, for example between organized and unorganized sectors, and between agriculture and other sectors. Such dualism in the labour market is also marked by large differences in productivity.

There has been a structural shift from agriculture to non-agriculture and the emergence of services as the dominant part of the economy— share of agriculture in the GDP (which was as high as 51.9 percent in 1950-51) has come down to 19 percent (in 2011-12, it fell down to less than 15 percent). Yet, 52.9 percent of the total workforce is still in agriculture. On the other hand, the service sector’s share in employment is only 24.4 percent while its share of GDP is 53 percent. Growth, which followed that of the industrial sector (albeit slowly) until the 1980’s, has been primarily services-driven for the last 30 years. The share of industry has remained at almost the same level (below 30 percent) since then. The manufacturing sector is dominated by large industries, while small and medium industries, with greater employment potentials, have not been given adequate attention. The structure of the service-led and export-led growth in the post-reform decades have been highly capital intensive and knowledge-based, and India’s exports have become increasingly less labour intensive because of the compulsions of international competitiveness to use more efficient capital intensive technology. While the educated professionals employed in business process outsourcing, software, financial and telecommunications services constitute the “tip of the iceberg” of the service-led economy in India, most of the growth of services is largely due to the expansion of the unorganized sector as an employer of last resort because economic growth has not created sufficient employment opportunities elsewhere.

Table 1: **Sectoral Shares in Gross Domestic Product and in Employment**<sup>47</sup>

Sector	1999-2000 to 2004-05		2004-05 to 2009-10	
	GVA	Employment	GVA	Employment
Agriculture	23.8	59.9	19.0	52.9

<sup>46</sup>UNDP, Human Development Report 2014. <http://hdr.undp.org/en/data>

<sup>47</sup>[http://planningcommission.nic.in/data/datatable/data\\_2312/DatabookDec2014%20116.pdf](http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%20116.pdf)

Industry	27.3	16.4	28.0	22.7
Service	48.9	23.7	53.0	24.4

Agriculture is a source of livelihood and food security – in fact, the lifeline – for a vast majority of low income, poor and vulnerable households in India. The decrease in agriculture’s contribution to India’s GDP has not been accompanied by a matching reduction in the share of agriculture in employment. The agricultural sector in India is characterized by the predominance of marginal landholdings (less than 1 ha.) and small holdings (1-2 ha.). The average size of operational holdings in India has reduced progressively from 2.28 ha in 1970-71 to 1.55 ha in 1990-91 to 1.23 ha in 2005-06. As per the Agriculture Census of 2005-06, the proportion of marginal holdings has increased from 61.6 percent in 1995-96 to 64.8 percent in 2005-06. This is followed by about 18 percent small holdings, about 16 percent medium holdings (more than 2 to less than 10 ha.) and less than 1 percent large holdings (10 ha. and above).<sup>48</sup> With the declining share of agriculture to GDP, the continuing high pressure of population on agriculture and the increasing fragmentation of land holdings leading to decreasing the availability of cultivated land area per household, the agriculture sector would hardly be able to create additional employment opportunities to sustain the livelihood of the rural households. This compels the need for creation of additional employment opportunities in the non-farm and manufacturing sector.

The economic landscape in India, as evident from the above analysis, is characterized by a long continuum; at one end, one can see peoples’ economic lives based largely on solidarity and reciprocity, rooted in the social fabric within local communitarian contexts in remote areas as part of their diverse survival strategies, while at the other end, the formal system is celebrated as the “emerging economy” of the global financial capitalism. The former is forced to succumb to the expanding hegemony of the latter, albeit marked by occasional tensions due to community resource grab (e.g., land grab) by the latter and the resultant problem of displacement forced on the local people. Obviously, there is a huge space dominated by the resilient “informal economy” in this landscape, covering many different realities from “survivalist” livelihood strategies to unregistered micro “entrepreneurial” firms for petty production of goods and services for the local market. Vast numbers of people in India (who inhabit this space of the informal economy) have been pushed further to the margins in the capitalist process of “jobless growth”. More recently, a new importance has been added to the informal sector as the shock-absorber of the adverse impact of the reforms-driven growth on the labour market, and as home to the “losers” of the “jobless” growth.

- **The Intersection of Gender, Informality, and SSE at the “Bottom of the Labour Pyramid”:**

Women are the driving force of the SSE (in its diversities – home-based enterprises, Self-Help Groups, solidarity-based community enterprises, microfinance, producers’ cooperatives etc.), and a large part of the SSE is locked up in the informal economy. Therefore, policy interventions for “sustainable inclusive development” with a focus on the SDGs center around the intersection of Gender, informality, and SSE. Therefore, the

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<sup>48</sup><http://pib.nic.in/archieve/others/2012/mar/d2012031302.pdf>, accessed 21 November 2015.

principal development challenge in India is breaking out of the vicious circle of informality and to develop policies and plans for an “inclusive development” by strengthening formal-informal linkages with a focus on the developmental prospects of the SSE. In crafting a policy framework for fair globalization, to support and strengthen the social focus of the economy guided by the DWA that prioritizes jobs and welfare of the people (especially the women) as a strategy to realize the SDGs, the Indian government has adopted a very active approach through a promotive policy stance to support women’s enterprises, enhance employment opportunities for women, and protect them against vulnerabilities at the “bottom of the labour pyramid”.

The colossal nature of the informal economy in India is evident from the fact that it is estimated to account for more than 90 percent of workforce and about 50 percent of the national product in India.<sup>49</sup> As per the National Sample Survey Organization’s (NSSO) 61<sup>st</sup> round survey (2004-05), the number of informal/unorganized workers in the Indian economy was 420.7 million out of the total employment of 455.7 million in the Indian economy, which means that as high as 92.3 percent workers in India are informal/unorganized workers (out of which 82.4percent are in non-agricultural activities). With the rise of the neoliberal regime, there has been a trend of “informalization of the formal sector”, where any employment increase consists of regular workers without social security benefits and casual or contract workers again without the benefits that should accrue to formal workers.<sup>50</sup> Given the problems of measuring informality, the National Council of Applied Economic Research (NCAER) has estimated that the informal sector – or the unorganized sector, as it is called in India – generates about 62 percent of GDP, 50 percent of gross national savings, and 40 percent of national exports.<sup>51</sup>

Female labor force participation in India (around 33 percent) is lower than the global average (around 50 percent) and many other emerging market economies, and women are heavily concentrated in the informal economy. The percentage of women in the informal non-agricultural employment in India is a high 84.7. Among the women employed in the informal economy, 28.9 percent are an own-account worker, employers, and members of producers’ cooperatives; and 18.9% is contributing family workers while 52.3% are employees.<sup>52</sup> Clearly, women are bigger victims and suffer disproportionately in the risk-

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<sup>49</sup>National Statistical Commission, Govt. of India, 2012. Report of the Committee on Unorganised Sector Statistics, February. New Delhi.

<sup>50</sup>National Commission for Enterprises in the Unorganised Sector, NCEUS(2009), *The Challenge of Employment in India: An Informal economy Perspective*, Vol.1, Government of India, New Delhi, p.14.

<sup>51</sup>Quoted in Chen, Martha Alter *et. al.*, 2001. *Supporting Workers in the Informal Economy: A Policy Framework*, Paper Prepared for ILO Task Force on the Informal Economy, p.17. <http://wiego.org/sites/wiego.org/files/publications/files/Chen-Jhabvala-Lund-Supporting-Workers-policypaper.pdf> , Accessed 21 October 2015

<sup>52</sup>ILO, 2013. *Women and Men in the Informal Economy : A Statistical Picture*, ILO and WIEGO, Geneva.

<sup>53</sup>IFC, 2014, *Improving Access to Finance for Women-Owned Businesses in India*, New Delhi. [www.ifc.org](http://www.ifc.org)

<sup>54</sup>Das Sonali, *et. al.*, 2015. “women workers in India: Why so few among so many?”, IMF Working Paper # WP/15/55, International Monetary Fund, P. 15. (1 US\$ = 63 Indian Rupees at the time of writing this report).

<sup>55</sup>Oxfam 2010, *The Global Economic crisis and Developing Countries*”, Oxfam research Report, Oxfam International. <https://www.oxfam.org>

prone economic system, which feminist economists describe as “androcentric”. Women entrepreneurship is largely skewed towards smaller-sized firms, as almost 98 percent of women-owned businesses are micro-enterprises. Women entrepreneurs make a significant contribution to the Indian economy. Collectively, these women-owned enterprises contribute 3.09 percent of industrial output and employ over 8 million people. Approximately, 78 percent of women enterprises belong to the services sector.<sup>53</sup> The discrimination against women in the labour market is evident from the wide wage gap that exists both in formal and informal employment.

**Table 2: Gender gap in Average Daily Wage (in Rupees)<sup>54</sup>**

	Formal	Informal
Female Workers	481.9	120.3
Male Workers	632.2	194.2

Women are employed in the most precarious jobs. Given the many structures of constraint in a patriarchal society, women have no other choice but to work in the informal employment in spite of its vulnerabilities, low income, and lack of social protection. They have to accept whatever jobs where they can bridge their productive and reproductive roles, and the twin pressures from the productive and reproductive roles become overwhelming for poor women. They are forced to work longer hours, and as a result, their basic needs for food and sleep are foregone.<sup>55</sup> The vulnerable women become even more vulnerable, as their tangible and intangible assets are depleted (sometimes irreversibly), presenting an “acute decent work deficit syndrome”.

Continuation of this pattern of change in the structure of the economy has serious implications not only for equity but also for the sustainability of a high growth rate as well. It is in this context, the importance, and relevance of the SSE assumes great policy significance in India with a focus on redesigning the structure of growth to create more employment and make it inclusive, equitable, locally-based, and as the driver of the Sustainable Development Goals (SDGs).

From the SSE point of view, the biggest challenge before India’s growth paradigm is to make it “inclusive” by a robust social protection policy framework to reduce poverty and vulnerability by diminishing people’s exposure to risks and enhancing their capacity to manage economic and social risks more effectively, thereby enhancing the well-being and the capacity of poor people to participate in, and benefit from economic, social and political life of their communities and societies. Drawing more women into the labor force, along with other important structural reforms that could create more entrepreneurship as well as jobs, would be a source of future growth for India as it aims to reap the “demographic dividend” from its large and youthful labor force.

- **Public Policy and Programme Initiatives:**

- i. **Financial inclusion, Job creation and Social protection**

India's development policy framework recognizes the paramount importance of job creation and inclusive development as the source of future growth for India. In this context, it is important to note that India has a strong policy focus with a number of flagship social protection programmes (especially employment creation, food distribution and social assistance programmes) designed to secure for the poor and the vulnerable adequate means of livelihood, raise the standard of living, improve public health, provide free education for children etc.). In order to enhance the efficiency and transparency of these programmes, there has recently been a switch over to the direct cash transfer system.

The most important areas of innovations in public action are to be found in mounting a strong response through the mainstream policy instrument around poverty alleviation, livelihood promotion, financial inclusion, and social protection, not only for economic protection of the poor and the vulnerable but also as a pillar for meeting social development goals of equity, human rights, social justice, empowerment and peoples' wellbeing. Poverty alleviation has been one of the guiding principles shaping India's policy priorities and development programmes over the decades. Social sector spending is a major strand of India's policy focus in this direction, while anti-poverty programmes that seek to transfer assets and skills to people for self-employment, public works programmes that enable people to cope with transient poverty, and the targeted public distribution system (TPDS) are some other strands of the larger anti-poverty strategy.

Given the fact that in India a vast majority of these people live outside the formal financial system, and do not even have an entry point into the formal financial system as they don't have a formal account, the efforts of the government naturally centers around financial inclusion (as a first step towards the goal of inclusive development), which plays a very crucial role not only in helping them access financial resources and services but also smoothening the provision of numerous welfare and social assistance benefits through schemes designed by the government. With a very low account penetration, India is far behind in terms of universal financial inclusion, but its commitment to a national financial inclusion strategy is much stronger compared with other countries who are signatories to the Maya Declaration on Financial Inclusion.<sup>56</sup>

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<sup>56</sup>*The 2015 Brookings Financial and Digital Inclusion project Report*, Center for Technology Innovations at Brookings, Washington, D.C. [www.brookings.edu/FDIP](http://www.brookings.edu/FDIP)

The Government of India and the Reserve Bank of India have a very supportive policy and regulatory framework (with emphasis on financial inclusion, and livelihood promotion) which has provided the steam for the growth in SSE. A financial inclusion plan rolled out since 2010 contained targets in respect of opening of rural brick and mortar bank branches, deployment of business correspondents (BCs), coverage of unbanked villages through various modes, Kisan Credit Cards (KCCs) and General Credit Cards (GCCs) to be issued etc. As banks start leveraging BCs as their extended arms, regular banking products are also channeled through this model.

One of the most important and recently launched policy tools is the Pradhan Mantri Jan Dhan Yojana (PMJDY). As a step to scale up the expanse of financial inclusion, the Government of India launched the PMJDY in August 2015 as a national priority. The PMJDY is the biggest financial inclusion initiative in the world, and is a national mission to ensure that the unbanked get access to financial services (e.g., banking/ savings & deposit accounts, remittances, credit, debit, insurance, pension) in an affordable manner.

There are also new social security schemes under the PMJDY (designed especially for poor women), such as Pradhan Mantri Suraksha Bima Yojana (for non-life insurance), Pradhan Mantri Jivan Jyoti Bima Yojana (for life) and the Atal Pension Yojana (pension security programme). It has many features to help the poor, like accidental insurance cover of 100,000 rupees, life insurance cover of 30,000 rupees, easy transfer of money across India, and interest on the deposit. No minimum balance is required to open an account, with a relaxed norm for documents necessary to open an account. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries' accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established centers as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme.

The PMJDY has proved to be one of the most successful programmes. Within one year, more than 192 million bank accounts have been opened (overwhelmingly rural with 117 million accounts), with 91.6 million Suraksha Bima and 28.6 million Jivan Jyoti Bima policies; with a balance of 269 billion rupees in these accounts.<sup>57</sup> According to the Global Findex data, the rate of account penetration in India was 35 percent in 2012, which has now increased to 53 percent. Female adults having an account at a formal financial institution grew from 26 percent to 43 percent during this period. In the rural areas, adults having an account has increased from 33 percent to 50 percent, and adults from the poorest 40 percent with an account has increased from 27 percent (2012) to 43 percent in 2015.<sup>58</sup> Thus, the PMJDY has brought about a significant difference to the financial inclusion environment in India, and for the vast majority.

A further innovation is under way in India to help low-income individuals to access benefits, subsidies, and certain financial services through an electronic identification system. India's Unique Identification Authority of India (UIDAI) provides a unique identification number (*Aadhaar* number) to all citizens, and currently, the government is

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<sup>57</sup>Department of Financial Services, Government of India, "PradhanMantri Jan DhanYojana (PMJDY)", <http://www.pmjdy.gov.in> . Accessed 26 November 2015 (Figures are as per progress made by 18 November 2015).

<sup>58</sup>World Bank, 2015, *The Little Data Book on Financial Inclusion 2015*, Washington, D.C. doi:10.1596/978-1-4648-0552-3.

contemplating the possibility of a UIDAI-linked payment system for the beneficiaries to further enhance the performance of its social protection system.

Another important policy instrument in India is the public employment programme under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Enacted in 2005, the MNREGA is the world's largest public employment programme, and a flagship programme to create employment opportunities for the poor implemented by the government of India as "the employer of the last resort". This programme offers 100 days of *guaranteed* wage employment (now enhanced to 150 days in drought-prone areas) in every financial year (April-March) for all registered unskilled job-seekers (both women and men). In order to ensure transparency in the implementation of this programme, there is an inbuilt provision for social audit at the *gram sabha* level. Now, there is also a "greening plan" under the MGNREGA through plantation work. The MGNREGA includes enabling provisions for women as it seeks to ensure that at least 33 percent of participating workers is women and stipulates equal wages for men and women. In

addition, there are also provisions for facilities such as childcare at worksites, so as to reduce the barriers to women's work participation. There are also provisions like the stipulation that work should be provided within 5 kilometers of the worker's residence, to enable more women to work under this programme. It has resulted in higher female labor force participation, with 50.22% women (against 49.78% men) employed under this programme in 2014-15.<sup>59</sup> In the context of Rural India, where the main source of income for 51.14% of the households is manual casual labour,<sup>60</sup> a job "guarantee" programme like the MNREGA is path-breaking and a model of an active labour market policy seeking to promote a job-intensive, inclusive development based on Social Justice for a Fair Globalization and the Global Jobs Pact, and it did shield India from the global economic slowdown by boosting income in rural India while at the same time, ensuring a social floor, reducing the problem of unemployment (especially, seasonal unemployment) and reducing the resultant distress-driven migration.

i. **SSE entrenched in Solidarity, Social Mobilization, and Organization of women for Microenterprise and Community Development**

Apart from the plethora of macro level public actions, the community development and change agents have also led innovations in promoting a communitarian economic system of local economic governance through which people self-organize, define their own rules and take collective action in the management of the local commons and community resources (e.g., forests, water, etc.) through their own institutions towards local development while also ensuring sustainable livelihoods. In the context of the bureaucratic failures, the government has now mainstreamed the participation of community institutions in local economic governance. As a result, a whole range of community institutions (e.g., Self-Help Groups, Village Forest Committees, Village Watershed Committees, *pani panchayats*, grain banks, etc.), with a fair representation of women, have come up as important actors (based on values of a community, and are

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<sup>59</sup>Govt. of India, MGNREGA portal, <http://www.nrega.nic.in/netnrega/home.aspx>, accessed 24 October 2015

<sup>60</sup>Government of India, Socio Economic and Caste Census 2011. <http://secc.gov.in>

a rich source of social capital) who claim access (and rights) and use local resources for their livelihoods security, food security and ecological security through a solidarity-based sustainable management system of common property resources with focus on equity and distributive justice.

While MNREGA promotes wage-employment, the government of India also focuses on self-employment as a policy priority for poverty alleviation and inclusive growth by stimulating an entrepreneurial approach at the bottom of the pyramid (and the home of informal economy). Within the rich mosaic of gender-based initiatives in SSE in India, the Self-Help Groups (SHGs)<sup>61</sup> distinctly stand out as the dominant strand, and as a highly successful model of achieving the scale and the scope of SSE, both in terms of outreach and impact.

The SHG is a fundamental innovation in terms of *a new social design* for the delivery of small credits through solidarity lending based on social collateral where groups of poor women (asset less as they are) pledge their social capital as a substitute for financial

collateral to secure a bank loan. It is a cost efficient system, as the group members' comparative "information advantage" reduces transaction costs in the process of credit management, guard against the problem of "adverse selection" through *peer-screening* of members and borrowers, as well as lowering credit risk of loan loss through *peer monitoring* of loan use and *peer pressure* against default. In the Indian cultural context, especially in the rural setting, there is a plentiful supply of social capital predominantly in the form of (informal) social networks based on kinship ties, on caste and other forms of trust- and reciprocity-based ties often termed as "bonding" social capital. Activities, which are financial in nature, such as the ones around savings and credit can only be possible in an environment of trust and among trust-worthy individuals. The trust people have is very high among individuals whom they know. The solidarity built around this trust and norms of reciprocity, based on a cultural homogeneity, and kinship ties that already exists in the communities provides a fertile ground, on which the formation of SHG is easily based. This fosters cooperation among members and increases their capacity and motivation for collective action, that is fundamental to the success of the SHG. Therefore, the informal institutions embedded in culture effectively serve as the potential foundations, on which more formal institutions could be constructed.

In the early phase of this movement, the NGOs and other Self-Help Promoting Institutions (SHPIs) gave considerable amount of their energy and resources to mobilize the poor women, and to develop the quality of the group by nurturing the fragile groups with great skill, care, and patience against possible internal and external threats inherent in the empirical realities of the poor women. Poor women need capacities (often more than capital), as it is dangerous to push money without the right institutions to manage the flow of finance. Therefore capacity development support for the SHG members (beginning from a range of social skills like leadership, group management, conflict resolution, negotiation and participation in group processes and decision making, expanding their networks through building federations of SHGs etc. to financial and

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<sup>61</sup> An SHG is a small and informal association of the poor (becomes more and more formal as it matures) usually from socio-economically homogeneous families, who are organized around savings and credit activities, with a view to meet their credit needs, strengthen their livelihood and enhance income within the local economic system. There is a focus on women from poor households who are excluded from the formal financial sector, their microenterprises, as well as for collective action for their economic and social empowerment through solidarity building.

techno-managerial skills like financial literacy, accountancy, record keeping, business management skills etc.) became a major thrust to build strong SHGs. With its bi-dimensional (economic and social) goal, the SHG model pursues an arranged marriage between capitalism (income growth, entrepreneurship and enterprise development at the bottom of the pyramid) with democracy (participation, inclusion, local leadership building, empowerment and collective action). Members view the groups, not in the same way as an employee views the firm or a client looks upon a bank, but as an entity that is very much central to their lives – offering them an institutional space as well as a social environment that provides not only cohesion, support, and security, but also gives them identity, confidence and hope.<sup>62</sup>

Today, the entire edifice of the microfinance industry in India is primarily based on the SHG model.<sup>63</sup> This model is centered around women, because of the inherent strengths of women as agents of household welfare. Grounded feminist theory suggests that women spend their income in household welfare more than men. Compared with men, women save better and also repay their loans better. Small income generation activities (supported through microfinance) are easily integrated into their culturally patterned gender roles

within the household. Social Capital theory argues that women are stronger in “bonding” social capital, women are easier to organize and group social mechanisms (peer screening, peer monitoring, and peer pressure) are stronger with women. Moreover, women need microfinance more than men, because of their social marginalization, discrimination, and exclusion. They lack economic visibility, access to and control over resources, have little space for agency within the patriarchic structures of subordination.<sup>64</sup>

Based on the initial success of the SHGs as models of livelihood/business development through women entrepreneurs, and wider developmental impact at the community level through women empowerment, the National Bank for Agriculture and Rural Development (NABARD) came up with a pilot programme in 1992 for SHG-Bank linkage (SHG-BLP) to cover 500 SHGs as a policy innovation to link the “unbankable poor women” with the formal commercial banking system. The SHG-BLP programme of the NABARD has been a great innovation and has been a huge success in scaling up the SHG movement in India. Over the last two decades of the launching of the SHG-BLP by NABARD, there has been a phenomenal growth of women’s SHGs in India, and as per the data provided by Sa-Dhan (the national network of Community Development Financial Institutions in India), today the SHG movement includes 97 million women through 7.42 million SHGs which are savings-linked with banks, and 4.2 million credit-linked SHGs in the country. There are 178,664 federations of SHGs in the country of which 96% are primary federations at the village level.<sup>65</sup> Although there is a great regional variation in terms of the penetration of SHGs across the country (e.g., the penetration is much higher in the Southern region), its spectacular growth in the country in terms of size and spread makes it one of the largest microfinance

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<sup>62</sup>Dash, Anup, 2012. “Social Innovations and Institutional Challenges in Microfinance”, in H.-W.Franz et.al. (eds) *Challenge SocialInnovation*, Springer-Verlag, Berlin/Heidelberg, pp.197-213.

<sup>63</sup>The other group-based lending in microfinance is also the Joint Liability Groups (JLGs), derived from the Grameen bank model of a five-member group which is structurally somewhat different from the SHGs.

<sup>64</sup>Dash, Anup, 2012. *Op.Cit.*

<sup>65</sup>Sa-Dhan, 2014. *The Bharat Microfinance Report 2014*. New Delhi

initiatives in the world, and in the SSE landscape in India. Today, 84% of all SHGs linked to banks under this programme are all women SHGs.

SHGs which have gone to maturity, now take on larger socio-political roles and leadership in the community and in the Panchayati raj systems. Similarly, beyond savings and credit, they are gradually taking up procurement (e.g., paddy or wheat procurement for the governments, taking up the contract for cooking mid-day meals for government school children etc.). The SHG movement has grown to such a height that the poor rural women in India today control a financial business with a turnover of nearly 1 trillion rupees (deposits + credit) – much more than most of the MNCs in India.<sup>66</sup>

The government of India started a major programme in 1999, named the Swarnjayanti Gram Swarozgar Yojana (SGSY) to provide sustainable income to rural poor households through income generating assets and economic activities (with a focus on the SHGs) so as to bring them out of poverty. The programme offered a lot of support to the SHGs (e.g., in terms of infrastructure, capacity building, and subsidy-based revolving fund support, as well bank-linkage). In spite of the enabling environment, the SHG movement in the country faced many problems. Apart from credit-linkage, there were significant variations

in the extent of mobilization of the poor SHGs and the quality of their functioning. The programme's focus on single livelihood activity did not meet the multiple livelihood requirements of the poor. Often, the capital investment was provided up-front as a subsidy without adequate investment in social mobilization and group formation. Besides uneven geographical spread of SHGs, high attrition rates among members of SHGs and lack of adequate banking sector response had impeded the program performance. Further, several states were not able to fully invest the funds received under SGSY, indicating a lack of appropriate delivery systems and dedicated efforts for skill training and building resource absorption capacity among the rural poor. The absence of collective institutions in the form of SHG federations precluded the poor from accessing higher order support services for productivity enhancement, marketing linkages, and risk management.

Since these problems were defeating the national commitment to achieve the MDGs, the government of India restructured this programme and launched a new programme to harness the women power social mobilization, institution building, and livelihoods, known as the *Aajivika*-National Rural Livelihoods Mission (NRLM) in 2011. Based on a "livelihood approach", the NRLM is implemented in a mission mode and marks a shift from an allocation based strategy to i. a demand driven strategy, enabling the states to formulate their own livelihoods-based poverty reduction action plans; ii. focus on targets, outcomes, and time bound delivery; iii. the continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector, and iv. monitoring against targets of poverty outcomes. Universal social mobilization is a key feature of NRLM. In order to create the "proof of concept" and build the capacities of the states for its implementation (transiting from the SGSY to the NRLM) in all the 28 states and 7 union territories of India, the National Rural Livelihood Project (NRLP) is implemented

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<sup>66</sup> National Bank for Agriculture and Rural Development (NABARD), 2014. *Status of Microfinance in India 2013-14*. Mumbai.

since 2011 which covers the 13 high poverty states (with a significant population of the ST, SC and other vulnerable communities) which account for 92 percent of the rural poor in the country together with the State Rural Livelihood Missions. NRLP has been implemented in 374 blocs (out of a target of 400 blocs) of the 13 states<sup>67</sup> and until December 2014, 3.2 million households have been mobilized (52% into the new SHGs and 48% into the revived and strengthened SHGs). Out of the 3.2 million households mobilized into NRLP fold, 29% belong to the STs, 21% to the SCs and 9% to the minority groups, reflecting the inclusive character of the entire mobilization process. 84% of the SHGs under the project had savings bank accounts with the states of Bihar, Jharkhand, Madhya Pradesh and Uttar Pradesh reporting a relatively lower percentage of SHGs having bank accounts. as high as 61 percent were graded "A" in the grading system. Among the newly formed SHGs, 35 percent had already accessed bank credit, which is a good achievement given the fact that they are all located in the poorest areas with a low-repayment history. The project states were in the process of taking up several measures such as the appointment of retired bankers, hiring the services of bank *mitras* and constitution of Community Based Recovery Mechanism (CBRM) to augment the bank credit to SHGs.<sup>68</sup>

In the context of the need to bridge the great skill gap which exists among the rural youth, and enhance their skill and productive capacity as a step to increase their possibilities for

wage employment, the government has come up with a skilling and placement initiative pioneered by the Ministry of Rural Development named as Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), as part of the national strategy for inclusive growth. DDU-GKY has its origins in the Aajeevika Skills programme and the ‘Special Projects’ component of the Swarnjayanti Gram Swarozgar Yojana (SGSY).

Similarly, for the urban areas, the government has started the ‘National Urban Livelihoods Mission (NULM)’ in 2013, replacing the Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The NULM focuses on organizing urban poor in self-help groups, creating opportunities for skill development leading to market-based employment and helping them to set up self-employment ventures by ensuring easy access to credit. There is a special focus on the north-eastern states which are generally excluded from the mainstream development process. In addition, the Mission would also address livelihood concerns of the urban street vendors and the minority communities. Until today, more than 1.57 million urban poor have been assisted for setting up individual micro enterprises under the NULM (including the SJSRY), and 3.74 million urban poor have been imparted skill training.<sup>69</sup> The Indian government has enacted a law to protect the street vendors and regulate street vending in urban areas, The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014.

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<sup>67</sup> The States include: Assam, Bihar, Chhatisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal.

<sup>68</sup> Government of India (Ministry of Rural Development), 2015, Aajivika, National Rural Livelihood Mission: Mid-term Assessment Report  
[http://aajeevika.gov.in/sites/default/files/nrlp\\_repository/NRLP%20Mid-Term%20Assessment%20Report\\_31032015\\_latest.pdf](http://aajeevika.gov.in/sites/default/files/nrlp_repository/NRLP%20Mid-Term%20Assessment%20Report_31032015_latest.pdf)

<sup>69</sup> The Government of India, Ministry of Housing and Urban Poverty Alleviation, 2015. *Annual Report – 2014-15*

As has already been mentioned, a large majority of rural women are engaged in agriculture activities for their livelihoods, and 18 percent of the farm livelihoods are female-headed (due chiefly to widowhood, desertion, and male migration). Women are excluded from the Agriculture support system in India in accessing their entitlements as agricultural workers, such as to access extension services, farmers support institutions and production assets like seed, water, credit subsidy, etc. The government of India has a programme known as “Mahila Kisan Sashaktikaran Pariyojana (MKSP)”, which is a sub-component of the NRLM designed to improve the status of women in agriculture and to enhance the opportunity for their empowerment. The primary objective of the MKSP is to empower women in agriculture by strengthening community institutions of poor women farmers and leverage their strength to promote sustainable agriculture with a focus on the local ecological systems. The MKSP also has a component on the Non-Timber Forest Produce (NTFP) sector to enhance the livelihood of the NTFC collectors (primarily poor tribal women) by promoting the entire value chain at various levels, such as regeneration, collection, processing, and marketing.<sup>70</sup>

The Rashtriya Mahila Kosh (National Credit Fund for Women), an autonomous body under the Ministry of Women & Child Development of the government of India, established in 1993, to work as a single window facilitator for provision of financial services with backward-forward linkages, enterprise development for poor, asset-less

women in the unorganized sector through SHGs and intermediary microfinance institutions and the NGOs.

In addition to a diversified institutional support system developed by the government to promote employment and enterprise development and create infrastructural support for inclusive growth, the Reserve Bank of India has a special Department (The Financial Inclusion and Development Department) which is responsible for both the PMJDY and credit flow under the priority sector lending. There is an emphasis on and special provision for priority sector lending to ensure flows of small value loans to the poor and weaker sections in sectors of the economy which are normally difficult to get, including sectors such as agriculture and food processing, Micro, Small and Medium Enterprises (MSME), Education, Housing, Social Infrastructure, Renewable Energy etc. Banks are mandated to meet a target of 40 percent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, (whichever is higher) under priority sector lending.

Non-Corporate Small Business Sector (NCSBS) is the economic foundation of India. It is perhaps one of the largest disaggregated business ecosystems in the world sustaining around 500 million lives. According to the NSSO Survey (2013), there are 57.7 million small business units, mostly individual proprietorship, mostly unregistered 'own account enterprises'. 54 percent of them is rural. 36 percent are in trading, 34 percent in service and the rest 30 percent are in manufacturing. The annual gross value addition of this sector is 6.28 trillion rupees.<sup>71</sup> The sector comprises of the myriad of small units, shopkeepers, fruits and vegetable vendors, truck & taxi operators, food-service units, repair shops, machine operators, small industries, artisans, food processors, street vendors and many others. With less than 15% of bank credit going to Micro, Small and

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<sup>70</sup><http://www.mksp.in>

<sup>71</sup><http://www.mudra.org.in>

Medium Enterprises (MSMEs), the NCSBS units are largely self-financed or rely on personal networks or other informal sources of credit, such as the money-lender.

Against this backdrop that Government of India has recently (in April 2015) set up a good architecture for strengthening the last-mile credit delivery to micro businesses under the scheme of Pradhan Mantri MUDRA Yojana as a subsidiary of the Small Industries Development Bank of India (SIDBI),<sup>72</sup> to be converted to a Micro Units Development & Refinance Agency (MUDRA) Bank through a statutory enactment. It is designed as an integrated financial and support services provider par excellence benchmarked with global best practices and standards for the bottom of the pyramid universe for their comprehensive economic and social development, and to create an inclusive, sustainable and value based entrepreneurial culture at the bottom of the pyramid. MUDRA operates special schemes for women entrepreneurs such as the Mahila Uddyami Scheme. MUDRA has already created its initial products in terms of classification of units. The interventions have been named as “Shishu” (covering loans up to rupees 50,000), “Kishore” (covering loans between rupees 50,000 and 500,000), and “Tarun” (covering loans between rupees 500,000 and 1 million). This classification signifies the stage of growth and the funding needs of the enterprise/ entrepreneur while also providing a reference point for the next phase of growth for the entrepreneur to look forward to in the spectrum of enterprises. Its

success can be gauged from the fact that within this short span of six months, 6.6 million loans have been sanctioned amounting to 459 billion rupees in the process of funding the unfunded and formalizing the informal.<sup>73</sup>

- **The Third Sector :**

The above analysis shows that the SSE in India has a strong focus on the empowerment of women and other marginalized groups, as well as engaging in anti-poverty and social inclusion work. It is also very vibrant in the informal sector (or, what is also called as the “popular economy” – heavily concentrated by women and the life-line of the poor. The SSE, in its dimensions of democratic control, mutual aid, collective ownership, and self-management is widely prevalent in the diverse types of cooperatives in India.

The Indian Cooperative movement is more than hundred years old. In the backdrop of a predominantly agrarian economy, agricultural credit cooperatives emerged in India primarily as a Government initiative to address the twin issues of farmers' indebtedness and poverty during the later part of the colonial era. This initiative was formalized in a legislation, which was the first cooperative law in India, enacted in 1904. The Cooperative Credit Societies Act of 1904 was followed by the Cooperative Societies Act, 1912 which led to the formation of non-credit cooperatives and cooperative federations. Since 1919, Cooperatives came under the jurisdiction of Provinces/States and several States have enacted their own Cooperative Acts as a regulatory framework

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<sup>72</sup>The Small Industries Development Bank of India (SIDBI), created in 1990, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. It is ranked as one of the top 30 development banks in the world.

<sup>73</sup> <http://www.mudra.org.in>

for the formation and functioning of cooperatives in their respective States. Cooperatives, which are not confined to one State, are regulated by Multi-State Cooperative Societies' Act (MSCS Act).

Originally, the cooperatives in India took off with a great start. Regulation and supervision provided a conducive framework. Registrars of cooperative societies refused to register societies unless the applicants have been properly instructed in co-operative principles and unless there is sufficient and efficient supervision. Nonfunctioning societies were dissolved by the Registrar. Self-financing and self-governance kept the movement growing, wrote Strickland in 1922, and continued that “[T]he credit movement of British India is not working with official money . . . The societies are not managed by Government or by officials, they are in the hands of their members, subject to an audit prescribed by law and carried out by non-officials under a decreasing official supervision”.<sup>74</sup> However, this began to degenerate subsequently with State partnership in terms of equity, governance, and management, introduced after the independence with the dominance of the ideology of central planning, and the state assumed control over cooperatives. Bureaucracy, government intervention, and loan channeling began to replace the original ethos of self-management and self-reliance.

The situation has been further complicated by the fact that Cooperatives are a State subject under the Constitution of India and State cooperative laws and their implementation has varied from state to state. Widespread political interference, often leading to Government supersession of cooperative institutions by state governments have also been not uncommon, eroding the autonomy and the democratic character of the cooperatives and the resultant damage to the healthy functioning of cooperatives. As stated by the Committee on Financial Inclusion, in the 1990s “an increasing realization of the disruptive effects of intrusive state patronage and politicization of the cooperatives, especially financial cooperatives... resulted in poor governance and management and the consequent impairment of their financial health.”<sup>75</sup>

In an effort to strengthen the autonomy, democratic control, good governance and professional management of cooperatives, the Government of India began to take steps for cooperative reforms. With the neo-liberal reforms (1991), the Government came up with a model cooperative law for the consideration of the State governments, following which some State governments passed parallel Acts following the lead of the Andhra Pradesh Mutually Aided Cooperative Societies Act 1995 – the Self-Reliant Cooperative Society Act, which provided for different legal framework. The MACs are autonomous and not subject to the authority of NABARD or a cooperative registrar, but the problem of effective supervision has remained unresolved. The Indian government also replaced the then existing Multi-State Co-operative Law by a fresh statute, known as the Multi-State Cooperative Societies Act, 2002.(MSCS Act 2002). In 2000, the Government of India also formulated, National Cooperative Policy to ensure autonomy, accountability and democratic rights to cooperatives and its members. A comprehensive program to transform India’s Credit Cooperative Societies was announced in January 2006, with a reform package designed to transform the potentially viable CCBs into democratically governed, efficiently managed,

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<sup>74</sup> Strickland, C. F., 1922: An Introduction to Co-operation in India. London, Milford; Bombay, Oxford University Press, p.51.

<sup>75</sup>NABARD,2008.Report of the Committee on Financial Inclusion, headed by C. Rangarajan, Mumbai, p. 69.[http://nabard.org/pdf/report\\_financial/Full%20Report.pdf](http://nabard.org/pdf/report_financial/Full%20Report.pdf)  
financially sustainable, self-reliant entities that can provide a wider range of financial services to the rural poor.<sup>76</sup>

In 2004, at the conference to mark the centennial year of the cooperative movement in India, the State cooperative ministers recommended that a High Power Committee be appointed by the Government of India for preparing a roadmap for cooperatives over the coming years, leading to the formation of this Committee in 2005. The High Powered Committee on Cooperatives, in their Report (2009)<sup>77</sup> gave the view that a single enabling law be enacted, which is member-centric and based on cooperative principles, replacing the existing State Acts. The Committee emphasized the need for uniformity in cooperative legislation that would respect the autonomous and democratic nature of cooperatives and also the need for a higher Authority to ensure that State Cooperative Societies Acts follow the Model Cooperative Act and that any transgression in this regard is made judiciable. Its recommendation that cooperative autonomy can only be ensured through appropriate amendments to the Indian Constitution led to the amendment to the Constitution of India in 2012 (The 97th amendment to the Indian Constitution), which makes the right to form cooperative societies a fundamental right under Article 19(1)(c). The amendment also inserts a new directive principle into Part IV of the Constitution, Article 43B, which reads: “The State

shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies”.<sup>78</sup> However, this has come under legal scrutiny and cases have been filed in the Court of Law. So the legal landscape is not very clear yet, and many states have subsequently repealed (e.g., Odisha) the parallel acts they enacted towards self-reliant cooperatives due to the abuses in practice. In another important development in 2003, the Companies Act of 1956 was amended to enable rural producers to form a *Producer Company*, which provides an alternative institutional option than the one in place to practice of the spirit of cooperative enterprises. There is a resurgence of cooperatives today in the context of the changing economic situation in India.

Over the past century, the cooperatives have grown and developed a vast network in the country. In 1951, there were 181,000 cooperatives of all kinds with a total membership of 15.5 million in India.<sup>79</sup> By 2010, the number of cooperatives has gone up to 6,10,020 (of which Primary Agricultural and Credit Cooperatives was 1,47,991 and primary Non-Credit Cooperatives was 4,58,068). Membership of Cooperatives (Grass root coops) had reached 249.3 million. There are 3571 District level cooperative federations, 390 State level federations, and 21 National level federations (of which 2 are defunct). Their working capital stood at 4.7 trillion rupees in Deposits and 748 billion rupees in Reserves. 98 percent of the villages is covered by cooperatives. They have generated 1.22 million direct employments and self-employment for 16.58 million persons.<sup>80</sup>

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<sup>76</sup>World Bank, 2007, Strengthening India's Rural Credit Cooperatives. Appraisal Report No. AB3126. Washington DC, The World Bank

<sup>77</sup>Government of India, Ministry of Agriculture, 2009. Report of the High Powered Committee on Cooperatives.

<sup>78</sup>The Gazette of India, No. 12, New Delhi, January 13, 2012.

<sup>79</sup>A Vaidyanathan, 2013, “Future of Cooperatives in India”, *Economic & Political Weekly*, vol. XLVIII, no 18, may.

<sup>80</sup>National Cooperative Union of India, *Indian Cooperative Movement: A Statistical profile 2012*. <http://www.ncui.coop/pdf/indian-cooperative-movement-a-profile-2012.pdf>

The Indian financial cooperative system is complex in nature but it is the largest financial cooperative system in the world, in terms of people served. Together, the urban sector, three-tiered short-term rural sector, and credit societies serve an estimated 267 to 390 million people.<sup>81</sup> In India, a variety of successful initiatives adopting innovative models of micro financing through cooperatives has been undertaken. Few well-known models of micro financing through cooperatives are - Cooperative Development Foundation (CDF Model), SEWA BANK (Urban Cooperative Bank promoted and owned by Women), Cuttack Urban Cooperative Bank (Urban microfinance model), Bidar DCCB (SHG Linkage Model), Karnataka and other successful PACS-SHG linkage models in different states. Besides these models, a variety of SHG-federations has also emerged at various levels with a legal entity of cooperatives undertaking financial services, non-financial services or both.

The credit cooperative system has continued to grow and today forms an essential part of India's rural finance systems. Although cooperatives provide only 16% of agriculture credit, they have a much deeper penetration, evidenced by the high share of cooperatives in a total number of agricultural accounts held by the banking system. Cooperatives provided agricultural credit to 30.9 million farmers during 2011-12 compared to 25.5 million farmers served by commercial banks and 8.2 million by the Regional Rural Banks

(RRBs). Further, the outreach of cooperatives has increased, as they financed 6.7 million new farmers during 2011-12 compared to 2.1 million new farmers served by commercial banks and only 0.9 million new farmers by RRBs.<sup>82</sup>

The National Cooperative Development Corporation (NCDC) of India, a non-equity based development financing institution, created exclusively for the cooperative sector, is responsible for promoting production, marketing, and export of agricultural produce, livestock, cottage and village industries, handicrafts, rural crafts etc. There has been an increase in the scope and reach of cooperatives as a whole and in the volume of their activity (largely driven by the government rather than by the basic ethos and spirit of the cooperative enterprise). However, the process has been highly uneven across activities and regions. For example, the number of installed cooperative sugar factories increased from two in 1950-51 to three hundred and twenty-five in 2013-14. The installed sugar production capacity of the cooperative sector was 12.77 million MT during 2013-14 accounting for 40 percent of total 32.28 million MT capacity in the country. During the season 2013-14, two hundred and thirty-nine co-operative sugar factories were in operation. These mills produced 9.19 million MT of sugar being 36% of total production of 24.60 million MT in the country. Similarly, textiles are another important sector within the cooperative system. With 2.32 million power looms in the country, the cooperative sector contributes about 62 percent to the total cloth production of the country.<sup>83</sup> Cooperatives account for 28.3 percent of fertilizer production, and 36 percent

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<sup>81</sup> The cooperative system is divided into rural and urban cooperatives. In most states, the former is further divided into the Short-Term Cooperative Credit Structure (ST CCS) and the Long-Term Cooperative Credit Structure (LT CCS). With some exceptions in a few states, the ST CCS is further divided into three tiers: primary agricultural credit cooperative societies (PACS) with farmers as their members at the base; district central cooperative banks (DCCBs) as the intermediate federal structure with PACS as principal affiliated members; and the state cooperative bank (SCB) at the apex in the state with DCCBs and other cooperatives as its principal members. In contrast to the rural federated structure, the urban cooperatives, popularly known as Urban Cooperative Banks (UCBs), operate independently.

<sup>82</sup> Reserve Bank of India, 2013. Financial Inclusion in India – An Assessment. New Delhi: RBI

<sup>83</sup> National Cooperative Development Corporation, Annual Report 2013-14.

of fertilizer distribution, 24.8 percent of wheat and 14.8 percent of paddy procurement, 20.3 percent of the retail fair price shops, 49 percent of the branded edible oil marketed, and 45 percent of ice cream manufacturing, 18.5 percent of rubber production and marketing.<sup>84</sup>

In the context of an economy in which agriculture is the source of livelihood for a large number of the poor, cooperatives have a great significance. Apart from credit cooperatives, fertilizer has been another critical area for cooperative expansion. The Indian Farmers Fertilizer Co-operative Limited (IFFCO) is a very successful example worth mentioning here. During mid-sixties the Co-operative sector in India was responsible for distribution of 70 percent of fertilizers consumed in the country. This Sector had adequate infrastructure to distribute fertilizers but had no production facilities of its own and hence dependent on public/private Sectors for supplies. To overcome this problem and bridge the demand-supply gap in the country, the IFFCO was created in 1967 and is today a Multistate Cooperative Society. The number of Co-operative Societies associated with IFFCO has grown from 57 in 1967 to 39,824 at present.<sup>85</sup> Today, as per the ranking of the World Cooperative Monitor, it is one among the top 300 cooperatives in the world in terms of turnover (3.51 billion US\$ in 2013).<sup>86</sup>

Diary has been one of the most important sectors of cooperative growth, especially in terms of gender-based initiatives in SSE in India. As per the data of the National Dairy Development Board, there are 162,188 Dairy cooperative societies and 15.4 million producer members. There are 4.38 million women members in Dairy cooperatives in India. By pooling small quantities – as little as one liter of milk from millions of milk producers and providing an assured market at a competitive price for the milk collected, dairy cooperatives owned and controlled by milk producers have provided livelihood opportunities to rural households, with cash flows becoming more regular and reliable. Milk production is changing from being a subsidiary economic activity to a major economic activity for many rural households and in some cases the main source of income. Involvement of women milk producers in the affairs of dairy cooperatives merits greater attention to promoting inclusive growth in dairying.<sup>87</sup>

“Amul” has been a pioneering innovation in India in this respect. Popularly known as “Amul”, the Gujarat Cooperative Milk Marketing Federation Ltd., popularly known as “Amul”, is India's largest food product marketing organization with an annual turnover (2014-15) US\$ 3.4 billion. Starting in 1946 in Anand, a small town of Gujarat, with just two village dairy co-operative societies and 247 liters of milk, its daily milk procurement today is approx 14.85 million liters from 18,536 village milk cooperative societies, 17 member unions covering 31 districts, and 3.37 million milk producer members.<sup>88</sup>

The Amul Model of dairy development is a three-tiered structure with the dairy cooperative societies at the village level federated under a milk union at the district level and a federation of member unions at the state level. The success of Amul could be

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<sup>84</sup>National Cooperative Union of India, Indian Cooperative Movement: A Statistical Profile – 2012. [www.ncui.coop](http://www.ncui.coop)

<sup>85</sup><http://www.iffco.in>

<sup>86</sup>ICA/Euricse, World Cooperative Monitor Report 2015. [www.monitor.coop](http://www.monitor.coop)

<sup>87</sup>National Dairy Development Board, Annual Report: 2013-14. <http://www.nddb.org>

<sup>88</sup><http://www.amul.com>

attributed to four important factors: i. the farmers owned the dairy, ii. their elected representatives managed the village societies and the district union, iii. they employed professionals to operate the dairy and manage its business, and iv. most importantly, the co-operatives were sensitive to the needs of farmers and responsive to their demands. The success of Amul led the-then Prime Minister of India, Mr. Lal Bahadur Shastri to make it the basis of the National Dairy Development policy. Accordingly, the National Dairy Development Board (NDDB) was set up in 1965 with the basic objective of replicating the Amul model throughout India.

Like the Amul, another global model which has originated in Gujarat is the Self Employed Women's Association (SEWA). SEWA is a membership-based organization, registered as a trade union in 1972 to organize self-employed women in the informal economy (women workers in small unregistered enterprises employed without secure contracts, worker benefits or social protection). SEWA's main goals are to organize women workers for full employment – employment whereby workers obtain work security, income security, food security and social security (at least health care, child care and shelter),<sup>89</sup> while also giving a voice to the numerous yet unprotected women workers. Its membership has been rapidly growing since 2000, from 318,000 members to 1.75 million in 2012 (largely rural). The first trade union of self-employed women workers in the informal sector, SEWA has now expanded to include 130 cooperatives, 181 rural producer

groups, and numerous social security organizations, networks and alliances, federations and SHGs within its structure as members are organized into diverse structures.<sup>90</sup> It is no more a simple organization, but a movement active in 50 districts of 12 states in India. As SEWA's founder, Ela Bhatt emphasizes these poor women from diverse backgrounds needed to be organized "not *against* anyone", but "*for themselves*"; and to use their collective strength to attain social justice and improve their conditions of work and life.<sup>91</sup>

SEWA is a unique innovation in the third sector in the sense that it is a confluence of three movements – the labour movement, the women's movement, and the cooperative movement. Since its beginning, SEWA has worked to develop alternative economic systems through the creation of cooperatives, particularly artisans, land-based, livestock, trading, and service and credit cooperatives, the largest of which is the SEW Bank, with 371,000 members. SEWA members are allowed to join more than one SEWA cooperative, and they provide share capital to each cooperative joined.<sup>92</sup>

While cooperatives ensure a fair return on work for women and create a support system to strengthen their livelihood in diverse sectors thereby empowering women, microfinance is another important tool to support and strengthen poor women's income, livelihood as a pathway to build a better quality of life with dignity through

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<sup>89</sup><http://www.sewa.org/>

<sup>90</sup>Loretta de Luca et.al., 2013. *Learning from Catalysts of Rural Transformation* (Chapter 7), Rural Employment and Decent Work Programme, ILO, Geneva.[http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_policy/documents/publication/wcms\\_234874.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_234874.pdf)

<sup>91</sup>E. Bhatt, 2006, *We are poor but so many: the story of self-employed women in India*, Oxford, Oxford University Press, p.9.

<sup>92</sup>Loretta de Luca et.al., 2013, *op.cit.*, pp.154-55.

empowerment, and to stimulate inclusive growth by stimulating an women-driven entrepreneurial approach at the bottom of the pyramid. Thus, Microfinance is another important pillar of the SSE in the third sector and has moved to the center of the national policy agenda a tool to realize development goals. Apart from the Banks who provide microfinance (e.g., under the SHG-Bank linkage programme mentioned above), specialized Microfinance institutions (MFIs) provide microfinance services to poor clients.

In India, microfinance institutions are registered as legal entities in any of the following forms: Non-Banking Financial Companies (NBFC-MFIs), Section 25 (Not-for-profit) Companies, Trusts, Societies, and Cooperatives. However, most of the large, multi-state operating companies function as NBFC-MFIs as this legal form provides for ease in raising equity, and has the benefits of recognition and regulation by the Reserve Bank of India, while other MFIs do not come under the RBI regulation. There is a Microfinance Bill, the Microfinance Institutions (Development and Regulation) Bill, 2012, pending in Parliament of India, intended to provide MFIs, lenders, and investors with a stable regulatory framework and enable MFIs to undertake the provision of comprehensive financial services including thrift.

Microfinance outreach in India is very high with more than 30 million borrowers. However, going by its potential, it is still very small. As per the estimate made by ICRA (a Moody's Investors Service Company), the potential size of the microfinance market, served primarily by MFIs and self-help groups (SHGs) with bank linkages, is estimated between Rs. 1.4 and 2.5 trillion, against the current market size of around Rs. 0.7 trillion (as of March 31, 2014).<sup>93</sup> Banks lend to MFIs as part of their Priority Sector Lending targets. However, the cost of credit to the end-borrower has been very high because of a number of reasons: the cost of capital in the wholesale capital market is high, high operational expense, loan loss provisioning etc. In spite of the high cost, borrowers still chose to borrow from the MFIs, because the loans are priced much below the informal money lending market, the ease of loan as it is collateral-free, loan products are designed to suit the client needs, some important non-financial services (e.g., capacity development, insurance, business development, marketing etc.) offered by the MFIs together with credit, and so on.

There is the dominance of the NBFCs in the microfinance landscape in India. In terms of contribution to the aggregate portfolio of the MFI channel in 2009, NBFCs account for 80 percent of the total outstanding portfolio of 117 billion rupees. The top three Indian MFIs, all of which are NBFCs, alone contributed to 48 percent of total MFI portfolio. The share of NBFCs grew from 65 percent of the total portfolio in 2007 to 71 percent of the total in 2008. In terms of the number of clients, NBFCs hold 75 percent of the client base.<sup>94</sup> Also, there is a great regional variation in terms of microfinance penetration across states with the resultant demand-supply gap in microfinance, as well as in the operating environment of MFIs across the country.

Today, microfinance in India is most closely watched as it tries to recover from a serious crisis which hit the sector beginning with the Crisis in Andhra Pradesh in 2010.

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<sup>93</sup>ICRA, Industry Outlook and Performance of Microfinance Institutions 2013-14. <http://www.icra.in/Files/ticker/SH-2014-H1-1-ICRA-Micro%20Finance%20Institutions.pdf>

<sup>94</sup>Intellcap, 2009, Inverting the Pyramid: Indian Microfinance Coming of Age, Hyderabad. [http://intellecap.com/sites/default/files/publications/Intellecap\\_Inverting%20the%20Pyramid\\_Edition\\_3.pdf](http://intellecap.com/sites/default/files/publications/Intellecap_Inverting%20the%20Pyramid_Edition_3.pdf) Events preceding that, public perception about microfinance was badly going down, with a wave of suicides by microfinance clients caused by widespread over-indebtedness taking the air out of the microfinance balloon. Hard questions began to be raised about its ability and intention to serve the poor and “lift them out of poverty”. This rocked the sector leading to a “legitimation crisis” of the sector. This crisis was exacerbated by unbridled greed, abuses and tyranny of the microfinance institutions –unethical and aggressive marketing, multiple lending and high interest rates on loans leading to over-indebtedness on the part of the poor clients, coercive and abusive methods followed by the MFIs for loan recovery, and the resultant increase in social and psychological pressures on the poor clients driving them even to the point of suicide. MFIs came to be called as “loan sharks”. Clearly, it was a crisis of its own making, stirring the regulatory heat and forcing MFIs to a near-death syndrome with credit risk, reputation risk, unfair competition, mission drift, corporate governance, and inappropriate regulation.<sup>95</sup>

The dark clouds are now clearing away as we see signs of recovery of the sector. In many ways, the post-crisis period is marked by many improvements in the ecosystem, and as a result, microfinance is better-positioned to enter a more mature and sustainable growth phase. The focus of the microfinance sector has turned towards accelerating the improvements in governance, responsible finance practices, regulatory capacity and risk

management. The Government of India is currently considering enacting The Microfinance Institutions (Development and Regulation) Bill, 2012 which could resolve many of the problems facing the sector today. The RBI has taken important steps in terms of addressing the problems of information asymmetries between lenders and borrowers and to enhance the quality of credit portfolios by making it mandatory for MFIs for registration in one credit information companies. Following the enactment of the Credit Information Companies (Regulation) Act (CICRA), 2005, three credit information companies (Equifax, Experian, and High Mark) were given certificates of Registration in 2009 to commence the business of credit information, in addition to the Credit Information Bureau (India) Ltd. (CIBIL). With the credit bureau for microfinance institutions now fully functional, details of millions of the smallest of small borrowers across India are now being documented (with a very high level of accuracy), with the potential to create one of the largest databases in the years to come.

As a self-regulatory initiative, Sa-Dhan and MFIN (Micro Finance Institutions Network) evolved a unified code of conduct for their members, which were released at the Microfinance India Summit 2011 in New Delhi. The unified code of conduct includes integrity and ethical behavior, transparency, client protection, governance, recruitment, client education, data sharing and feedback/grievance redress mechanisms.<sup>96</sup> Many prominent lenders to MFIs including SIDBI have started including a Code of Conduct Assessment (COCA) as a covenant in their lending agreements. There is now a regulatory cap on the interests the MFIs can charge on their loans. Structural improvements in the sector including greater regulatory clarity as well as the introduction of credit bureau has increased the stakeholder confidence bringing in high caliber investors both in equity and debt, resulting in a 43 percent growth in MFIs' loan

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<sup>95</sup>CSFI, 2011. Microfinance banana skins 2011: Losing its fairy dust. Centre for the Study of Financial Innovation. [www.csfi.org.uk](http://www.csfi.org.uk).

<sup>96</sup> <http://www.mfinindia.org/sites/default/files/Industry%20Code%20of%20Conduct.pdf>

assets during 2013-14, and MFIs (having put the crisis behind) are set to report buoyant growth over the medium period.<sup>97</sup>

- **Social Impact Investment as the “Next Microfinance”**

Microfinance presents a conventional model of solving social problems through a business approach. It demonstrated to many investors the role capital can play in a for-profit investment and what that investment can achieve in financial and social returns. As a result more recently, a new generation of Social Enterprises (SE) is sprouting up in India. Boundaries between public, private, and non-profit sectors are blurring in the quest for better, faster, cheaper and sustainable solutions to social problems. Social enterprise is accelerating in response to market turbulence, propelled by reduced government spending, pressure for interventions that demonstrate results, growing social consciousness by financial investors and a new generation of talented social entrepreneurs. Social enterprises can achieve social impact more efficiently than government, more sustainably and creatively than not-for-profits, and more generously than business. Thus, social enterprises contribute immensely to the diversity of the SSE landscape in India through their innovations and entrepreneurship in applying business models and tools to solve social problems in new and expanding areas like energy, sanitation, affordable housing, health care, poverty, hunger, education, corruption etc.

India's broad development issues, the widening divide between urban and rural areas, lack of efficient management of comprehensive public services, freedom from strict regulations that exists in other countries, make India an ideal testing ground for emerging youthful social entrepreneurs.

The origin of Impact investing in India can be traced back to 1982 when the Ashoka Foundation provided grants to Indian social entrepreneurs. But the expansion in the number and size of investments in businesses with a clear triple bottom line is a more recent phenomenon. The first non-profit socially minded venture capital fund (VCF) in India, the Grassroots Innovations Augmentation Network (GIAN) came up in 1997. Aavishkaar, the first in the for-profit sector was created in 2001. But the real growth started even later. About 68 percent of Social Enterprises have been in existence for five years or less.<sup>98</sup> In fact, J.P. Morgan/Rockefeller global research on Impact Investments as an emerging asset class (projecting that the market offers the potential over the next 10 years for invested capital of \$400bn–\$1 trillion and profit of \$183– \$667bn in areas of housing, rural water delivery, maternal health, primary education and financial services) functions as an on-ramp for investors eager to find the “next microfinance.”

Some of the largest actors in the field include the Omidyar Network, Aavishkaar, Acumen Fund, and Elevar Equity, including the creation of a national innovation fund (with rupees 100 billion) by the national Innovation Council of the Government of India to provide venture capital for early-stage innovations with a potential to bridge developmental gaps in health, sanitation, education, urban and rural infrastructure, transport and sanitation etc. This is an extremely important step taken by the Government of India, because Venture Capital firms that provide small amounts to

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<sup>97</sup>CRISIL Ratings, 2014, India's 25 Leading MFIs, Mumbai. <http://www.crisil.com/pdf/ratings/indias-25-leading-mfis.pdf>

<sup>98</sup>Intellicap, *Beyond Profit* 2010, “Indian Social Enterprise Landscape Survey”. Data self-reported by SEs. ventures that can produce impact for people in India are difficult to come by.

International venture capital funds usually look for mid-size ventures that have proven themselves. Enterprises are still mostly small, and entrepreneurs are looking for patient investors who are willing to work hand in hand to provide value to the business over time. In order for an Indian model of Innovation to succeed in meeting national goals, the Government is looking at the whole ecosystem of innovation, with an emphasis on strengthening research-to-marketplace linkages and to convert research into results.<sup>99</sup>

SEs that adopt innovative business models with for-profit entities account for three-fifths of all SEs. For-profit models also include collective ownership structures such as cooperatives and producer companies; Waste Ventures is one such organization that “incubates solid waste management companies owned and operated by waste pickers.” About one-fifth of SEs adopts not-for-profit structures. However, a growing trend observed in the Indian SE space is the transformation of many not-for-profit models into for-profit models, as these are in a better position to secure financing and scale over time. This was especially true of non-profits in microfinance.<sup>100</sup>

In many smaller ways, start-up SEs are stepping into critical areas where public/municipal services fall short. For example, Daily Dump, a Bengaluru-based enterprise, which started

with 30 customers in 2006, is now working in 17 cities in municipal waste management. In Noida, Attero Recycling, an end-to-end e-waste recycler provides e-waste recycling for 500 tonnes of trash annually. It now plans to build more recycling plants and taking the business overseas. The GPS Renewables (Bengaluru) is converting waste to watts, targeting both households and industries with their innovative power solutions. In August this year, Saahas – ‘Zero Waste’ solutions raised fresh funds for expansion of its capacity to handle four times of its current daily capacity of 20 tonnes. A new start-up in Pune, which was incorporated in 2013 and is in the product pilot stage, is producing fair trade 3D printer filament from plastic waste collected by waste-pickers. While benefitting the waste-pickers, it converts the plastic they pick into some value added product. The company has already received pre-orders for 3,500-kilo grams of the filament, mostly from abroad.<sup>101</sup> Thus, start-up SEs find the huge business potential to solve India’s insurmountable garbage crisis.

The SE financing landscape needs to develop in India. Although debt is a major source of capital for many SEs, access to institutional debt (such as bank loans) is limited. Traditional private equity investments in SEs (still largely limited to the more developed sectors such as microfinance or agribusiness) are difficult for the start-up SEs, due to the fact that the markets are developing, business models are just starting to show proof of concept, and transaction costs are often high for investors. However, the scenario is brightening up as business models gradually evolve and mature. Investor interest is gradually increasing as early investors are starting to see returns, and high growth is seen across sectors. SEs that are successful both from profitability and impact points of view now exist across key sectors, such as Affordable Healthcare, Affordable

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<sup>99</sup>Business Standard, 2011 (March 7), “Rs 1,000-cr innovation fund in three months”, Chennai/ Hyderabad.

<sup>100</sup>Asian Development Bank, 2012, *India Social Enterprise Landscape Report*, Manila.

<sup>101</sup>The Economic Times Magazine, 2015 (November 29-December 05), “Play Dirt”, pp 6-9., Bhubaneswar.

Housing, Agriculture, Energy, Education, Livelihood promotion, Water Sanitation, and Financial Inclusion.<sup>102</sup>

#### **4.2 Mapping of SSE in Brazil**

The Brazilian territory comprises an area of 8.5 million km<sup>2</sup>, divided into 23 states (federative units), which are grouped into five geographical regions (North, Northeast, Center-West, Southeast and South). The geographical regions contribute in a very unequal way to the composition of the Gross Domestic Product (GDP) and concentrate very different percentages of the population.

For instance, according to data from the Brazilian Institute of Geography and Statistics - IBGE (2015), which was compiled for the year 2013, the country presented a resident population of 201.4 million people and GDP of US\$ 2.07 trillion. Looking into each region of the country, the Southeast Region is the most populous and developed: it is responsible for 54 percent of the GDP and concentrates 42 percent of the population. The second most populous region is the Northeast, with 28 percent of the total population, but it generates only 14 percent of the GDP. The South Region has the second largest GDP in the country (16 percent) with only 14 percent of the population. Finally, respectively,

the North and Center-West Regions concentrate the smallest proportions of the population, 8 percent and 7 percent and contribute with 5 percent and 10 percent of the national GDP. As for the distribution of the population between rural and urban areas, the latter includes almost 85% of the country's population, which characterizes it as an eminently urban country.

Regarding the labor market, data from the National Household Sample Survey (PNAD/IBGE), also for the year 2013, shows us that, from the total population, 147.3 million are above ten years old and, for this reason, classified as people in working age (PIA). However, among the people in working age, only 103.4 million participate in the working market and can, therefore, be considered economically active (PEA). The rest of the people in working age are classified as economically inactive, which means that, although they are old enough to work, these individuals do not have any occupation and they do not look for a job. Conceptually, the fact that an individual participates in the labor market is no guarantee of insertion.

In this sense, among the people who are part of the economically active population, there are 6.7 million people who looked for a work position, but were not able to get one, and for this reason, they were classified as unemployed. Therefore, in Brazil, in 2013, the unemployment rate (Unemployed/Economically Active Population) was 6.5% and in the rate is increasing in 2015 (it has peaked at 10% in November 2015).

From the regional point of view, the data reveals that in the Southern Region the unemployment rate was quite below the average: 4.0%. On the other hand, the North and Northeast Regions had indicators above the national average: 7.3% and 7.9%, respectively.

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<sup>102</sup>Asian Development Bank, 2012, *op.cit.*

Even though these data point to a relatively low rate of unemployment,<sup>103</sup> the Brazilian labor market presents serious structural problems, related to our historical background of slavery and to how the transition to wage employment occurred in Brazil (Oliveira, 1998;<sup>104</sup> Morais, 2013<sup>105</sup>). Informal work and high rates of unemployment, besides exclusion, are mentioned as the main problems, particularly of specific segments; also the heterogeneity; income inequality etc.

**This is the context in which the discussion about Social and Solidarity Economy becomes relevant in the South-South perspective. Hence, it is necessary to think and share information about mechanisms for inclusion of segments subject to socioeconomic vulnerability.**

Within contexts of high unemployment rates, especially for more vulnerable groups that go through significant material deprivation of means of survival, some other sources of work and income can be found. One of these alternative ways is Social and Solidarity Economy.<sup>106</sup>

According to Paul Singer, National Secretary of Social and Solidarity Economy National Secretariat (SENAES), the structural changes, of economic and social order, which have occurred in the world in the last decades, have undermined the traditional model of the capitalist relationship of work. The increase in informality and the process of loss of formal relations of work have been confirmed as a tendency in an environment of mass unemployment. On the other hand, the deepening of this crisis opened the way for the rise and advancement of other types of organization of work, which is a consequence, mostly, of the necessity of workers to find alternatives for the generation of income.

Concerning SENAES,<sup>107</sup> as its own site says, it “*is part of the history of mobilization and articulation of the Solidarity Economy movement (ESOL) that occurs throughout the country*”. As they recognize, “*this new reality in the milieu of work contributes, in a significant way, to the emergence of new social actors and the construction of new institutional spaces*”. In the context of its activities, SENAES serves, presently, “*thousands of workers organized in a collective way, managing their own work and struggling for their emancipation*”. These are initiatives of productive collective projects, popular cooperatives, production networks, trade, and consumption financial institutions focused on solidary popular enterprises, self-managed companies, family

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<sup>103</sup> However, recently, this situation has gone through changes, due to the fall in the rate of economic growth in 2014 and, above all, in 2015. Additionally, there are also consequences of the policies of fiscal adjustment. IBGE’s data on unemployment show that during the first semester of 2015, the unemployment rate increased to 8.5%, maintaining a tendency to rise along the rest of the year. Also, recent data from *Relação Anual de Informações Sociais (RAIS)* reveal that during 2014 the country had the worst rates of growth of formal employment, since 1999.

<sup>104</sup> OLIVEIRA, C.A. B. *Formação do Mercado de Trabalho no Brasil*. In: OLIVEIRA, M. A. *Economia & Trabalho*, MTE/UNICAMP, 1998.

<sup>105</sup> MORAIS, L. *As políticas públicas de Economia Solidária (ESOL): avanços e limites para a inserção sociolaboral dos grupos-problema*. Campinas: IE-UNICAMP (Ph.D.Thesis), 2013.

<sup>106</sup> As the term has been used in Brazil. There is a theoretical-conceptual difference between Social Economy (SE) and Social and Solidarity Economy (SSE) which will be dealt with later.

<sup>107</sup> Additional Information about the public policies of Social and Solidarity Economy in Brazil will be dealt with later.

agriculture cooperatives, services cooperatives, among others (SENAES, 2015).<sup>108</sup>

Therefore, in Brazil, Solidarity Economy has been, in recent years, an innovative alternative for generation of work and income and also a method to promote socio-occupational inclusion. It involves diverse economic and social practices, which include activities for the production of goods, providing services, solidarity finances, exchanges, fair trade and solidarity consumption (SENAES, 2015).

Since the emergence of SENAES (2003), until the present, the Secretariat, through the “*Social and Solidarity Economy Solidarity Economy Program in Development*”, was gradually included in the Federal Government’s Pluriannual Plans and constituted the beginning of the process of institutionalization of the public policies of Solidarity Economy in the country, which is the legal framework of Social and Solidarity Economy in construction. There were also strategies for expansion of state and municipal public policies of Solidarity Economy, as well as the emergence of the *Public Centers of Solidarity Economy* and the *Parliamentary Front of Solidarity Economy*. The emergence

and strengthening of the *National Conference of Solidarity Economy* and the *National Council of* were also important.

In spite of the potentialities that have already been acknowledged regarding Social and Solidarity Economy, we should remember that this debate is charged by intense theoretical and conceptual conflict and, also, empirical-quantitative (Social Economy, Solidarity Economy, Social and Solidarity Economy etc.). The debate encompasses a large diversity of opinions and directions that go from simple practices of subsistence to those that see Social and Solidarity Economy as a new model of development in opposition to the hegemonic capitalist model. There are also critics who see it as another face of the increase of job insecurity in the labor market, such as some experiences of false cooperatives.

In spite of the diversity of views, we intend to discuss, next, the multiplicity of terms, definitions, and visions about Social and Solidarity Economy in Brazil.

However, it is important to point out that, through this wide spectrum of terminologies and visions, in this paper, we will work with the view that Solidarity Economy is part of the Social Economy, which is referred to by the term Social and Solidarity Economy. It refers to a set of experiences which target socio-labor insertion of vulnerable groups of the population, as defined in the article by Morais (2013) that has already been mentioned.

- **Some theoretical and conceptual information:**

In Brazil, the term Social and Solidarity Economy is not consensual, although the organizations that act in the interface between the economy and society are an expressive social phenomenon, increasingly acknowledged. From the scientific point of

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<sup>108</sup> <http://portal.mte.gov.br/ecosolidaria/a-economia-solidaria/>

view, as Serva & Andion (2006, p. 39)<sup>109</sup> pointed out:

*“the field seems to be in a pre-paradigmatic phase, according to the concept established by Kuhn (1987), in which the contexts of the paradigms and theories are still being constructed by the scientific community and also by the field professionals who act in the research”.*

As for the sphere of *praxis*, we can see a wide spectrum of actors and legal arrangements that are set up in this field although the cooperatives are easiest to find and the ones with the greatest tradition in our country.

The SSE has its own norms, rules, and codes and it is made up of symbolic disputes and contradictions among individuals and belonging groups. In this sense, in order to start understanding the concepts and theories that underlie the bibliographic production that is presently disseminated in Brazil, it is necessary to understand, even if only in a synthetic way, the different studies that make up the scientific field in the country. It is important to mention that, except for the studies in the sphere of cooperatives, the scientific discussion in the field of Social and Solidarity Economy is relatively recent and, although it uses different names (social economy, solidary, third sector, NGOs etc.) the number of studies that support initiatives from the civil society that have socioeconomic characteristics has been constantly increasing. Hence, the efforts of classification of some of the trends, suggested by Serva & Andion (2006), have had to follow ups.

From this conclusion, the authors presented the main sets of studies that participate in the construction of this “*new scientific field*”, taking as a reference the theoretical affiliation and the main concepts that characterize each set and not only the simple question of nomenclature. So, “*trying to make an overview of the field*” in Brazil, the authors suggested the existence of, at least, three different sets, that are :<sup>110</sup> a) the studies about “cooperativism”; b) the current of the “third sector”; c) the current of solidarity economy.

Regarding cooperativism (a), considered as the most ancient theoretical discussion in the field of Social and Solidarity Economy in the country, among several diverse theoretical trends, two trends have had a strong influence on the thinking about Brazilian cooperativism, although the core of cooperative doctrine is fundamentally inspired on Rochdale’s principles:<sup>111</sup>

- (i) The cooperative doctrine of “*Rochdalean*” inspiration and
- (ii) The doctrine of *economic and administrative “rationality”*.

The difference between the two trends resides in the fact that since the 1970s, the pragmatic approach of “*economic and administrative rationality*”, in the field of coop-

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<sup>109</sup>SERVA, M., ANDIÓN, C. A economía social no Brasil: panorama de um campo em construção. In: URALDE, J.M. *La Economía Social en Iberoamérica: un acercamiento a su realidad*. Madrid: MTAS/FUNDIBES, 2006, p. 39-86.

<sup>110</sup> An effort to quantify these segments will be undertaken in a specific topic later.

<sup>111</sup> Considered the first modern English cooperative, it was founded in 1844 by 28 workers, whose main values, and principles (democratic companies, of free adherence, equal right to vote, the formation of an indivisible patrimony, etc) were adopted by all the classes in the presently existing cooperatives.

eratives, reaches Brazil, exercising a strong influence until now. This moment is also marked by the exacerbation of the critiques related to this new “attitude” of cooperativism, based on efficiency, competitiveness and technological and organizational innovations, since from this period onwards the priority of the business character of most Brazilian cooperatives becomes clear<sup>112</sup>.

With respect to the studies of the “third sector” in Brazil (b), as described in international studies, this approach is mainly focused on the study of the organizations that do not aim at a profit and that target the promotion of general interest. So, in these studies, the term “third sector” is employed in the same original meaning as used in the Anglo-Saxon countries and they are influenced by the studies of *Non-Profit Organizations*. Therefore, they refer to a wide set of organizations, such as the NGOs, foundations, business institutes, philanthropic institutions, popular organizations, international cooperation organizations etc.

In reference to the focus of solidarity economy (c), the term “solidary” is used taking into account the idea of “*solidarity*”, in contrast with competitive individualism, characteristic of the economic behavior of capitalist enterprises. Under this concept, a set of organizations can be gathered which, on the one hand, promote solidarity among the members through self-management and, on the other hand, practice solidarity among workers in general, with greater emphasis on those who are underprivileged.

Through this conceptual framework, a series of socioeconomic practices were generated with a joint objective of increasing the opportunities for “*democratic socialization*” and job offers and take into consideration the political questioning between the economic and social spheres.<sup>113</sup>

It should be mentioned that some Latin American countries have developed a different view on Solidarity Economy which sees it as a driving force of social transformation that puts forward a project of “*alternative society*” in relation to neoliberal globalization. From this perspective, in Brazil, the concept of Solidarity Economy constitutes a mode of production, which differs from Capitalism.<sup>114</sup> Paul Singer, who has already been mentioned, is among one of the major icons within this trend. According to him, Solidarity Economy “*was created by workers, in the beginning of Industrial Capitalism, as a solution to poverty and unemployment*” (Singer, 2002, p. 83).<sup>115</sup> For this author, the weapon which is available to those who are deprived of capital is solidarity<sup>116</sup> and, therefore, Solidarity Economy can be defined as a set of different types of “*businesses*” which emerge as a reaction to the deprivations that the dominant system refuses to solve.

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<sup>112</sup>This debate presently polarizes the so-called “authentic” cooperatives and the “market” cooperatives.

<sup>113</sup>About this topic, see Morais (2014) in <http://socialeconomy.itcilo.org/en>.

<sup>114</sup>Although, for some authors, Solidary Economy provides an alternative from within market relations. Therefore, for them, Solidary Economy is not an alternative to Capitalism, but rather within Capitalism.

<sup>115</sup>SINGER, P. A recente ressurreição da economia solidária no Brasil. In: SOUZA SANTOS (Org.). *Produzir para viver: os caminhos da produção não capitalista*. Rio de Janeiro: Civilização Brasileira, 2002.

<sup>116</sup>When dealing with the topic of Solidary Economy, we should consider the confluence of many currents and the vast and heterogeneous aggregate of activities that, at this moment, are expanded, but still do not consist of an articulated field. In any case, the formulations converge to a common nucleus: the solidarity as the core of all the proposals.

Regarding these discussions, Lisboa (2005)<sup>117</sup> raises some interesting points. When deepening these characterizations, he acknowledges that the “*social and solidarity economy*” constitutes a new mode of production, since it is made up of new relations both in the production and in the distribution of surplus. It is also important to stress that, in his views, Solidarity Economy does not refer to a “*non-market*” and “*non-monetary*” sector such as “*gift economy*”, but also, it does not refer to a “*non – profit*” sector, such as the “*third sector*”.

For SENAES (2015),<sup>118</sup> the term Solidarity Economy is defined as a “*set of economic activities organized and performed in mutual cooperation by male and female workers by means of self-management*”. Economic activities can be understood as the activities related to the production of goods, service provision, solidary finances, fair trade and solidary consumption. It should also be mentioned that the “*solidary organizations*” refer to the cooperatives, associations, self-managed companies, solidary groups, exchange groups, etc., deriving from the idea of “*Solidary Economic Enterprises*”, which are simple or complex organizations, of collective character, in which workers from the urban and rural environment exercise self-management of their enterprises and can or cannot have legal registration for the practice of their economic activities.

According to Leite (2011),<sup>119</sup> when analyzing the characteristics of Solidarity Economy in Brazil, several aspects deserve attention. Among them, first, the author mentions: the number of enterprises; the organization of debate forums; the creation of entities within

the movement (FBES, CONAES,<sup>120</sup> among others); the set of demands and proposals that have consolidated Solidarity Economy as a project; the capacity to press the government for the creation of SENAES and the adoption of a public policy of Solidarity Economy; the relationship with the popular movements.

Second, the author stresses that Solidarity Economy presents itself as a manifestation of extensive capillarity, either territorial – considering that “*the movement spreads itself throughout the country, affecting several regions at the same time, just as the countryside and the city*” - either in different population groups that constitute them (men, women, young people, the elderly, retired), although, “*in social terms, it is restricted to groups that are in the margins of the work market*” (p.2), that is, the segments that go through social exclusion or factory workers, usually low-skilled, and those who are in more advanced age groups, who work for factories that went bankrupt.

Third, Leite (2011) states that the “*the capacity of organization that the movement has built is considerable*” (p.2), keeping in mind the creation of SENAES, of the Technology Incubator to Popular Cooperatives (ITCPs) and of forums, even though the author also

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<sup>117</sup> LISBOA, A M. A emergência das redes de economia popular no Brasil. In: Dal Ri, Neusa Maria (org). *Economia Solidária: o Desafio da democratização das relações de Trabalho*. São Paulo: Arte & Ciência, 2005, p. 55-89.

<sup>118</sup> <http://www.mte.gov.br/ecosolidaria>.

<sup>119</sup> LEITE, M.P. *Cooperativas e trabalho: um olhar sobre o setor de reciclagem e fábricas recuperadas em São Paulo*. Faculdade de Educação e Doutorado em Ciências Sociais/UNICAMP, Campinas/SP, 2011.

<sup>120</sup> FBES - Fórum Brasileiro de Economia Solidária; CONAES – Conferência Nacional de Economia Solidária. indicates certain fragilities that are inherent to the Solidarity Economy movement in Brazil, as we shall see later.

- **Quantitative information:**

As pointed out above, the lack of consensus on the definition of Social and Solidarity Economy leads to another problem: the difficulty in undertaking procedures to quantify –measure this sector, as well as of its activities, jobs, etc. This does not take into account that, in many occasions, there are actions and experiences of Social and Solidarity Economy that are developed in several territories and that are not formalized and/or systematized and/or official. Therefore, the difficult and necessary attempt to measure Social and Solidarity Economy will always present difficulties as well as gaps, which are inherent to their “world”. In Brazil, taking into account the three existing fields of Social and Solidarity Economy presented above, it is possible, even with restrictions, to have a quantitative notion of their respective activities, as well as about the workers involved.

Regarding the “market economy” cooperatives (a), in order to have a quantitative idea of this segment in Brazil, the information is provided by the Organization of Brazilian Cooperatives (OCB). It should be mentioned that the OCB organizes the cooperatives into thirteen main segments: agricultural and livestock, credit, educational, health, infrastructure, transportation, tourism and leisure, production, special, mineral, consumption and work. In 2010, the data indicated that there were 6,652 affiliated

cooperatives, 9,016,527 associated members, and almost 300,000 workers. From the point of view of this segment of activity and regarding the number of cooperatives, the ones related to agriculture and livestock, credit, work, and transportation, in this order, are the most significant in Brazil. While regarding the number of associate members, the sectors of credit and consumption are significantly outstanding. Considering the number of employees, those that deal with agriculture and livestock and the ones that deal with credit are the segments that employ the most. As observed, the data show, for the year of 2010, as compared to 2009, an 8.5 percent reduction in the number of cooperatives that are affiliated to the OCB, while in the same period, the number of associate members and employees has increased, 9.3 percent and 8.8 percent, respectively. Taking each state into account, São Paulo, Minas Gerais, Rio Grande do Sul and Rio de Janeiro present, in this order, the greatest number of cooperatives. The order of the number of associate members presented is in São Paulo, Rio Grande do Sul, Santa Catarina, Minas Gerais and Paraná. From the point of view of job positions that are created, besides these states, the state of Mato Grosso do Sul is also outstanding as the state where the cooperatives have been creating more job opportunities.<sup>121</sup>

In 2011, which is the year for which we find the latest information, the total number of associate members of cooperatives linked to the OCB rose to over ten million, registering an increase of 11 percent in relation to the year 2010. Following this same trend, an increase in the number of employees, which closed the last period with 2,96,000 also increased by 9.3 percent above this number, in the figure from 2010. The

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<sup>121</sup>Available in: [http://www.aciamericas.coop/IMG/pdf/numeros\\_do\\_cooperativismo\\_2010.pdf](http://www.aciamericas.coop/IMG/pdf/numeros_do_cooperativismo_2010.pdf) (access in 08.02.2015).

data is part of a study undertaken by the Management of Monitoring and Development of the National Service of Learning on Cooperativism (SESCOOP).<sup>122</sup>

From the point of view of measuring of the “third sector” (b), the only wide study undertaken about this segment in Brazil was the one done by IBGE (2004; 2006), in partnership with the Institute of Applied Economic Research (IPEA), the Brazilian Association of Non-Governmental Organizations (ABONG) and the Group of Institutes, Foundations and Enterprises (GIFE). This study refers to a survey called “*The private foundations and non-profit associations in Brazil*”. Using the data of the Central Record of Enterprises (CEMPRE), collected by IBGE, from the special tables that considered five parameters to select the object of study (non-profit, institutionalized, self-administered and voluntary private entities), of the 500,000 non-profit entities that were registered, a sub-set of analysis was drawn which took into consideration 276,000 entities for the year of 2002.

As its main conclusions, the research revealed that the organizations were relatively new in the country since 62 percent were formed since the 1990s and at each decade, the rhythm of growth is accelerated. In order to give an idea of this observation, in the 1980s the organizations that appeared were 88 percent more numerous than the ones that existed in the 1970s, and in relation to the ones that appeared in the 1990s, they were 124 percent superior in number to the ones that existed in the 1980s; and just between 1996 and 2002, an increase of 157 percent was registered. Other characteristics point that, in their majority, they are small organizations (77 percent of them do not have any employees and only 7 percent have ten or more employees), although there is a

concentration of labor in few organizations, since only 1 percent of them have 100 or more employees, gathering 61 percent of the total number of people occupied in this field of study. Regarding the work positions created in this sector, it calls attention to the significant increase in the number of work positions during a period of only six years: in 1996, 1,039,925 positions, rising, in 2002, to 1,541,290, which means an increase of almost 50 percent.

From the sectorial point of view, the areas of education and health employ more than half of the people who work, followed by social assistance, which corresponds to 15 percent of the occupied workers. By regions in the country, the Southeast Region alone concentrates 44 percent of the private non-profit foundations and associations, while just São Paulo (21 percent) and Minas Gerais (13 percent) gather one-third of the existing organizations in Brazil. Regarding the salary mass, the data of research indicates the value of R\$ 17.5 billion in the year of 2002. A more recent version of this study was done by the same institutions and, according to the research, between 2002 and 2006; the number of entities that fit into this type of organization grew by 22.6 percent, from 276,000 to 338,000.

Regarding the field of “Solidarity Economy” (c), the data used refers to the Atlas of Solidarity Economy, elaborated within the context of SIES – National System of Information on Solidarity Economy.<sup>123</sup> According to the Atlas of SENAES (2007),<sup>124</sup> we can see that there are 21,859 SEEs throughout Brazil, which have created over 1.6

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<sup>122</sup> <http://www.ocb.org.br/site/ramos/estatisticas.asp>

<sup>123</sup> Available in: <http://www.mte.gov.br/ecosolidaria/sies.asp>

<sup>124</sup> <http://www.mte.gov.br/sistemas/atlas/tabcgi.exe?FaturamentoMensal.def>

million jobs.<sup>125</sup> From the total number of enterprises, most were created between 1991 and 2007 and most are located in the rural area.

However, between 2005 and 2007, the number of Social Solidarity Economy enterprises went up 46 percent. From the point of view of the number of workers, over 15,000 of the enterprises employ between 10 and 50 people and more than 5,000 employ over 50 workers. From the total number of enterprises of Social and Solidarity Economy, 52 percent organize themselves as “associations”, 36.5 percent as “informal groups” and almost 10 percent as “cooperatives”. The reasons why these enterprises of solidarity economy were created are: an alternative to unemployment (38 percent), additional income (36 percent), access to financial aid (16 percent), to engage in associated work (9 percent) and company recovery (1 percent). Among such motivations, we could observe that reasons directly or indirectly related to income are over 75 percent of the total number of cases that were registered. Within the 50 main economic activities that were considered, the ones that stand out are the ones related to services in agriculture, agricultural production in general, manufacture of textile products, cereal and vegetable crops and animal care.

More recently, the last national survey was done and published in “*A Economia Solidária no Brasil: uma análise dos dados nacionais*”, coordinated by Gaiger (2014).<sup>126</sup> This survey can help, besides providing the characterization of the SEE in Brazil after thirteen years of public policies undertaken by SENAES, also as a starting point for the necessary creation of mechanisms for the evaluation of these policies, a topic that has not been dealt with in the field of these policies.

Based on this survey, there are 19,708 SEE and 1,423,631 associate members. Of these, almost 55 percent are in the rural zone, while 34.8 percent are in the urban area and 10.4 percent of the SEE is simultaneously in the rural and urban zones. By regions of Brazil, 41 percent of the SEE is in the Northeast, 17 percent in the South, 16 percent are in the North, the same number for the Southeast and 10 percent in the Center – West. As for the organization of the SEE, a wide predominance of associations can be observed, representing 60 percent of the SEE, 30.5 percent of the informal groups, 9 percent of the cooperatives and less than 1 percent of the mercantile societies.

Another interesting data refers to the main collective economic activity of the SEE. Of the SEE, the main economic activity is production (56.2 percent), followed by consumption (20 percent), commercialization (13.3 percent), providence of services (6.6 percent) and, last, by the exchange of goods and services (2.2 percent) and savings, credit and solidarity finances (1.7 percent).

From the point of view of the importance of the income to the associate members, the survey shows that the SEE represent the main source of income for the associate members mainly when the economic activities are the providing of services or work for third parties, followed by trade and production.

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<sup>125</sup>According to studies of SENAES, this represents 8% of the National GDP. About the topic consult: <https://mail.google.com/mail/u/0/#search/senaes+PIB+8%25+PIB+Brasil/1473086846a90ad3>

<sup>126</sup>GAIGER, L. (Org). *A Economia Solidária no Brasil: uma análise de dados nacionais*. Editora OIKOS, 2014  
Regarding the distribution of the SEE by sectors of economic activity:

- a) 30.6 percent are in manufacturing industries: manufacture of textile artifacts, manioc flour, and derivatives, production of cakes and sweets, production of honey products and manufacture of clothing;
- b) 27 percent in the primary sector: rice cultivation, horticulture, corn cultivation, cultivation of beans, cattle raising for milk;
- c) 3 percent industrial services of public utility: collection and selection of recyclable materials, plastic recycling, collection, treatment and distribution of water;
- d) 1.6 percent in financial activities: rotation funds, rural credit cooperatives, solidary credit, community banks and cooperatives of mutual credit.

Another relevant topic found in this survey, which will be discussed later, has to do with the “Gordian knot” of the SEE, that is, the difficulties in distributing financial resources in adequate conditions in the society. From the total of SEE, 77 percent did not look for credit or financial aid during the twelve months prior to the collection of data for the survey. Of these, 42 percent did not look for it because they did not need it, while 35 percent of them did not contract them because they were afraid to go into debts. Still, from the total number, 12 percent looked for credit, but were not able to get it (Gaiger, 2014); (Morais, 2015).<sup>127</sup>

- **Public Policies:**

According to Fraisse (2006),<sup>128</sup> the emergence of territorial policies of Social and Solidarity Economy represents an interesting case of construction of a “new” area of local public action. In his view, the emergence of territorial policies of Social and Solidarity Economy offers a “*historic opportunity*” for consolidation and renewal that gives Social and Solidarity Economy the place it deserves as a “*legitimate component of a plural economy, entitled to have a considerable weight in the logics of local development*” (p.243).

Thus, an important question is the relationship between public policies of Solidarity Economy and territorial development. In this perspective, FrançaFilho(2006),<sup>129</sup> when listing public policies for local development and Solidarity Economy, states that it concerns the construction of territorial strategies of development within the context of the promotion of new economic dynamics, based on the construction and strengthening

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<sup>127</sup> Morais, Leandro. *Social and Solidarity Economy (SSE), South – South and Triangular Cooperation and Social and Solidarity Finance (SSF): harmonious and promising connections*. In: UNRISD Workshop: Social and Solidarity Finance: Tensions, Opportunities and Transformative Potential, Geneva, 2015. Available in: <http://www.unrisd.org/ssfworkshop-morais>

<sup>128</sup> FRAISSE, L. Os desafios de uma ação pública a favor da economia social e solidária. In: FRANÇA FILHO, G.; LAVILLE, J.L.; MEDEIROS, A.; MAGNEN, J (Orgs). *Ação Pública e Economia Solidária: uma perspectiva internacional*. Porto Alegre: Editora UFRGS, 2006, p. 237-244.

<sup>129</sup> FRANÇA FILHO, G. (2006). Economia popular e solidária no Brasil. In: FRANÇA FILHO, G.; LAVILLE, J.L.; MEDEIROS, A.; MAGNEN, J (Orgs). *Ação Pública e Economia Solidária: uma perspectiva internacional*. Porto Alegre: Editora UFRGS, 2006, p. 57-72.

of “*socio-productive local circuits*” integrated into the fabric of social, political and cultural relations of a place. According to the author:

*“More than just a policy of creation of work and income opportunities for excluded segments of society, it is, therefore, a conception of strategic politics, in the sense that it deals with development from the view of specific territorial contexts. Besides this, such development is not considered as just a strengthening of local economic enterprises. It is a matter of designing the construction of economic initiatives that are articulated into local social and productive circuits and still integrated to other types of local initiatives, aiming at the strengthening (beyond the economic sphere) of the social, political, cultural and environmental dimensions in a specific spatial context”*(FrançaFilho, 2006, p 262).

We can see, therefore, that the policies of Solidarity Economy represent a specific way of operating actions of creation of job opportunities and income, as they are based on a “*strategic conception of territorial development*”. The strategic concept comes from the idea that local development is the result of collective, collaborative and participative

actions for social and productive mobilization of the territory, with wider socio-economic and political impacts that articulate themselves in a specific territory.

In Silva's view (2009),<sup>130</sup> the enterprises of solidarity economics are based on local action rooted in the community, understood as the sharing of the same territory and belonging to a net of common relationships, which favors a local development strategy through its strengthening. And it is precisely this rooting, shown as the local space in which they are inserted, that will promote direct relationship to the development of the local community, empowering the endogenous capacities and human and material resources.

However, it is important to emphasize that such an idea cannot neglect the importance of political economics adopted at the federal level. On the contrary, these must be thought of and implemented in such a way as to contribute to the successful achievement of territorial policies. After all, crucial matters such as interest rates, levels of investment, exchange rates, as well as the percentage of taxes paid to the municipalities and expenses with specific local policies, are decisions taken at the federal level and which may sponsor or, on the contrary, turn the actions, programs and projects for local development impossible to accomplish.

In *praxis*, this “new” principle of action towards development has as its basis the inter-relationship of, mainly, three kinds of policies: a) sector policies: aiming at permanent improvement in the efficiency and productivity of the productive sectors, through actions for training, education and technological innovations etc.; b) territorial: ways of administering and managing the endogenous resources (labor, natural resources and

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<sup>130</sup> SILVA, S. (2009). *Economia Solidária e políticas públicas de desenvolvimento local: uma análise de dois programas de gestão pública no Brasil*. In Revista Perspectivas em Políticas Públicas, vol. II, no. 3, p. 45-67. Belo Horizonte.

infrastructure), aiming at the formation of a favorable local surrounding environment and c) environment: through actions for the conservation of natural resources, through ecological concerns, considered of strategic value on issues of local development.

In this context, the emphasis is on the policies that can stimulate a development path while public policies are the instruments for strengthening or even creation of a proactive culture of development through local basis. In these terms, the innovating focus of such public policies should be centered, on the one side, on the idea that the development project can be built from “below”, and, on the other, that it must be based on a “territorial pact”, mediated and moved by the articulation of key actors (government, organizations of producers, cooperatives, unions, business associations etc.).

Another aspect that reinforces the connection between Social and Solidarity Economy with local development refers to its characteristic of transversality. According to Moraes (2013), Social and Solidarity Economy does not refer only to the economic problem, as it may also involve other issues, such as the sociability in the territories, the political participation of people, the degree of associative organization, environmental preservation, the reinforcement of cultural identities etc. This fact is pointed out by Souza (2012),<sup>131</sup> who defends the “*multidimensional*” and “*multi territorial*” character of the actions in the field of Social and Solidarity Economics.

In Brazil, SENAES, created in 2003, is the institutionalization of the public policy on Solidarity Economy. Regarding the rise of SENAES, it is good to remember that although Solidarity Economy began to constitute itself in a more representative way since the decade of the 1980s, with the creation of several cooperatives, companies of self-management and other similar enterprises, the space of discussion and national articulation started to be created during the activities of Solidarity Economy in the World Social Forum I. Some national entities, along with the government of Rio Grande do Sul, decided to form a Brazilian Work Group on Social and Solidarity Economy in order to organize the activities of Solidarity Economy at the World Social Forum II and III, gathering several initiatives of national entities and of organizations and international networks related to the topic. The Brazilian Work Group of Solidarity Economy became a national and international reference for the activities related to the World Social Forum and even for other activities.<sup>132</sup>

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<sup>131</sup> SOUZA, A. (2012). Política pública de economia solidária e desenvolvimento territorial. In: *Boletim Mercado de Trabalho: conjuntura e análise*. Brasília: IPEA e MTE, no. 52, agosto de 2012, p. 63-70.

<sup>132</sup> During the organization of the activities of the World Social Forum III, within an environment that pointed to the election of the candidate of the Partido dos Trabalhadores for the Presidency of the Republic, this Work Group planned to hold an expanded national meeting to discuss the role of Social and Solidarity Economy in the future government (Lula). This meeting was held in November 2002 and during it, the decision was taken that a Letter to the Elected President should be written, suggesting the creation of a National Secretary of Solidarity Economy. Also, in this meeting, it was decided that the 1<sup>st</sup> National Plenary Session of Solidarity Economy would be held in December. The First Plenary, attended by over 200 people, endorsed the Letter which was written in November and decided to hold the Second National Plenary during the III World Social Forum to discuss the creation of a Brazilian Forum of Solidarity Economy - FBES. Besides, this plenary enabled the beginning of a debate and deepening of the political platform for the strengthening of Solidarity Economy in Brazil. This platform is a set of priorities related to the solidary finances, the legal framework for the enterprises of Social and Solidarity Economy, the training, the education, the networks of production, trade and consumption, and the democratization of knowledge and technology and social organization of Social and Solidarity Economy. The Second National Plenary was held in January 2003 and could count on the participation of over 1000 people.

As mentioned before, one of the structuring axes of the policies of SENAES is the idea of the connection of Solidarity Economy with territorial development. Among the important projects developed were the “*Solidary Economic Ethnodevelopment of the Quilombola Communities*” and the “*Project for Promotion of Local Development and Solidarity Economy*”, as well as the “*Local Brazil Program*”. And, as we are dealing

with the *inter-sectorial articulations* of SENAES in local and territorial development, the contributions of the Secretariat in the “*National Program of Sustainable Development of Rural Territories – PRONAT*”, besides the “*Territories of Citizenship Program*” and “*Program of the Agenda 21 of the Environment Ministry*”. Other important advances were the creation of a *National System of Information in Solidarity Economy - SIES*; several courses and meetings for both *Training, Social and Professional Qualification and also Popular and Solidarity Education*; *National Program of Technological Incubators of Popular Cooperatives – PRONINC*; *Programs of Social Technologies and Solidarity Economy*; Several projects and programs in Solidarity Finances (community banks, solidary funds etc.) and in Solidary Trade (Fair and Solidary Trade, Fairs etc.).<sup>133</sup>

More recently, we should mention the “*Programa de Desenvolvimento Regional, Territorial Sustentável e Economia Solidária*” (Program of Regional, Sustainable Territorial Development, and Social and Solidarity Economy) (2012-2015). This Program “*intends to expand the strategy of regional/territorial action of the federal government, which has, in the last few years, gained strength and consistency for the widening of the options of generation of job and income, where the territory as the protagonist in the*

*process of development and the potentialities and vulnerabilities of the regional ecosystems are respected (SENAES, 2015).*<sup>134</sup>

In this perspective, since the creation of SENAES, several actions were taken to respond to the main demands of the Social and Solidarity Economy enterprises, among which, the most important are access to financial services, services of infrastructure, access to knowledge and to increase trade etc. In SENAES's view, *“these options contributed to widening the capacity of Solidarity Economy, to create opportunities for income through work for sectors that have been excluded from the formal market of work”*. In parallel,

*“there was also an expansion in the public policies of Solidarity Economy by the state and municipality governments, including the approval of legislation which determines the implementation of councils and the strengthening of the Network of Managers of Public Policies of Solidarity Economy. In the same way, the achievement of mechanisms of direct participation, such as the organization of the Public Conferences and the functioning of the National Council of Solidarity Economy (CNES) constitute privileged spaces for dialogue”*. In this sense, the public policy of solidarity economy integrates itself fully to the strategic orientations and priorities of the federal government for the reduction of regional and socioeconomic inequalities, by means of the human rescue of

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<sup>133</sup> For further details, we suggest seeing the document “Avanços e Desafios para as Políticas Públicas de ESOL no Governo Federal – 2003-2010”, elaborated by SENAES and available in its site (<http://portal.mte.gov.br/data/files/8A7C812D3CB58904013CB5F52A404620/Oito%20Anos%20da%20SENAES.%20Avan%C3%A7os%20e%20Desafios%20para%20as%20PP%20de%20Economia%20Solid%C3%A1ria%20no%20Gov.%20Federal%202003%202010.pdf>).

<sup>134</sup> Additional information in <<http://portal.mte.gov.br/ecosolidaria/apresentacao-4.htm>> (Access on May 5, 2015).

*the population in a situation of extreme poverty and promotion of the territorial, sustainable and solidarity development. Therefore, it intends to strengthen and expand, in an integrated way, the public policies that guarantee access to investments, to training, to technical assistance, to trade, and credit to all people who participate in the solidarity economy initiatives”* (SENAES, 2015).

Presently, the “Programa de Desenvolvimento Regional, Territorial Sustentável e Economia Solidária”<sup>135</sup> had several goals and initiatives planned for the period between 2012 and 2015. Its objectives are directed towards two fields, which are: a) fostering and strengthening Social and Solidarity Economy and b) strengthening the institutionalization of the National Policy of Social and Solidarity Economy. As well as the federative articulation and the integration of the policies of promotion of initiatives of solidarity economy in the sustainable territorial processes of development based on solidarity.

Regarding the first objective, the main goals are: create and strengthen 200 networks of production and trade; b) include 200 communities in the solidary finances; c) certify products and services of five thousand Solidarity Economy enterprises in the System of Fair and Solidary Trade; d) promote the social and professional training of 10,000 workers for Solidarity Economy and e) promote incubators, technical assistance and direct support to 1,500 solidarity economy enterprises.

As for the second objective, the goals for 2012-2015 are: a) to approve a new legal frame for Social and Solidarity Economy and for cooperativism; b) keep and update information on 30,000 organizations of Social and Solidarity Economy; c) create and implement the National System of Social and Solidarity Economy and strengthen the instances for

participation; d) promote the integration of the policies of Social and Solidarity Economy in 100 territorial processes of development; e) implement the insertion of nine thousand Social and Solidarity Economy enterprises in the National System of Fair and Solidary Trade and f) implementation of educational campaigns to disseminate Social and Solidarity Economy and promote responsible and solidary consumption.

To achieve these goals, SENAES will base its action on the following initiatives: a) development and dissemination of social technologies that are appropriate to Social and Solidarity Economy; b) training of workers, agents, trainers, multipliers and public managers of Social and Solidarity Economy; c) implementation and consolidation of Community Banks of Development, Solidary Rotational Funds and support to Cooperativism of Solidary Credit; incubators, sponsoring, technical assistance and support to Social and Solidarity Economy and its networks and chains of production, trade, and consumption; e) promotion of the adaptation of credit policies to the demands and characteristics of Social and Solidarity Economy; f) promotion of access to governmental purchases of goods and services from Social and Solidarity Economy and g) promotion and strengthening of fairs, fixed location, and facilities for trade of goods and services of Social and Solidarity Economy. For such a period (2012-2015), there is also a specific program for solid waste,<sup>136</sup> which intends to explain the organization and

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<sup>135</sup> <http://portal.mte.gov.br/ecosolidaria/programa-economia-solidaria-em-desenvolvimento/>

(Visited in September 29/2013).

<sup>136</sup> <http://portal.mte.gov.br/ecosolidaria/programa-economia-solidaria-em-desenvolvimento/> (Visited in September 30/2015).

production capacity of the segment of garbage collectors, offering greater technical capacity of management to the collective and solidary enterprises that are already working and providing the technical and financial means to sponsor the organization and formalization of new ones through training, technical assistance and structuring of collection, selection, processing and trade of solid waste. The purposes of this program are: a) to train and strengthen the participation in selective collection of 60,000 garbage collectors; b) sponsoring and strengthening of 500 cooperatives/associations and networks of cooperation of collectors of recyclable materials to act in the selective collection and in the chains of recycling; c) improve 100 networks of trade of recyclable materials collected by the collectors associations and e) provide infrastructure for 280 garbage collectors.

Additionally, it should be mentioned, among the public policies for SSE, the National System of Fair and Solidary Trade (SNCJS). The SNCJS is an important construction that permits the creation of a system of public recognition of the products and services of Solidary Economy, in such a way as to guide the market and the consumers in the selection of companies, technologies and products with the attributes of social, economic and ecological sustainability, in the valorization of more inclusive and socially fair market practices. It should be said that the SNCJS emerges “as a proposition of the movement of SSE and of national fair trade, as an orderly system of parameters to promote fair and solidary trade relations, articulating and integrating the Solidarity Economy Enterprises and partners throughout the entire Brazilian territory” (Recomendação, 2013, p. 5 – SENAES, 2015).

**The results and effectiveness of these policies are entirely unknown. This is, in fact, a topic that needs focus and attention. It is necessary to elaborate methodologies and monitoring processes to evaluate the impacts of the public policies of SSE.**

Besides this, it is important to register a serious problems found along the discussion of the issue of public policies of Solidarity Economy in Brazil: the tight budget of SENAES. This fact is, actually, recognized by SENAES itself, in Documento Oficial de 2012,<sup>137</sup> which reveals that: *“the annual budgets are not sufficient to respond to the needs of advancement of Solidarity Economy in Brazil. This is the reason for the low scale in the implementation of the policies and the low coverage of demand (...). The budget expansion is, therefore, a fundamental condition for the expansion and consolidation of public policies in the entire national territory.”* (p.6) This situation also highlights the limits of the instruments of the operationalization of the policy, as well as the technical and administrative limits, besides the physical facilities of the Secretariat.

Besides, as observed in the same Report, the operational capacity of SENAES was reduced abruptly since 2008. This fact can be partially explained by the implementation of the System of Management of Agreements (SICONV) which affected the entire federal government, but it can also be explained by the fact that in the years 2007 and 2008 there was an internal political issue within the Ministry of Work and Employment,

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<sup>137</sup>Availablein:

<http://portal.mte.gov.br/data/files/8A7C812D3ADC4216013AF4FEB3962C74/BALAN%C3%87O%20A%C3%87%20C3%95ES%20SENAES%202011%202012.pdf>

with the change of its command from the Partido dos Trabalhadores (PT) to Partido Democrático Trabalhista (PDT). The new Minister may have given less importance to the programs of Solidarity Economy, delaying the liberation of agreements and contracts of SENAES (BRASIL, 2011; Freitas, 2012). Another aspect, raised by Souza (2012, p. 63),<sup>138</sup> who believes the institutional position of SENAES in the federal government has been showing *“signs of exhaustion”*, is related to the fact that *“the indefiniton in relation to the position of Solidarity Economy in the federal government imposes new challenges for the consolidation of SENAES”*.<sup>139</sup>

Recently, the political, economic and institutional crisis we are going through in the country (second semester of 2015) leads to a period of apprehension in the field of Solidarity Economy in Brazil, taking into account the “fiscal tightening” and the reduction in public budgets, as well as the insertion of SENAES into the Ministry of Work and Employment and the inherent political instability that casts doubt over Paul Singer’s permanence at the command of this position.

However, SENAES and the entire movement for Solidarity Economy in the country still struggles and can, in fact, celebrate, not only the approval of Law nº 12.690, of 2012,<sup>140</sup> which regulates the organization and functioning of Work Cooperatives and institutes the National Program of Promotion to the Cooperatives of Work – PRONACOOOP, but also the recent unanimous approval of the Law Project of Solidarity Economy (PL 4685/2012), on August 26, 2015, in the Commission of Agriculture, Cattle Raising, Supply and Rural Development (CAPADR) by the House of Representatives. The Law, which establishes definitions, principles, guidelines, objectives and composition of the National Policy of Solidarity Economy, creates the National System of Solidarity

Economy and qualifies the SEE as holders of rights. Through this victory, the PL 4685 moves on to the Commission of Constitution, Justice and Citizenship (CCJC).

It should be said that the PL 4685 will make it possible to register the SEE in the Civil Registry of Legal Entities, based on the current Civil Code, since they are non-profit civil societies with economic purposes. This measure reduces bureaucracy and the costs of registration in the Boards of Trade and institutes the National Database of SEE, which aims the public recognition of these enterprises, in order to facilitate the access to the national public policies of Solidarity Economy (financial programs, governmental purchase of products and services and other actions of public character).

- **Women and SSE**

The treatment of the relationship between Social and Solidarity Economy and gender is extremely important, considering that, as observed by Costa (2011)<sup>141</sup>:

*“the emergence of solidarity economy implies aspects that have not been exploited yet, regarding the presence of women in this context, such as the*

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<sup>138</sup> SOUZA, A. *Política pública de economia solidária e desenvolvimento territorial*. In: IPEA: Boletim Mercado de Trabalho, no. 52, Agosto de 2012.

<sup>139</sup> The present policy of fiscal adjustment should be added to this context, as it will, probably, lead to cuts in resources of SENAES.

<sup>140</sup> [http://www.planalto.gov.br/ccivil\\_03/\\_Ato2011-2014/2012/Lei/L12690.htm](http://www.planalto.gov.br/ccivil_03/_Ato2011-2014/2012/Lei/L12690.htm)

<sup>141</sup> COSTA, J. *Constituindo o panorama de análise: olhares sobre a economia solidária*. In: Sociedade e Cultura, Goiânia, v. 14, n. 1, p. 19-27, jan./jun. 2011.

*growing and expressive female participation in the groups that articulate, in particular, the political organizations that establish it as a social movement as well; the more expressive participation in more fragile and precarious groups; and the fact that they are hidden and invisible both in the reports about the origins and the historical facts of solidarity economy regarding the expressive participation in the groups in which they act”* (p.1).

In the great majority of countries, women increasingly take on the role of heads of the household, where, besides performing the historical functions that are prescribed to them, they also start occupying the function of financial providers. From the view of the gender relations and female emancipation, for Nobre (2003),<sup>142</sup> the Social and Solidarity Economy can contribute in the following ways:

- a) to alleviate the burden of the routine life of women, considering that they share the weight of the “obligations”, contributing to a better articulation between family and professional life;
- b) in the context of solidary work, women have privileged spaces of discussion to express demands and press public authorities in an effective way, to achieve the construction of public policies of gender, thus helping in the development of women’s capacity to contribute to social and institutional changes that are more favorable to them;
- c) facilitates the access to credit; and,
- c) leads to the financial emancipation of women.

Social and Solidarity Economy allows, therefore, a further perspective of insertion of women, not only the insertion that is based only on the economy but also an insertion that demonstrates possibilities of action, most of all in reference to their rights. Another issue which refers to the role of women in Social and Solidarity Economy is that their action in the sphere of activities of generation of income creates possibilities for women to become the owners of the means of production, with the same chances as men, through the collective property. Besides, in Social and Solidarity Economy, there is a better balance of income, since the distribution of surplus derives from the democratic principle of equal rights, regardless of gender.

In the Brazilian case, studies that relate to the issue of gender in Social and Solidarity Economy indicate that, besides the possible generation of income, these women become protagonists in their social construction, struggling against historical patriarchal society.

In addition, the actions that have been developed and recreated in the contexts of Social and Solidarity Economy can offer alternatives to improve the work conditions of women who live within the context of informality and job insecurity, particularly, if we consider that the organization based on networks of production, trade and access to policies of professional training and credit – a strategy which is widely used by solidarity economy – can help overcome the problem of isolation and fragmentation of informal working women, as pointed by the National Atlas of Solidarity Economy, previously mentioned (Costa, 2011).

<sup>142</sup>NOBRE, M. Mulheres e economia solidária. In: CATTANI, A. (org.): *A outra economia*. Editora Veraz, Unitrabalho. Porto Alegre, São Paulo, 2003.

In Brazil, there are interesting formal and also informal experiences that occur through the incisive insertion of women. Many of them in the area of microcredit, based on the Popular Banks of Women, present in several Brazilian cities.

Among these different national experiences, it is important to mention, due to its history and national scope, (i) the Network RedeJustaTrama<sup>143</sup> and (ii) the Network of Feminist and Solidarity Economy (*Rede Feminista* in Portuguese).

Concerning the Justa Trama, this network is a productive chain that started its activities in 2004, through a group of women organized in cooperatives in the areas of weaving and dressing. They had the challenge of producing 60,000 handbags to be distributed during the World Social Forum, headquartered in Porto Alegre, in 2005. At that moment, in order to fabricate the handbags, the Cooperative Nova Esperança (Cones) of Nova Odessa – São Paulo, as participated in the enterprise responsible for the threads, and the Cooperativa de Trabalhadoras na Fiação (Textilcooper), of Santo André – São Paulo, in weaving. The manufacture of the pieces was the responsibility of Univens and of FioNobre. Due to the volume of production, thirty additional SEE were called to participate in the work. After the event, those who participated were able to observe that the formation of a chain was feasible. Presently, JustaTrama includes six cooperatives and an association of around 700 workers from the entire country. These enterprises, as shown in the Table below, are located in six Brazilian states, providing a rich exchange and development experience for those who are involved.

### **Box: The JustaTrama Network in the Brazilian territory**

Name	Initials	Production	Municipality	State
Association of Cultural and Educational Development	ADEC	Cultivation of organic cotton	Taúá	CE
Association of the School "Família Agrícola da Fronteira"	AEFAF	Cultivation of organic cotton	Pontaporã	MS
Cooperative of Textile Production of Para de Minas	Coopertextil	Spinning and Weaving	Pará de Minas	MG
PAS Group		Manufacture Of clothes	Itajaí	SC
Cooperative "Unidas Venceremos"	Univens	Manufacture Of clothes	Porto Alegre	RS
Cooperative of Handcraft	Inovarte	Toys and educational games made from leftovers of manufacture of clothes	Porto Alegre	RS
Cooperative Açai	Açaí	Seeds from the region used for adornment of the pieces and also for manufacture of ecojewels	Porto Velho	RO

<sup>143</sup> <http://www.justatrama.com.br/>

One of the differentials of the JustaTrama Network is the use of natural pigmentation throughout the production process. According to Nelsa Nespolo<sup>144</sup>:

The main feature of natural pigmentation used by JustaTrama is the fact that not only the pigments are of vegetable nature, but also the auxiliary pigments are so. The soap used to wash the cloth is made of coconut oil; the fixator is made of vegetable resins of copaiba oil; the softener is made of cupuassu butter, and the equalizer is made of Brazil nut milk. Besides, the effluents of this dyeing line are all biodegradable products. All of these products generate income for communities in different parts of Brazil. The new production line in this starting point had some of the pigments, all of them of natural origins. "The red-like orange came from the annatto fruit; the yellow came either out of turmeric or Brazilian yellow lilies plant; the blue came out of the *Indigofera* plant; black came out of the walnut fruit; green came out of the alfalfa chlorophyll and the fig plant leaf; the violet colour came out of a plant called bloodwood tree (*Haematoxylum campechianum*)

Another important feature of this Network is its aspect of South-South Cooperation, given that its products go through the Brazilian territory in the direction of Uruguay, an important ally, by means of the Caminos Cooperative, which markets the products in Montevideo. Furthermore, there is a binational product made in association with Caminos and *Factor Comum*. It is important to note that the various activities always take place with fashion shows that involve the local community where they take place, which allows

for a “sense of appropriation and a deep reflection on where the clothes I’m wearing come from, who makes it and how it is made”(Nelsa Nespolo, 2015).

**According to NelsaNespolo, an important leader of the “RedeJustaTrama” in Brazil (network of fair weaving):** *“JustaTrama is a reality that takes an important step and a trademark of the Solidarity Economy, for it shows that it is possible to obtain an agro-ecologic product that pays for itself going around the Brazilian territory and paying each production hub just values for its produce, a process that is free of exploitation and intermediaries. This is what the Solidarity Economy is about. This is Fair Trade and Fair Production”.*

Regarding the second experience, the Network of Feminist and Solidarity Economy (RESF, in Portuguese) derives from the Project Local Solidarity Economy and Feminist Economy Brazil developed by Guayi from a partnership with SENAES/MTE, by means of a public call that allowed for the identification of the fact that, in a mapping of 360 Solidarity Economy Enterprises (in 9 States of all five regions of Brazil), the vast majority was run by women.

Out of these 360 enterprises, the Brazil Local Project developed a Productive Diagnosis in 216 of them, including all nine States where actions were developed. Such diagnosis has shown that 73 percent of these enterprises are not formally instituted, but, at the same time, most of them have existed for more than five years, 65 percent between 5 and ten years. It is understood, therefore, that the following are characteristic data of women active in Social and Solidarity Economy:

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<sup>144</sup> Interviewed on October 15, 2015, for the purposes of this paper

- a) On the one hand, the organizational and institutional fragility: it is certainly associated to a condition of vulnerability, which does not permit the access and maintenance of a register of legal entity (Brazilian company registration identification), no matter how necessary it may be for processes of commercialization and access to a public policy and markets;
- b) On the other hand, the continuity in time, that is, the capacity to maintain itself, demonstrating that, in spite of precarious conditions, the enterprise plays a role, groups women, produces and goes beyond economic result, contributing to a sense of belonging and a collective capacity to resist that makes a difference in the lives of these women.

The Solidarity and Feminist Economy Network emerged as a result of the Brazil Local Solidarity and Feminist Economy Project, being discussed and reaffirmed in State Meetings held in late 2012. The network currently brings together 28 diverse networks, having as one of its strengths the fact that it is a network fairly representative of the national reality of women involves in SSE in Brazil. Women are found mainly in three sectors of economic activity: almost half in the crafts, and the rest in clothes confection and food.

**According to Helena Bonuma (2015),<sup>145</sup> an important leader of the Network and the fight for SSE in Brazil:**

*Ever since, we are articulating ourselves in a network, in a beautiful challenge of wire pulling, strengthening of links and tying knots, considering the varied colors of the diversity of our regions, our ethnic origins and our production segments, as well as the strength of women 's solidarity economy and the experience of the feminist struggle against inequality, in order to achieve good living standards for all. Since 2013, we have developed the promotion of the Network and its side linkages with a methodology aimed at strengthening self-management, with tools to look closely at the women ´s working conditions in the Network projects, aiming at developing alternatives for the qualification of production, the expansion of commercialization and the access to investment and solidary funds. In addition to the feminist economics, seen as a structuring theme of the joint network, we are qualifying the solidarity economy and maintaining a close dialogue with the women in their different realities.*

*One of the challenges we have faced is how to articulate all this potential to strengthen the local networks that integrate and foster concrete achievements in the field of economic empowerment of women as well as strengthening their productive enterprises. We understand that this is a collective process, which should from our diversity, but it should also be firm in order to reinforce our ties, strengthen our autonomy, bearing in mind that autonomy is a condition of subjects and, in order to constitute a collective subject (a network), one must break up with the characteristic culture of individualism and authoritarianism of the capitalist economy and learn from the solidarity economy proposals. Fundamentally, the task at hand is to develop the ability of self-management in the concrete practice of network management, as well as in the networks that integrate the various enterprises. In order to achieve this, we assumed a collective commitment to make our networks organized in a structure of management councils where the enterprises have systematic space for discussion, deliberation and joint construction of the "business" of the Network. This is also true for the Network at the national level. Despite the distances of this continental country, we have undertaken the steps to set up a Network of National Management Councils a group learning space, which allows for identity strengthening, management of tools and definition of rules necessary for the organization, in addition to the collective tying of the bonds that constitute the Network. Hence, we develop capabilities for the practice of self-management of the goals we have as a Network.*

**Main characteristics of women ´s participation in the SSE in Brazil (Bonuma and Nespolo, 2015):**

- There is plenty of evidence that women have an important role in the construction and building of SSE, given that they combine the technical and economic side with a special and individual care. In other words, they are able to facilitate the consideration of aspects such as the environment, the local territory and the involvement of an associate ´s family;
- There are few data on women in solidarity economy in Brazil and even less analytical studies on this reality;
- Women predominate in smaller enterprises, with a higher rate of informality and are thus more vulnerable both economically and socially;

- The SSE makes it possible for women, given their self-managed character of work organization, to balance production activities with family and domestic responsibilities to which most women must respond;
- It is necessary to ensure the integration of the Solidarity Economy in the country, in our region and in the world, by means of intensifying the processes of self-management, cooperation, and well-being aiming at a fair and sustainable development. Thus, it is possible and urgent to implement structuring public policies for a new development model that recognizes women as a political subject, given the importance of their self-organization, and that promotes the end of the sexual division of labour.

- **Advances and weakness**

The Social and Solidarity Economy is a phenomenon that has been gaining increasing economic, social and political visibility. One of its novelties is the way it has been impacting public policy planning since its subjects – organizations and entities – seek recognition, institutionalization, and support for projects and activities.

The public policies of Solidarity Economy (or, in some cases, the supporting instruments, since not all of them are constituted as such<sup>146</sup>), when intending to generate work and income, therefore, to support certain *problem-groups*, do this taking into account: i) potential impacts in the local place in which they act, since, when generating

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<sup>145</sup> Register made by email at Leandro Morais' request, for the purpose of this paper.

<sup>146</sup> It is understood that there is no pattern/model of public policies for Social and Solidarity Economy; in fact, in some municipality level experiences, we cannot speak of public policies, but rather of instruments of support to certain activities.

income, it also generates economically boosting in the territory; ii) possibility of associating it to the social programs of reduction of poverty and misery, besides the programs that involve economic aspects (income generation), social aspects (improvement of the conditions of education, of sanitation, of housing etc.), technical aspects (qualification of labor), environmental aspects guaranteeing greater sustainability in the territories in which they act) etc., which also includes wider relationship – not observed yet – among the ministries (in the context of the federal policies) and secretariats (state and municipality policies); iii) connection or promotion of practices of Solidarity Economy aiming at the generation of work by the public sector, in activities demanded by the State, such as the public purchase of products of cooperatives or association from small producers; purchase of school uniforms from cooperatives, etc.

However, the public policies of support to the Solidarity Economy do not move side by side. That is, they must be articulated to the wider scope of functioning of the macroeconomic policies of their respective country. In other words, they must be coherent with the most general goals of socioeconomic development in the country. In this sense, the credit conditions, the interest rates, the volume of resources destined to research, consulting, development of technologies, of market guarantee (public budgets, for example) etc. – measures, to a great extent, taken in the federal context - must satisfy the

objective of supporting and protecting the SEE. To achieve this, they must be State policies, with an institutional and regulatory framework to guarantee them as such – State policies.

Another aspect refers to the absence of mechanisms and instruments to evaluate and monitor the policies. The view is that, in order to achieve greater efficiency and effectiveness in the programs, projects and actions for Solidarity Economy, it is necessary to step further, towards facing the challenge of evaluating and monitoring this set of public policies that contemplate the “sector”, in such a way as to contribute to its better planning and subsequent advancements.

Specifically, when we deal with the Brazilian case, SENAES constitutes an international example of the success of public policy in favor of Solidarity Economy, keeping in mind the scope of its programs, as well as the contribution to the achievement of legal advancements, such as the already mentioned approval of PL 4685. However, the low volume of resources destined to this governmental policy, on the one hand, makes it unfeasible to advance these policies and reiterate the intrinsic fragilities in this field of action; and, also suggests the reduction of its degree of autonomy to take certain decisions. On the other hand, they do not allow for advancements in following these policies and its effective results.

Also, from the microeconomic point of view, there are inherent problems in the functioning of the SEE (*modus operandi* of their activities), considering that their experiences are marked by intrinsic fragilities, as well as by the fragmentation of their actions. In order to have an idea, let us consider a practical fact. In a recent survey done by SENAES between 2013 and 2014, and systematized by Rêgo (2014),<sup>147</sup> the SEE

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<sup>147</sup> RÊGO, D. *A natureza da comercialização na economia solidária: a contribuição dos grupos de consumo responsável*. Salvador: UFBA (Dissertação de Mestrado).

present the following difficulties: lack of working capital and difficulties to obtain credit, insufficient trade structure; high cost of transportation and substandard conditions of roads for outflow of products; interference of middlemen and monopolies that pose obstacles to their insertion; difficulties in the maintenance of regularity of supply; difficulty to find clients on a wide enough scale and dependency on public purchases; inadequate prices and lack of registration for commercialization. However, the most curious aspect is to observe that there is a low number of SEE that trade among themselves, considering that only 17.7 percent of the SEE participate of the networks of commercialization, production, consumption or credit. In other words, that keeps economic relationships with their fellows in Solidarity Economy! This fact points to a contradiction of Solidarity Economy that must be dealt with.

Therefore, it is understood that part of the difficulties, fragmentation, and fragilities of the SEE can be faced through the strengthening of the SEE in networks. According to Rêgo (2014, p.71): “*Once articulated, the enterprise manages to be more effective in the outflow of production and reach greater coordination of the productive chain, favoring the approximation between production and consumption*”. In order to face the challenges found by the SEE, one of the strategies is the participation in networks of solidary cooperation, mainly the networks of commercialization, of production and of essential services.

This is the objective of an ongoing project in Brazil, in partnership with the Agência de Desenvolvimento Solidário (ADS-CUT) and SENAES, to map and strengthen the networks of SEE in the country. Everything indicates that this is one of the greatest bets in agendas of the public policies of SENAES in the following years. This fact is based on the guidelines from the already mentioned “*Program of Regional, Territorial Sustainable Development, and Solidarity Economy*”,<sup>148</sup> whose purposes are directed towards two fields: a) supporting and strengthening SEE and its networks of cooperation in chains of production, trade and consumption, by means of access to knowledge and solidary finances and of the organization of fair and solidary trade and b) strengthening the institutionalization of the National Policy of Solidarity Economy, as well as the federative articulation and the integration of the policies of promotion of the initiatives of Solidarity Economy in the territorial sustainable and solidary processes of development.

However, just as observed by Boaventura de Sousa Santos (2002),<sup>149</sup> the success of these alternative experiences of production and community organizations in the territories, depends, to a large extent, on their capacity to integrate processes of economic transformation and cultural, social and political changes, building networks of collaboration and mutual support, which presumes a progressive participation in the spheres of formulation and implementation of public policies, based on the idea of co-construction of these policies. Here we emphasize the importance of this India-Brazil Project, in the field of Solidarity Economy, in the perspective of South-South Cooperation.

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<sup>148</sup> <http://portal.mte.gov.br/ecosolidaria/programa-economia-solidaria-em-desenvolvimento/>  
(Access on August 29, 2015).

<sup>149</sup> SANTOS, Boaventura. Preface. In: SANTOS, B. *Produzir para viver: os caminhos da produção não capitalista*. Rio de Janeiro: Civilização Brasileira, 2002.

## **5. India and Brazil: A Comparative Analysis**

### **5.1 Similarities and Differences of SSE in India and Brazil**

Both India and Brazil have emerged as new economic and political actors in the international system. Both are emerging economies, with strategic geo-political importance in their respective regions. A colonial history ties them together to a common history. Both are multi-ethnic, multi-cultural democracies. They share the common challenges of poverty and other development problems. India and Brazil have common goals (such as democratizing global governance) and are also guided by a common vision that democracy and development are mutually reinforcing. Both are guided in their response to market-driven globalization by the Fair Globalization and the DWA of the ILO. Both recognize the importance of the South-South cooperation, based on the key strength of more relevant knowledge and a greater understanding of local challenges for development and a more horizontal modality that aims at creating win-win situations and mutual benefits for the cooperation partners by being less interferential than North-South cooperation.

With its strong rhetoric of solidarity among developing countries and its accompanying policies in multilateral institutions (e.g. the WTO), Brazil is one of the most prominent

providers of South-South cooperation. South-South cooperation was particularly promoted as part of Brazilian foreign policy under former president Luiz Inácio Lula da Silva. Brazil focuses on South America and Africa (both receiving about half of the total cooperation) and in Africa on the Portuguese-speaking countries. Its main areas are agriculture, health, humanitarian assistance, and capacity building, and particularly in the former two, Brazil has proven to have expertise that meets international standards. India is also a prominent case of a Southern development cooperation provider. Due to the country's enormous social discrepancies and its colonial past, the country follows a discourse of South-South rhetoric more similar to Brazil and enjoys some credibility as a representative of developing countries. India's preference for development partners lies within its own region—with neighboring countries receiving 85 percent of Indian cooperation in 2010—but India also has strong ties with some African countries (especially due to the Indian diasporas that concentrate in these countries). India's technical cooperation focuses on poverty reduction, capacity building, and humanitarian assistance.

The Indian society, like the Brazilian one, is characterized by deep contradictions, in principle, all have equal rights, but, in reality, certain social groups cannot fulfill these rights and are excluded from the services provided by the government to its citizens. As in Brazil, poverty in India has a distinct regional character, and one can clearly notice significant regional differences in development in both countries. As in Brazil, poverty in India has a distinct regional character, and one can notice clearly significant regional differences in development in both countries. Though India shares certain common features with Brazil as an emerging nation, it has also marked differences. For example, India's per capita GDP (adjusted for Purchasing Power Parity) is one-third of Brazil. Brazil has achieved near universal adult literacy rate while India lags behind. Similarly, India is a country with high inequality, gender disparity, low productive employment and a large informal labour market.

With regard to the SSE, synthetically, the similarities and differences were found between the countries are:

**a) Similarities:**

- Poverty alleviation has been one of the guiding principles shaping Brazil's and India's policy priorities and development programmes over the decades;
- The government of India and Brazil also simultaneously focuses on self-employment as a policy priority for poverty alleviation and inclusive growth by stimulating an entrepreneurial approach at the bottom of the pyramid (and the home of informal economy);
- Programmes to provide sustainable income to rural poor households through income generating assets and economic activities;
- SSE in India and Brazil has a strong focus on the empowerment of marginalized groups, as well as engaging in anti-poverty and social inclusion work;
- Cooperative movement is strong and the oldest experience on SSE in both countries, overall in the primary sector;

**b) Differences:**

- Women are the driving force of the SSE in India and the Indian government has adopted a very active approach through a promotive policy stance to support women's enterprises, enhance employment opportunities for women, and protect them against vulnerabilities at the "bottom of the labour pyramid";
- The Government of India, as well as the Reserve Bank of India, have a very supportive policy and regulatory framework (with emphasis on financial inclusion, and livelihood promotion) which has provided the steam for the growth in SSE (in Brazil the financial inclusion needs advance more in terms of regulatory framework);
- Also, there has been a phenomenal growth of women's SHGs in India made by National Bank for Agriculture and Rural Development (NABARD) as a policy innovation to link the "unbankable poor women" with the formal commercial banking system;
- Brazil has a specific area - sector for the public policies on SSE: SENAES. Since the emergence of SENAES (2003), until the present, the Secretariat, through the "*Social and Solidarity Economy Solidarity Economy Program in Development*", was gradually included in the Federal Government's Pluriannual Plans and constituted the beginning of the process of institutionalization of the public policies of Solidarity Economy in the country;
- In India, the existence of SEWA (Self-Employed Women's Association), a unique innovation in the third sector in the sense that it is a confluence of three movements – the labour movement, the women's movement, and the cooperative movement;
- Brazil has specifically legislation for the "popular cooperatives" – Law of 'Associative Work Cooperative' and "traditional cooperatives" (eg. Cooperatives of Brazilian Cooperatives Organization);
- In India, more than in Brazil, social enterprises contribute immensely to the diversity of the SSE landscape in applying business models and tools to solve social problems in new and expanding areas like energy, sanitation, affordable housing, health care, poverty, hunger, education, corruption etc;

## 5.2 Advances and weaknesses of SSE in India and Brazil

The preparation of this report and the visits in India allowed us to meet some advances and weaknesses of the ESS in both countries. These advances and weaknesses are, in brief:

### Advances:

- a) SSE is a phenomenon that has been gaining increasing economic, social and political visibility;
- b) The emergence of territorial policies of SSE represents an interesting case of construction of a "new" area of local public action. In his view, the emergence of territorial policies of SSE offers a "*historic opportunity*" for consolidation and renewal that gives SSE the place it deserves as a legitimate component of a plural economy;
- c) The number of social and solidarity enterprises is increasing; as well as the organization of debate forums concerning the importance and the rules of SSE; the set of demands and proposals that have consolidated SSE as a project; the

- capacity to press the government for some actions; the relationship with the popular movements;
- d) A manifestation of extensive capillarity, either territorial – considering that the movement spreads itself throughout the country, affecting several regions at the same time -, either in different population groups (men, women - overall in India, young people, the elderly, retired etc);
  - e) The capacity of organization that the SSE's movement has built is considerable;
  - f) SSE allows a further perspective of insertion of women, not only the insertion that is based only on the economy but also an insertion that demonstrates possibilities of action, most of all in reference to their rights.

- **Weaknesses:**

- a) Relation between SSE and informality;
- b) Several states were not able to fully invest the funds received under the programmes in both countries, indicating a lack of appropriate delivery systems and dedicated efforts for skill training and building resource absorption capacity among the rural poor;
- c) Microeconomic aspects (inherent problems in the functioning of the SEE - *modus operandi* of their activities): operational Plan; inadequate Staff; inadequate infrastructure facilities;
- d) In terms of Research and Development, Evaluation and Monitoring: Data Base; Documentation of Best Practices; Monitoring; Learning Exchanges;
- e) In terms of public policies: less budget allocation; and infrastructure development as well as market development for the SSE sector;
- f) Training and Capacity Building, Human Resources Development for the SSE sector is very weak;
- g) There are few data on women in solidarity economy in Brazil as well as in India and even less analytical studies on this reality;

## India – Brazil :SimilaritiesandDifferences in the context of the SSE

Similarities	Differences	
	India	Brazil
<p><u>Basic Data:</u></p> <p>1. <i>Both India and Brazil are among the largest countries in the world in terms of land area.</i></p> <p>2. <i>Both are pluralistic societies</i></p> <p>3. <i>Both countries have a colonial history, and today, both are federal democracies, where the balance of power is skewed towards the Centre.</i></p>	<p>1. With a total geographical land area of 3.28 million sq. km., India is the 7<sup>th</sup> largest country in the world</p> <p>India’s population is 1.25 billion (2015 estimated) and is thus more than 5 times bigger than the population of Brazil.</p> <p>2. India is more diverse and complex. Hindi, English and more than 20 regional official languages. Linguistic diversity Index is 0.9 (29 times more than Brazil); ranked 9<sup>th</sup> in the world.</p> <p>3. India was a British colony for about two centuries. It became independent from the colonial rule in 1947, and its new Constitution came into force in 1950. India has a democratic regime since its Independence (with a brief period of authoritarian rule and suspension of democratic rights during 1975-77 when the Indira Gandhi government clamped emergency).</p>	<p>1. However, Brazil is much larger than India in terms of geographical land area (8.51 million sq.km) and the 5<sup>th</sup> largest in the world. About three times as big as India Brazil’s population is 209 million (2015 estimated)</p> <p>2. Portuguese is the most common language. Spanish is less commonly used, also a number of minor American languages. Linguistic diversity Index is 0.032 (ranked 178 in the world).</p> <p>3. Brazil has a much longer colonial history. It became Independent from the Portuguese much earlier, in 1822. It became a monarchy until the Republican coup in 1889. It had two different periods of dictatorship (1937-1945; 1964-1985), the last one ending in 1985, which marked the end of authoritarian rule with the emergence of re-democratization, in the context of the <i>Nova República (New Republic)</i>. Brazil’s current Constitution was promulgated in 1988.</p>

<p>4 Both Brazil and India are emerging economies with growing global influence, and common agendas on important global issues (e.g., governance reforms) as leaders of the Global South</p> <p>5. Growth and Distribution Regimes</p> <p>Phase -1 (1950-1980)</p> <p>Phase -2 (1980 to present)</p>	<p>India's Constitution is federal in structure but unitary in spirit. States do not have separate Constitutions.</p> <p>India has a Parliamentary form of government</p> <p>Suffrage : Universal suffrage above 18 years of age</p> <p>4. GDP/PPP (2014) : US\$ 4.7 trillion, two times more than Brazil</p> <p>GDP/PPP Per capita : US \$3,800</p> <p>GDP Composition :</p> <p>Agriculture : 17 percent (three times more than Brazil)</p> <p>Industry : 18 percent</p> <p>Services : 65 percent</p> <p>In the waxing and waning economy, India's GDP growth story is much better than Brazil, and in the post-financial crisis period 2011-2014, India's GDP grew at a rate of 5.5 percent, and its performance is improving (currently at 7.5 percent)</p> <p>State-led planning and investment, import substitution and slow growth, some state action to limit inequality but development of dualist labour markets</p>	<p>States have separate Constitution (but they reflect the federal Constitution), and the Federative Union holds maximum power</p> <p>Brazil has a form of universal Suffrage: Compulsory between 18 and 70 years of age; voluntary between 16-18 and above 70</p> <p>4. GDP/PPP (2014) : US\$ 2.3 trillion</p> <p>GDP/PPP Per capita : US\$ 11,700 (three times more than India)</p> <p>GDP Composition :</p> <p>Agriculture : 5.4 percent</p> <p>Industry : 27.4 percent</p> <p>Services : 67.2 percent</p> <p>In the post-crisis (2011-2014) period average GDP growth rate has been 2.2 percent and is currently contracting.</p> <p>State-capitalist alliance, growth of middle class, import substitution, period of high growth, eventually suppression of labour and growing inequality</p> <p>External and internal liberalization leading to economic crisis, high unemployment, but</p>
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<p>6. <i>Both face the challenges of Poverty and Development.</i></p>	<p>External and internal liberalization, diminishing economic role of state, weakening of labour institutions, high growth but limited creation of good jobs</p> <p>Wage differences between casual and regular workers widened in the wake of liberalization in the early 1990s</p> <p>Large income differences between social groups and regions persist. Minimum wages are complex, varying from region to region and from one category to another, and subject to widespread violation and non-compliance</p> <p>Income inequality has increased since the 1990s; real per capita incomes for urban inhabitants have increased more than their rural counterparts</p> <p>People Below Poverty Line : 29.8 Percent Multidimensional Poverty Index : 0.282 (2005-6)</p> <p>HDI Rank : 135 (value: 0.586)</p> <p>Inequality-Adjusted HDI : 0.418, Rank-100</p>	<p>reregulation after 2002 with revival of labour institutions and stronger social policy</p> <p>There have been recent reductions in income differences between formal (registered) workers on the one hand, and informal workers and the self-employed on the other.</p> <p>Inequality fell more rapidly after 2002 as a result of stronger redistributive policies and the positive performance of the labour market, with increased formalization and rising wages. Minimum wage regulation worked as an engine of inequality reduction because it sets an effective national floor for the income of unskilled workers.</p> <p>Income inequality has declined; per capita income growth in rural areas outpaced urban areas; Brazil's growth at the bottom and middle quintiles were greater than growth at the top, driving poverty reduction through faster income increases to the poor.</p> <p>People Below Poverty Line : 21.4 Percent Multidimensional Poverty Index : 0.012 (2012)</p> <p>HDI Rank : 74 (Value: 0.744)</p> <p>Inequality-Adjusted HDI : 0.542, Rank - 75</p> <p>Gender Inequality Index : 0.441 (Rank: 85)</p>
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	<p>Gender-Inequality Index : 0.563 (Rank: 127)</p> <p>Unemployment Rate : 8.5 Percent</p> <p>Total Labour Force : 484 million (more than four times than Brazil)</p> <p>Labour Force :</p> <p>In Agriculture 60 percent</p> <p>Industry 17 percent</p> <p>Services 23 percent</p> <p>Share of Informal Employment is much higher than in Brazil</p> <p>Urbanization : 33 Percent</p> <p>Total Adult Literacy : 62.75 percent</p> <p>Life Expectancy at Birth : 66.8 years</p> <p>Employment rate of women : 32.4 percent</p> <p>Ecological Footprint: 0.9</p> <p>Crime Levels : 47.61</p> <p>Experienced Wellbeing Index : 5</p>	<p>Unemployment Rate : 10.2 percent (November, 2015)</p> <p>Total Labour Force : 104 million</p> <p>Labour Force :</p> <p>In Agriculture 20 percent</p> <p>Industry 14 percent</p> <p>Services 66 percent</p> <p>Urbanization : 87 percent (Three times more than India)</p> <p>Total Adult Literacy : 90.01 percent (43 percent more than India)</p> <p>Life expectancy at Birth : 72.5 years</p> <p>Employment Rate of women : 52.8 percent (63 percent more than India)</p> <p>Ecological Footprint : 2.9 (three times higher)</p> <p>Crime levels : 78.04 (64 percent more than India)</p> <p>Experienced Wellbeing Index : 6.8 (36 percent more than India)</p>
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<p>7. India and Brazil both have a very vibrant and diverse SSE sector.</p> <p>The government of India and Brazil also simultaneously focus on self-employment as a policy priority for poverty alleviation and inclusive growth by stimulating an entrepreneurial approach at the bottom of the pyramid</p> <p>SSE in India and Brazil has a strong focus on the empowerment of marginalized groups, as well as engaging in anti-poverty and social inclusion work</p> <p>Cooperative movement is strong and the oldest experience on SSE in both countries, overall on the primary sector</p>	<p>Women are the driving force of the SSE in India and the Indian government has adopted a very active approach through a promotive policy stance to support women's enterprises, enhance employment opportunities for women, and protect them against vulnerabilities at the "bottom of the labour pyramid"</p> <p>There has been a phenomenal growth of women's SHGs in India made by National Bank for Agriculture and Rural Development (NABARD) as a policy innovation to link the "unbankable poor women" with the formal commercial banks</p> <p>In India, more than in Brazil, social enterprises contribute immensely to the diversity of the SSE landscape in applying business models and tools to solve social problems in new and expanding areas like energy, sanitation, affordable housing, health care, poverty, hunger, education, corruption etc.</p>	<p>Brazil has a specific area - sector for the public policies on SSE: SENAES. Since the emergence of SENAES (2003), until the present, the Secretariat, through the "Social and Solidarity Economy Solidarity Economy Program in Development", was gradually included in the Federal Government's Pluriannual Plans and constituted the beginning of the process of institutionalization of the public policies of Solidarity Economy in the country</p> <p>In Brazil has specifically legislation for the "popular cooperatives" - Lay of 'Associative Work Cooperative' and "traditional cooperatives" (eg. Cooperatives of Brazilian Cooperatives Organization)</p> <p>Unlike India, the penetration of microfinance in Brazil is very low,</p>
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(Source :NationMaster, <http://www.nationmaster.com/country-info/compare/Brazil/India/Economy> , accessed 4 December 2015); UNDP, Human Development Report, 2014; India Visit Reports of Leandro Morais.



## **6. Measures to fostering the SSE in India and in Brazil: some Recommendations from a South-South Triangular Cooperation perspective**

With a focus on strengthening the ground work as a step in advancing the IBSA Forum's framework for sharing expertise and experiences of best practices to operate through various sectoral working groups to propel closer engagement and collaboration between sectoral specialists through important tracks by different people-to-people forums especially the academic forum, the women's forum, and the tri-nations summit on small business under the IBSA umbrella through some concrete projects as follows:

- a. This collaboration now needs to move to the next phase which will be the study tour from India to Brazil;
- b. Documentation of Best Practices in women-driven innovations in SSE, for better and wider sharing among researchers, policy makers, and practitioners in India and Brazil, as also among the wider SSE communities in the Global North and the Global South;
- c. Case studies of social impact of Women-led SSE organizations with transfer of knowledge across India and Brazil, through collaborative Indo-Brazil Action Research (involving academic institutions and SSE organizations) designed to develop home-grown tools and indicators, appropriate for the SSE sector, to better assess the efficiency and impact of the SSE organizations (understand and visualize social and economic impacts on their territory); This is especially important, given the lack of management systems, monitoring tools, and indicators of measurement to improve the efficiency and scale up the impact of the double/triple bottom line organizations such as the ones in the SSE (e.g., social accounting tools, social rating tools, social performance management, social returns on investment etc.) to enhance the capacities of the SSE organizations to navigate safely between inefficiency and mission drift. The ILO/PARDEV could link these efforts with the Global Labour University in Germany in the true spirit of the SSTC;
- d. Comparative research studies in areas like Socio-cultural, policy, infrastructural, institutional, legal and regulatory, and business environmental determinants in both countries to assess the constraints and opportunities in scaling up women's enterprises, which could feed into the IBSA inter-governmental Working Groups (such as agriculture, education, social development, tourism, trade and investment, and transport and infrastructure, science and technology etc.) to evolve policies and programmes for appropriate collaborative frameworks to promote women-led SSE through innovative trade fairs, trade partnerships, market linkages (e.g., in fair trade) among the IBSA countries and also to be extended to other countries of the Global South through the IBSA Facility for Poverty and Hunger Alleviation (IBSA Fund);
- e. Creation of an SSE Observatory Brazil-India in a cooperation process to be developed around the sharing of best practices in this field between Brazil and India, support from the ILO and from the both public authorities (SENAES -

Brazil and Ministry of Labor and Employment – India). This could later be broadened to bring in the other IBSA partner, namely, South Africa;

f. Creation of a joint academic and training programme between National Institute of Social Work and Social Sciences (NISWASS) and CIRIEC-Brazil to form a cadre of skilled and efficient workforce necessary for the emerging SSE sector in India and in Brazil, created with the support of the ILO; NISWASS has a strength in terms of its focus on the indigenous communities, and plans to offer an academic course at the Masters level in SSE in collaboration with UNICAMP (Brazil) under ILO's SSTC programme. The Global Labour University could also be a partner in this process, which would strengthen academic and research activities while also facilitate exchange of students and scholars towards greater academic collaboration;

g. Sharing of gender-based initiatives and success cases in SSE through the exchange of women entrepreneurs between India and Brazil, and joint meetings, workshops, field visits intended to deepen understanding of the women's opportunities and constraints in the SSE, strengthen women's advocacy and build leadership among women to move up in the SSE opportunity ladder. The R. D. Women's University, the SMCS, and the CYSD could take up leadership in this area in collaboration with women-led enterprises and SSE scholars from Brazil;

h. Given its long experience and expertise in gender-based livelihood promotion in remote poor rural communities, mobilising women's SHGs, and promoting solidarity-based approaches to economic and social betterment of local communities through community-based management of common property resources, and building up capacities of the poor and youth leadership building, the CYSD is on a very strong ground to mount an exchange programme with Brazilian youth organizations, NGOs, and together with the SMCS can take up programmes for improving the social investment climate in India, social enterprise ecosystem as well as small enterprise market development through partnerships with Brazilian counterparts;

i. Development of the SSE sector around Cultural Tourism between India and Brazil anchored in the Utkal University of Culture for promoting entrepreneurship to advance cultural tourism as a way to promote employment, local economy, environmental wellbeing, peace, solidarity, and cultural understanding through tourism between India and Brazil, this could also be broadened to bring in the other IBSA partner, namely South Africa;

j. Strengthening the networks of solidary cooperation, mainly the networks of commercialization, of production and of essential services within the countries; This could start off with working groups like intergovernmental Relations and Local Governments, Tri-Nations Summit on Small Business, Business Council and the Parliamentary Forum, as well as relevant intergovernmental working groups of the IBSA Forum;

k. Elaboration of SSE project under IBSA fund to strengthen SSE in the Global South through SSTC;

1. Presentation, dissemination, and discussion of this project in International Fora (eg.GSFE, 2016; International CIRIEC Meetings), South-South and Development Academy of the ILO; and specific ILO workshops and discussions fora and virtual spaces, as well as in the ILO Academy on SSE.

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