



BUILDING A SOLIDARITY ECONOMY MOVEMENT

A Guide for Grassroots Activism



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ACKNOWLEDGEMENTS

The ideas for this activist guide were inspired by a three-year research project supported by the Rosa Luxemburg Foundation entitled: **Cooperative Alternatives to Capitalist Globalisation**. This research project took us into conversations with worker owners running recovered factories in Argentina, solidarity economy activists in Brazil, cooperative activists in Venezuela, the worker cooperative movement in the USA and various solidarity economy activists, cooperators in the Canadian cooperative movement, and cooperative movements in Kenya, Senegal, Mauritius, Ethiopia, and Tanzania. In Europe we met solidarity economy activists in Germany, cooperative movements in Trento and Bologna, Italy and the Mondragon Cooperative Corporation in the Basque country of Spain. While this research is being written up into a book and grounded in more engaged theoretical and empirical arguments, this activist guide is a more practical outcome from this project. We would like to acknowledge and express our appreciation to the Rosa Luxemburg Foundation for its generous contribution to this project.

Besides learning from international solidarity economy experiences, the Cooperative and Policy Alternative Center (COPAC) has also put this activist guide together to celebrate its tenth anniversary as a grassroots NGO supporting cooperative development in South Africa. In these ten years we have set up over 120 cooperatives and have experienced many failures and important successes. Most importantly we learned from the most passionate amongst the poorest of the poor about the emancipatory potential of cooperative alternatives. It is this learning and rethinking that also informs the content of this activist guide.

Drafts of this activist guide were presented at 2 five-day workshops. Trade unionists, community based cooperatives, cooperative facilitators, community activists, youth groups and unemployed worker movements engaged and shaped the final outcome. COPAC research staff also provided useful comments and feedback.

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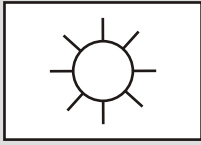
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A USERS KEY

Presented by Facilitator



When you see this sun, it means input by facilitator.
This material should also be read by workshop participants.

Plenary Group Exercises



When you see this exclamation mark it means this is a group exercise
in the workshop involving everyone.

Small Group Exercises



When you see this face it means this is work for small groups in the
workshop.

SECTION 1

Introduction



MODULE 1

Using the Activist Guide as a Learning Tool

1.1 Introduction



COPAC has been engaged in building cooperatives and promoting alternative models of local development for over ten years. This guide is a result of these years of grassroots practice and learning. The experiences gained from working in the Eco-village in Midrand, sustainable local manufacturing hives of worker cooperatives, alternative approaches to people's housing processes and alternative financing models for community development have all shaped the content of this guide. The failures, successes and ongoing learning from the practices of these experiences have been crucial in developing the guide.

This guide is also informed by learning from the failings in the South African context with regard to approaches to the development of cooperatives and other social forms utilised by social groups and communities to meet their needs. South Africa has failed to develop a **solidarity economy process and movement** approach to building cooperatives and progressive social forms to meet people's needs and prevent environmental destruction. Instead local economic development approaches, cooperative interventions and Small and Medium Enterprise development are all treated as instruments of Black Economic Empowerment (BEE). This has undermined the solidarity basis of transformation in South Africa and has encouraged individualised solutions to what are collective challenges. BEE reduces every social and economic form to a typical capitalist business in which individual greed and interest is the driving force. Even Broad Based BEE treats cooperatives as an extension of the state or a stepping stone for market-based development. This guide rejects the state-centric and market-led versions of BEE (narrow or broad) and proposes an alternative approach to transformation: the Solidarity Economy Movement (SEM) and process.

A third factor forming a basis for this guide is three years of international research done by COPAC on '**Cooperative Alternatives to Capitalist Globalisation**'. This research project has enabled COPAC to study some of the best examples of solidarity economy movement building. This research will be published as a book and will be another resource for advancing the solidarity economy alternative. This guide draws on this research so as to provide a set of practical tools for grassroots organising and for the building of a solidarity economy movement in South Africa. In short, this guide is integrally linked to COPAC's international research work.

1.2 Purpose of the Solidarity Economy Movement Organising Guide



The main objectives of the guide are the following:

- **Provide tools for transforming society.** South Africa is in crisis. No political party or movement can claim to have the solutions to the problems of growing unemployment, widening inequality, worsening poverty, ecological destruction and a weak democracy. In this guide some tools are provided to address these challenges. The main thrust of these tools is to utilise human solidarity as the basis for social transformation.
- **Capacitate a new kind of transformative activist, a solidarity economy activist.** Such an activist would be different from the 'activist of national liberation' who merely adopted a perspective transmitted from above to explain the world, had a narrow state-centric understanding of power and was devoted to oppositional practices. As transformative agents, solidarity economy activists are fundamentally different from the national liberation movement activist. Their perspectives on change are defined by the political, social, economic and ecological context in which they find themselves. Through the solidarity economy process they are constantly engaged in a process of learning about that context and the forces shaping it. Second, they work with a broader understanding of power which also embraces the power of civil society and they engage in democratic practices that provide and build concrete solutions.
- **Contribute to a new way of building a cooperative movement in South Africa.** This guide approaches the building of a cooperative movement as part of building a solidarity economy movement and process. This also means the cooperative alternative is linked to a grassroots organising practice and built in a bottom-up way as part of a democratically defined and determined process. In this way cooperative development is uncoupled from both state-led processes and top-down movement building efforts.

Plenary Group Exercise:



All workshop participants should be encouraged to answer the following questions:

1. What are the main obstacles to transforming South Africa today?
2. Do we have to wait for government before change happens in our lives or can we lead change from below through our communities and organisations?
3. How can we as individuals contribute to transformation in our communities and organisations?

1.3 Key Principles for Solidarity Economy Movement and Process Facilitation



Learning is a continuous process, an everyday activity and an integral part of what it means to be a human being. Learning is about how we change and become different from the way we were before.

For real learning and capacitation to take place, a Solidarity Economy Movement facilitator using this guide cannot behave like a school teacher or lecturer. People cannot be empowered just by lecturing to them. The learning process is about opening and awakening critical consciousness so that fear to live as a full human being, in association with others, is overcome.

SEM facilitators have to share the tools of SEM building by applying the following principles:

- ***It is people-centred:*** it encourages participation, values people, celebrates diversity, and puts people first. It recognizes people's skills and experiences as key resources.
- ***It is active:*** it involves people doing and experiencing things.
- ***It is enquiry based:*** it continually tries to uncover why something is the way it is and to explore what is going on under the surface.
- ***It is critically reflective:*** self-awareness is seen as an integral part of taking action and it is reflection aimed at gaining insights that will inform future actions.
- ***It builds on existing knowledge:*** it draws out relevant information from the participants about their needs and context and provides processes which encourage people to critically analyse and discuss from their own experiences.
- ***It responds and adapts to people's needs:*** it is flexible enough, open enough and sensitive enough to recognize people's needs and to change to meet them.
- ***It recognizes the importance of feelings:*** human transformation is as much about what happens to how you feel as it is about how you think.
- ***It is NOT neutral:*** rather it is clear about where it is coming from, what it is trying to achieve and why, and whose interests it aims to serve.
- ***It is holistic:*** it looks at linkages between the past, present and future, between the individual, the group, society and the environment as well as between local, regional and global levels.

1.4 Being a Facilitator



In SEM facilitation, the facilitator has a variety of roles such as animator, trainer, skill-sharer, clown, enabler, sharer of real experience, and theorist. While there are multiple roles to play, ultimately each facilitator will find his/her own style.

It is important for the facilitator not to see themselves as “only” a facilitator. In order to give the training a grounding and relevance, we need real problem-solving leadership experience to confront the hardships and struggles that we have experienced. Thus, the facilitator must share his/her skills and experiences freely. Working closely and generously with other facilitators, whether more or less experienced, builds their capacity and one's own. It allows one to grow and to form genuine teams in every situation. It also protects against the virus of self-inflation (thinking that being a facilitator makes one an expert and therefore unable to learn from others).

It is important to remember that through the process of experiential learning the facilitator learns from the group he/she is working with. In other words, it is important to remember the facilitator may not always have 'all the answers'. It is through this process that active learning takes place. The facilitator must capacitate people to take action, and then reflect on and evaluate the situation in order to draw the right lessons from the action taken. In this way learning becomes a never ending process.

1.5 Workshop Guidelines



This activist guide uses a workshop method to ensure two-way learning and to encourage bottom up movement building. In this approach the facilitator has to put into practice the principles of training mentioned above. The workshop-based learning approach is meant to gather solidarity economy actors into small groups in which they are able to learn together and from each other.

This guide sets out an intensive program of workshop-based training that can happen over three days. However, this is just a guideline.

The training content is made up of modules which follow a sequence of building block learning. This means it is important to exhaust and work with the ordering of the training modules. However, this does not mean that the time spent on each module has to be as suggested. Facilitators might find it is necessary to spend several days on one module before moving on to the next one. Facilitators must remember that this learning process requires patience.

The theory content of the modules should be presented by the facilitators. Complimenting this is the plenary group exercises and small group exercises. This ensures a more horizontal and bottom up process of learning.

The actual location of the training workshop should be guided by the circumstances faced. This requires creativity and adaptability. For example, training might take place in a waste recycling plant, a community hall, on a piece of farming land, under a tree and so on. Workshop-based training is a tool that can be used in various places and settings.

Facilitation tools (e.g. chart paper, pens, slides, audio-visual materials) compliment training, but are not fundamental to it. A lack of facilitation tools should not prevent the training workshop from taking place. In many of our cultures and societies learning has also happened orally - by talking to each other and using whatever is available in the immediate environment like drawing with sticks in the sand or using words, symbols and objects to represent the people, events or ideas. We would encourage trainers to adapt the content in this guide to what is appropriate and necessary in the circumstances.

Small Group Exercise:



Workshop participants must be broken up into small groups to answer the following questions:

1. How do you learn? What tools do you use to learn?
2. How can the workshop be used as a learning process and space?
3. What are you willing to do to ensure the workshop is a learning process and space?



SECTION 2

Struggling for a Solidarity Economy Alternative



MODULE 2

Understanding the Solidarity Economy Alternative

2.1 Where do we Start?



Diagram 2.1: Civilisational Crisis



Our World is in Crisis

- Economic crisis is increasing poverty, unemployment and hunger in the world.
- Planetary warming through green house gases is a major threat to the survival of the planet.
- Ongoing pollution and environmental destruction has placed limits on development.

South Africa is in Crisis

- Over a million jobs have been lost since the beginning of the recession. Many more jobs are expected to be lost. Unemployed workers and their families are struggling to survive.
- Inequality and poverty are on the rise, accompanied by one of the highest HIV/AIDS infection rates in the world.
- Violence is a big part of the 'dog eat dog' society we have, mainly affecting women and children.
- Our democracy is weak with an uncertain future.

The global crisis has four crucial aspects to it:

Economic - big global corporations have reshaped the global economy to allow them to move to low cost areas of production and make easy speculative profits in stock exchanges, commodity and currency markets. States have been restructured to ensure the risk to capital is limited as opposed to limiting risk to humanity and the environment. Our economics is upside down. Economies will remain unstable and crisis prone as long as our development is held hostage by powerful corporations.

Ecological - global warming is happening. Our wasteful and carbon based ways of living are driving up temperatures and increasing global warming. Increasing temperatures will impact on climatic change including rainfall patterns, drought cycles, bio-diversity and food sovereignty. Moreover, our rivers, oceans and rainforests are also being destroyed or polluted. Natural resources like oil, uranium and other minerals are all limited and peak production is inevitable. Resource based conflicts are becoming more frequent mainly in Africa.

Democratic - electoral democracy has been weakened with political parties no longer accountable to electorates but to the power of big corporations. Multi-party elections and competition is not delivering responsive governments. Citizens, even in South Africa, struggle to be heard by politicians that are increasingly leading elite lifestyles. There is a growing distance between rulers and ruled, leaders and the people. Bottom-up democracy, that is direct and participatory, is struggling to take root.

Social - Households and communities are experiencing high unemployment and deepening inequality. In South Africa we are increasingly facing 'permanent unemployment'. The link between wage earning and survival is broken as unemployment increases in a globalised economy. 'Full employment' is a false promise under these conditions. The deepening inequalities fuel crime, violence against women and children, xenophobia and racial division. Our society lacks cohesion and a sense of collective solidarity. All our challenges tend to be individualised without bringing into view the big obstacles faced by individuals. Most importantly the distribution of power in South Africa stands against individual solutions.

The ideology underpinning this crisis has been known as neoliberalism or in the African context Afro-neoliberalism. It is about strengthening the power of big transnational corporations, the power of markets, fuelling individual greed and weakening governments. It is leading our world and society to disaster. In other words, a civilisational crisis in which destruction of society and the ecological conditions that sustain life are the outcome of global capitalist development. We are living through barbarism.

2.2 Historical Background



We are living through a civilisational crisis in which the way we live and survive has to fundamentally change if the planet and the next generations are to have a future. While we might reject the existing values, ideas, institutions and social practices of global capitalism we have to struggle for an alternative. This raises important questions. What are the causes of the current crises? What would an alternative look like? What are the human values that define such an alternative? What kind of institutions do we need to create in order to have an alternative?

Plenary Group Exercise:



All participants in the workshop to address these questions.

- Why are workers losing their jobs and poverty increasing in South Africa?
- Can we prevent the destruction of society and the planet?
- Can we reclaim democracy as an expression of citizen's power through participatory and direct action?
- Can we struggle for an alternative option for humanity and nature?

Over the past fifteen years the idea of the **solidarity economy process and movement** has gained currency and importance as an alternative in the context of the global civilisational crisis. Three crucial factors have contributed to this:

- The role of the World Social Forum and the space it created for alternatives;
- National movements and initiatives in local communities from Argentina, Brazil, Quebec in Canada, communities in the USA, Ireland, the UK, France, Spain, Italy, Hessen in Germany, Philippines, Kerala in India and so on;
- Research and academic debates have increasingly focused on the solidarity economy alternative.

However, the history of the modern solidarity economy movement goes back much further and has its roots in the emergence of industrial capitalism in the 19th century. The harsh social conditions, disruptions due to urbanisation and violence of early industrial capitalism forced workers and poor communities to find other ways of living and surviving. In 1844 in Rochedale, England, workers joined together to form the first modern consumer cooperative that would provide them and their families with reasonably priced food. This little shop became a symbol and beacon for modern cooperation and spawned a global movement.

Alongside trade union movements, cooperative movements played a crucial role in confronting the negative effects of industrial capitalism and contributed to transformation. The spirit of human solidarity evolved various associative forms during the 20th century during critical moments. During the Great Depression, post the World Wars, after decolonisation, during the crisis of the 1970s and now. These solidarity economy alternatives are at the centre of an alternative way of meeting human needs and ensuring the planet is protected for future generations.

Plenary Group Exercise:

All participants in the workshop to address these questions:

1. What are the experiences of solidarity in your local community?
2. What are the experiences of solidarity in Africa?
2. What impacts has the civilisational crisis had on your life?

2.3 The Solidarity Economy is Not...

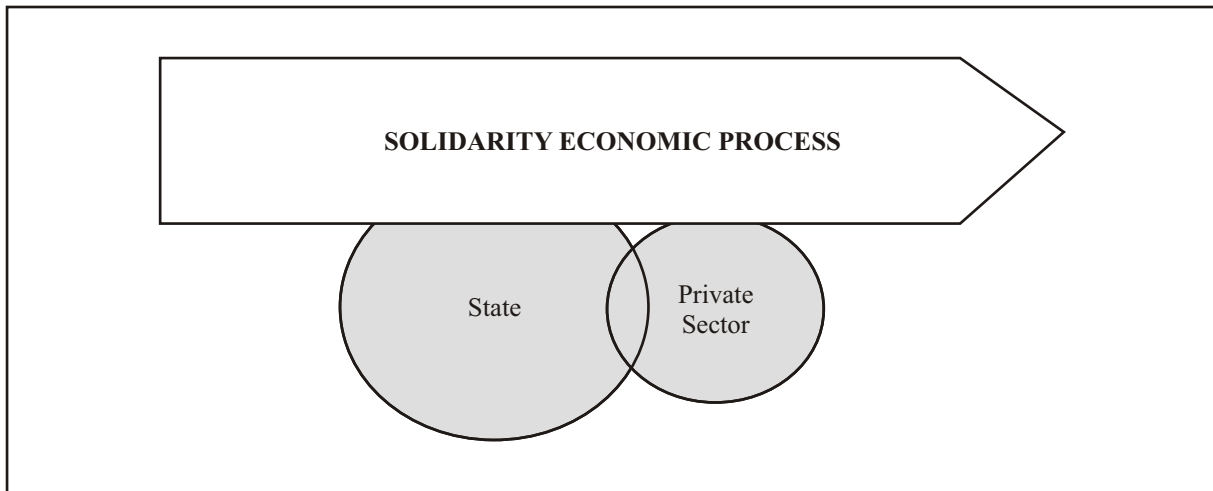
The solidarity economy alternative has to be distinguished from other development approaches and practices. The solidarity economy is not:

- Another business model that enhances social capital and hence is an extension of the private sector. **Instead, the solidarity economy is an alternative informed by ethical and social goals. Profits and market relationships are subordinate to these purposes. It is an end in itself.**
- A version of Black Economic Empowerment (narrow or broad) supported by the state. **The solidarity economy rejects the corruption, state control and lack of ethics within BEE. In the South African context the solidarity economy is an independent and grassroots alternative to BEE.**
- A component part of the mixed economy; an add-on within the existing system or a third sector. **The solidarity economy is a process with many possibilities of scale, scope, location and depth. It is a means to transform society.**
- A band-aid to fix state or market failure like poverty. **The solidarity economy addresses poverty and more through structural change and not simply ameliorating current problems. The solidarity economy attempts to build alternative forms of social and economic development through different visions, values, principles and practices.**

2.4 A Working Definition of the Solidarity Economy Movement and Process



Diagram 2.2: Solidarity Economy Process



The solidarity economy is a collective humanist response and democratic alternative from below to the crisis we face. It draws on our common humanity as the basis for solidarity action.

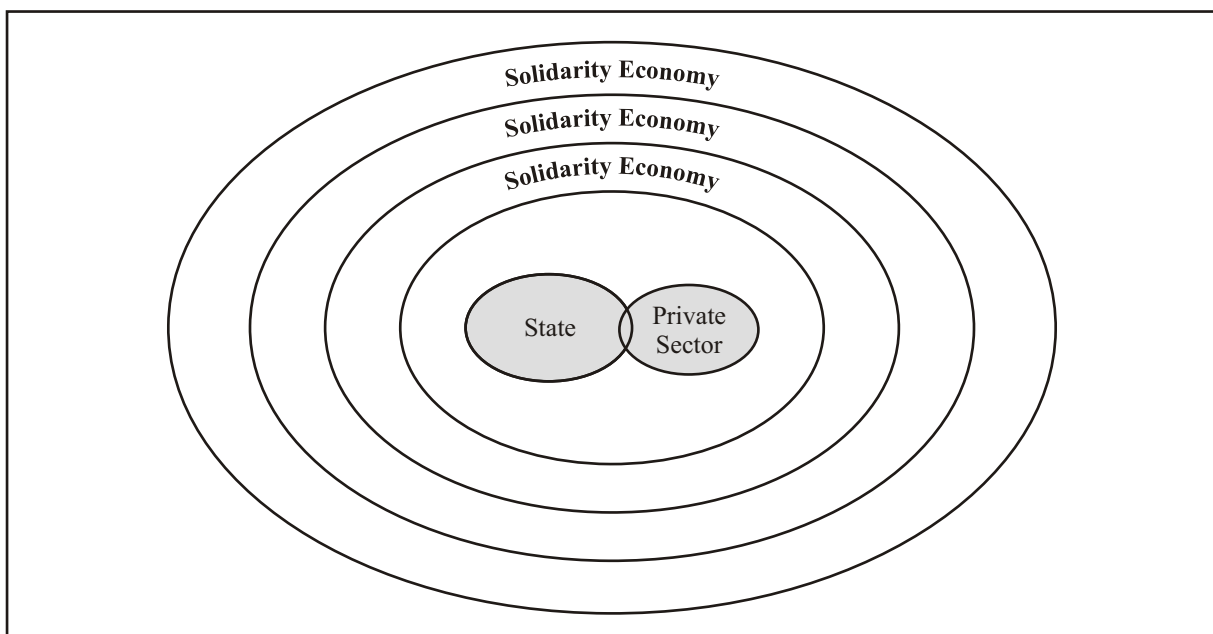
More concretely the solidarity economy is a voluntary process organised through collective struggle and conscious choice to establish a new pattern of democratic production, consumption and living that promotes the realisation of human needs and environmental justice.

As a process it is not fixed or static and is not limited to merely operating on a small scale. The solidarity economy process contains and works with many possibilities. These possibilities and elements are defined in the context of struggling for transformation.

2.5 Towards a Vision



Diagram 2.3: Solidarity Economy Vision



The solidarity economy process seeks to achieve:

- Collective self organising to sustain life (human and non-human);
- Democratic coordination of economic and social enterprises;
- Self managed enterprises;
- Worker and collective ownership;
- Participatory civic and social action;
- Ongoing education and learning for progress;
- Social transformation centered on human need and the environment.

The solidarity economy process has the potential to become the central means for meeting the requirements for society and nature to sustain themselves. The state and market can potentially be subordinated to the logic of the solidarity economy. This is crucial vision for activism, movement building and all activities that inform the solidarity economy process.

2.6 Main Values and Principles



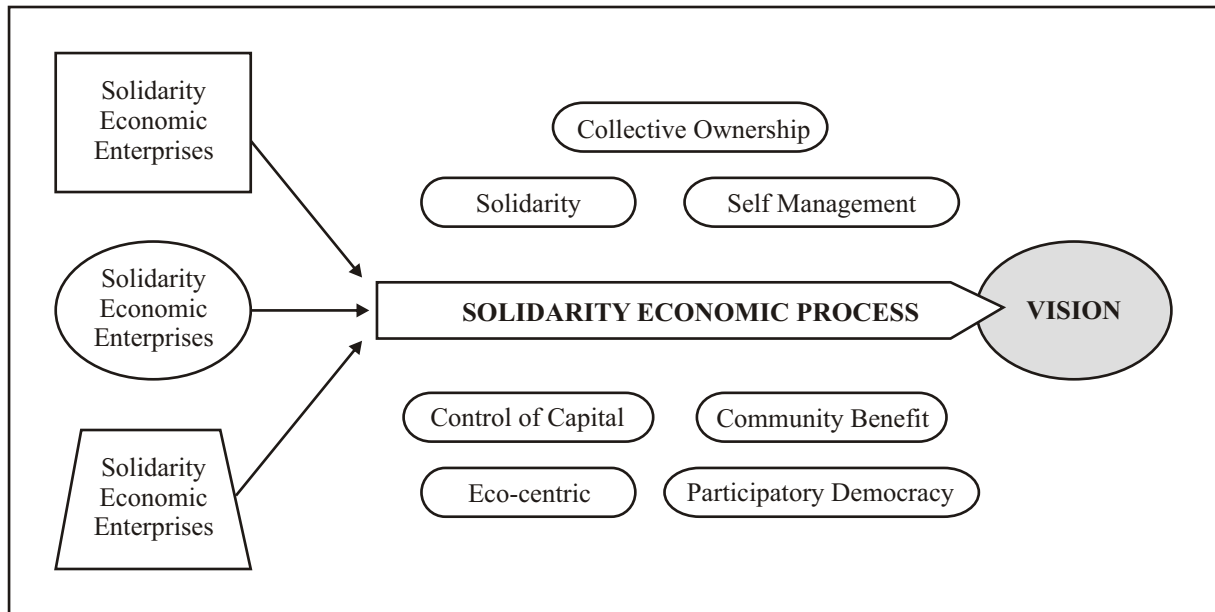
In different parts of the world solidarity economy movements and networks emphasise a core of ethical values and principles. Some of the main ethical values of the solidarity economy are *caring, sharing, self reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness*.

The process of the solidarity economy is guided by the following principles:

- **Solidarity:** provides the social basis for the solidarity economy. It informs the cooperation between members inside a solidarity economy enterprise, between such enterprises and with the community more broadly.
- **Collective ownership:** ensures the assets and resources of the solidarity economy enterprise brings benefits to all within the enterprise, to the community and future generations. It ensures control and power are shared.
- **Self management:** gives members (women and men) and worker owners the rights to impact on decision-making. Such a principle ensures one-person-one-vote institutionalises accountability and responsibility. Ongoing education and training is crucial for viable self management.
- **Control of capital:** is a crucial practice to secure benefits for the individual enterprises, the wider solidarity economy and the community. It requires developing mechanisms to build up capital from below and subordinating it to democratic control so that the vision, values and principles of the solidarity economy informs lending practices. Such criteria will also inform the behaviour of the borrower.
- **Eco-centric practice:** places an emphasis on a non-destructive relationship with nature through inputs, production processes, services rendered, consumption and household practices.

- **Community benefit:** encourages a broader social awareness as an integral part of how the solidarity economy works. Such community benefit to be accounted for through transparent financial reporting.
- **Participatory democracy:** provides an institutional space for the decentralised power of citizens and solidarity economy actors for and with the solidarity economy process. Such an institutional space to bring together and unite such social forces to ensure effective coordination and development of the solidarity economy.

Diagram 2.4: Solidarity Economy Process



Small Group Exercise:



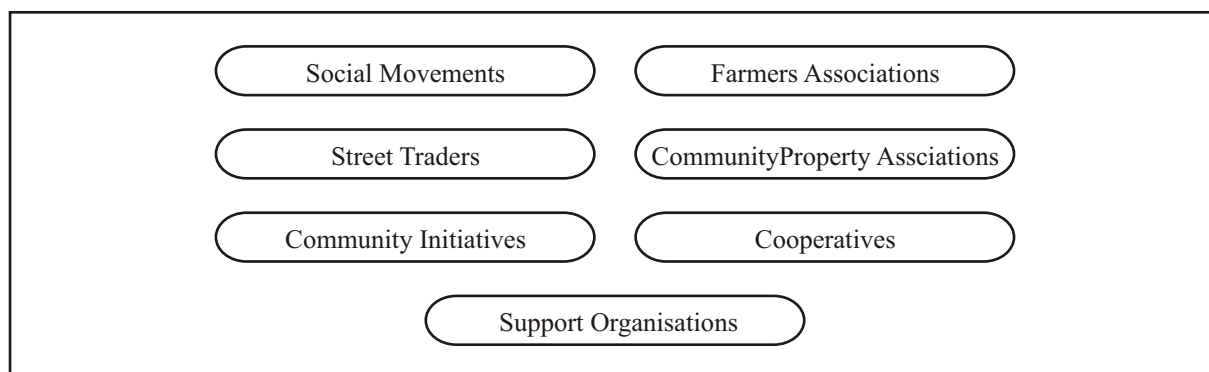
Workshop participants must be broken up into small groups to answer the following questions:

1. What values and principles dominate the beliefs and practices in society?
2. What are the effects of the current values and principles for society?
3. Do you think the vision, values and principles of the solidarity economy are capable of changing how society exists and works?
4. How will the solidarity economy process change how society exists and works?

2.7 Solidarity Economy Movement Actors



Diagram 2.5: Potential Solidarity Economy Actors



A solidarity economy process has to be supported, driven and led by various solidarity economy actors. The process has to be embedded in relations of solidarity. Not all of these actors will be solidarity economy enterprises that institutionalise the vision, values and principles of the solidarity economy. Instead many of these actors will have characteristics (visions, values and even principles) and behaviours that encourage them to orientate around and support the solidarity economy process and movement building process.

There are various solidarity economy actors in a community. These actors include:

- **Social movements** - such as trade unions, landless people's organisations, slum dwellers, civic organisations, environmental justice networks, religious movements, sports clubs, burial societies, stokvels and so on.
- **Street traders** - are engaged in marginal economic activity but are important solidarity economy actors. Sometimes street traders are organised into associations and representative bodies that give organised voice to their needs.
- **Community initiatives** - include grassroots development projects, welfare and community support NGOs, community radio stations, local community markets, cultural programs and other such initiatives which enhance community benefit.
- **Farmers associations** - include networks, representative bodies and support organisations made up of farmers to promote their needs and interests.
- **Community property associations** - might be trusts, body corporates, communal property organisations, rate-payer associations and other such forms that are meant to secure collective benefit from land ownership.
- **Cooperatives** - are voluntary associations to meet member needs and are democratically controlled. Cooperatives can engage in different kinds of activities such as housing, farming, financial services, retail, transport, education and training, arts and culture, manufacturing and even tourism. Cooperatives can be classified as worker cooperatives, producer cooperatives and services cooperatives depending on how they are organised in terms of membership. Cooperative forms are also diverse and include primary cooperatives (made up of individual members), secondary cooperatives (made up of more than one cooperative), sectoral and apex cooperatives. All cooperatives are located in a local space and are crucial actors in the solidarity economy process.

- **Support organisations** - are usually member based NGOs that operate with social goals. These organisations build capacity, contribute through training and other interventions to local community development.

All these organisations are potential solidarity economy actors and are present throughout society. For them to become conscious solidarity economy actors these organisation have to be organised into the solidarity economy process and taken through a process of education and learning.

The commitment from these organisations to the solidarity economy process has to be voluntary. In chapter 6, the Solidarity Economy Education and Communication Cooperative (SEECC) is put forward as a crucial means to organise these actors into a local solidarity economy forum. Such a cooperative will also do intensive solidarity economy education with local actors.

Solidarity economy actors can engage in some of the following roles in the process:

- Play the role of a catalyst and provide support infrastructure (like venues for workshops and meetings) for the solidarity economy process;
- Organise local community support for solidarity economy enterprises;
- Support solidarity economy campaigns and struggles;
- Participate in local solidarity economy forums convened by the (SEECC);
- Become members of the SEECC and participate in its programs;
- Become members and contribute financially to the solidarity economy through membership fees and contributions to a solidarity economy financing mechanism.

Small Group Exercise:



Workshop participants must be broken up into small groups to answer the following question/s:

1. Identify and classify potential solidarity economy actors in your local community/ward? Include a name of the actor, type of solidarity economy actor (social movement, cooperative etc.), description of activity, location and contact information on your list. Such a list or map will be crucial for many different solidarity economy initiatives such as a Solidarity Economy Education and Communication Cooperative. Mapping the potential solidarity economy actors in your community is a very important step.

2.8 Solidarity Economy Enterprises



Solidarity economy enterprises are at the heart of the solidarity economy. They are also solidarity economy actors, but not every solidarity economy actor is a solidarity economy enterprise. Some examples of solidarity economy enterprises are:

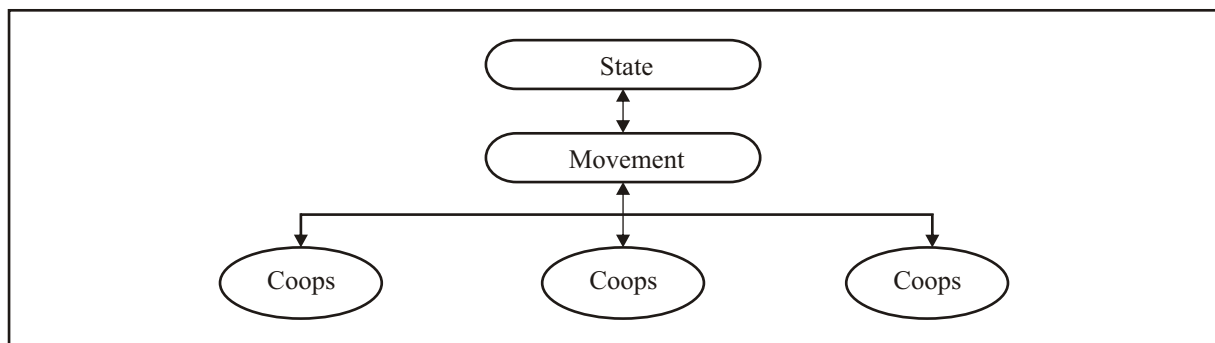
- worker cooperatives
- producer cooperatives
- services cooperatives
- burial societies
- credit unions
- cooperative banks
- cooperative development funds
- stokvels
- communal property associations
- community trusts
- local community markets
- development associations and
- member controlled mutual societies

A solidarity economy enterprise chooses voluntarily to be part of the solidarity economy process to achieve its vision, values and principles.

2.8.1 Cooperatives and the Solidarity Economy Movement



Diagram 2.6: Cooperative Development in South Africa



Cooperative development in post-apartheid South Africa has gone through three phases of development:

- 1996 - 2000 - mainly black cooperatives organised into the National Cooperative Association of South Africa (NCASA). This body was financed through external donor funding and did not succeed in organising a serious movement.
- 2000 - 2003 - NCASA was captured by a new leadership. It received massive amounts of state financing and committed to organise the cooperative movement. Despite the resourcing from government NCASA closed its offices within a few years. NCASA failed to establish proper provincial and sectoral structures, has not accounted for monies that were used and merely became a cover for narrow Black Economic Empowerment (BEE).

- 2003 - present - cooperative movement building in South Africa is being driven by the state as part of broad based BEE.

In 1994 South Africa boasted about 1400 cooperatives. Many of the most vibrant cooperatives were mainly white and primarily located in the agricultural sector. These cooperatives were very successful and were given cheap credits, tax exemptions and regulatory support by the apartheid government.

In 2005, with the passing of the new Cooperatives Act of 2005, South Africa experienced an explosion of cooperatives. Currently cooperatives are estimated to be at over 20 000 in number. Easy registration, 'Black Economic Empowerment' policy and lucrative tenders created great expectations around cooperatives. Local governments are also actively promoting cooperatives within this framework. Many of these cooperatives do not operate with cooperative principles, lack a cooperative understanding, have capital constraints or are embroiled in corruption, lack skills and are marginal. In many ways these are not cooperatives but just another BEE business form to serve as a stepping stone into the 'first economy'.

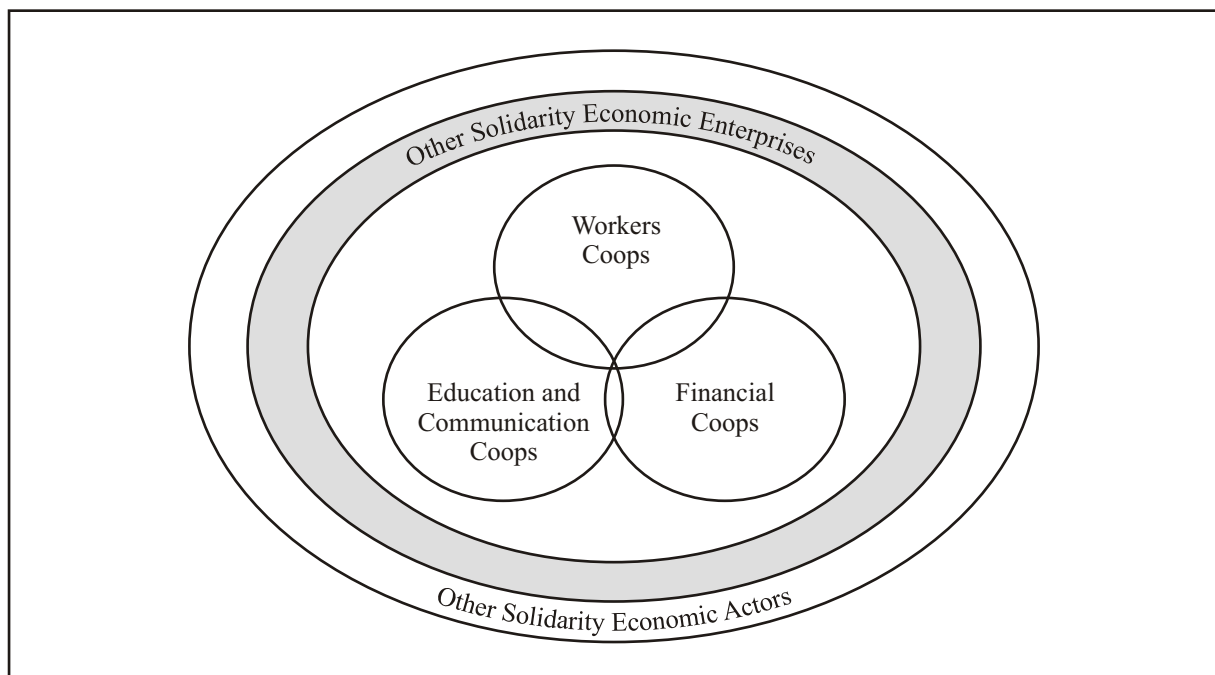
Plenary Group Exercise:



All participants in the workshop to address these questions:

1. What are some of the problems with organising cooperatives in a state-led way?
2. How can cooperatives organise without the state?
3. What role should the state play to support cooperatives?

Diagram 2.7: Solidarity Economy Approach to Cooperative Development



The alternative to a state-led approach to organising cooperatives is through the solidarity economy process and movement. This is an independent movement building approach from below.

Plenary Group Exercise:



All participants in the workshop to address these questions:

1. What are the advantages of organising cooperatives from bottom up as part of the solidarity economy movement?
2. What are challenges confronting the Solidarity Economy approach to building cooperatives?
3. How can these challenges be overcome?



MODULE 3

Solidarity Economy Movement (SEM) Activism

3.1 Building a Solidarity Economy Movement through Transformative Struggles



The objectives of the solidarity economy movement are:

- To provide transformative tools to local communities to lead change from the grass roots;
- To build capacities for learning, leadership and struggle;
- To provide an alternative approach to cooperative movement building;
- To provide leadership for the solidarity economy process;
- To organise a movement of movements around transformative practices.

To achieve these objectives will take time and will require capacity to confront power relations and social forces that are opposed to the solidarity economy.

This would entail two kinds of transformative struggle:

- Deepening the solidarity economy process from below - this will require struggles to strengthen solidarity economy enterprises, struggles to widen the solidarity economy process in a site, and struggles to transform non solidarity economy enterprises. These arenas of struggle will unfold unevenly with priority given to strengthening solidarity economy enterprises and widening the process in the short to medium term.
- Contesting the state - to create the conditions to support the solidarity economy without undermining the autonomy of this process. This would require the state enabling and supporting movement driven reforms from below and also limiting the power of the private sector to undermine the solidarity economy. This will require new forms of political representation in the state such that the interests of the solidarity economy can be supported. The growth and maturity of solidarity economy forces will determine how solidarity economy interests are expressed through the state.

3.2 The Solidarity Economy Site as the Main Terrain of Transformation



Every solidarity economy process has to be located in a site. This site is a ward/s or a community. Using a ward as the basis to identify a solidarity economy site is important for the following reasons:

- Local government planning happens at the ward level and this means information is available about a ward within Integrated Development Plans;
- Other government agencies also keep and provide data on trends in wards like Statistics South Africa;
- Wards are an important political unit in which the state has a grassroots presence. This means the state can also be challenged at a ward level;

- Wards have different economic actors and forms which potentially can be mobilised into the solidarity economy process;
- Wards also have households that can also be engaged to support and benefit from the solidarity economy process.

The grassroots organising for the solidarity economy process has to begin at a ward level. As a terrain of transformation all the dynamics, actors and forces acting for and against solidarity economy processes have to be carefully studied and understood. This will be a central task within the solidarity economy process to lay the basis for interventions and transformative struggles.

Plenary Group Exercise:



All workshop participants should be encouraged to answer the following questions:

1. Is development happening in your ward/community? Identify and itemise what's happening?
2. Who is benefiting from development?
3. Is the development that is happening enough to meet the needs of the community? Explain.
4. What are the main obstacles to development in your ward/community?

3.3 Solidarity Economy Movement Activists are the Main Drivers



The **national liberation movement activist** does not have the tools, understanding and approach for solidarity economy activism. Such an activist has three problems:

- They are from communities but not connected to the realities of the communities. They only want to **tell communities how to change**. This is about taking a political line into communities from above, from a political structure.
- Such activists place **blind loyalties** in their movement and now the state is above the needs of communities and citizens. They believe everything the state does is good and has to be defended. Even if the state is not doing anything for the people. They only want people to be passive and not to challenge the state. People are expected to wait for their lives to be changed by the state.
- Such activists are merely **vote catchers**. They wait for elections and make big promises so that people vote for them. After elections we see corruption, tenders for some supporters and no real delivery to meet the needs of the people. The money in government does not belong to one party. It is the money of all citizens; it is public money that has to be used for the benefit of all citizens. But for vote catchers democracy has to be used to serve the interests of a few.

The solidarity economy movement is driven from below by a different kind of activist. The solidarity economy movement activist is not a 'foot soldier' and not a 'cog in a machine'. A solidarity economy activist is:

- About critical consciousness;
- Committed to individual and collective learning;
- Living an alternative ethical example through practice;
- Working with others as equals;
- Guided by the needs of nature (human and non-human).

To be an effective solidarity economy movement activist some of the following activist skills have to be understood:

- Self transformation;
- Working with a transformative understanding of power;
- Innovating in practice.

Plenary Group Exercise:



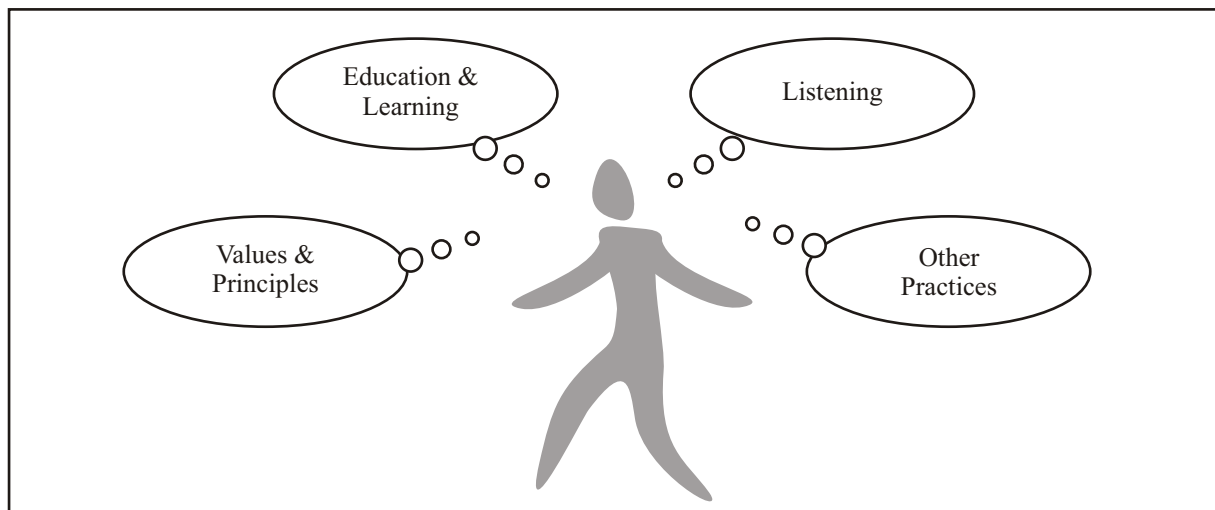
All workshop participants should be encouraged to answer the following questions:

1. What are the dangers of becoming passive citizens waiting for state delivery?
2. Beyond voting what else can citizens do to change South Africa to meet human needs and ensure environmental justice?
3. Do you think becoming a solidarity economy activist could be an important way to transform South Africa? Why?

3.3.1 Self transformation



Diagram 3.1: Factors that Contribute to Self Transformation



Liberation in a struggle is not about becoming like those who oppressed us. It is not about the exploited of today becoming the exploiters of tomorrow. In many ways this is what is happening in South Africa. A lack of critical consciousness leads to this outcome. Moreover, a belief that one has the monopoly over what liberation means also fails to liberate. A dogmatic and closed answer, a formula, is a blueprint which forces reality to fit into it. This way of thinking is undemocratic, dangerous and leads to oppression.

The solidarity economy is not a blueprint or formula. It is a collective process of searching for answers by appealing to and working with our common humanity. As a conscious process it is about ongoing learning from practice - from advances, from mistakes and from setbacks. For a solidarity economy activist to be a conscious actor she/he has to be about self transformation within the solidarity economy process. She/he has to grow in and with the process of struggle to achieve a solidarity economy. If the solidarity economy activist stagnates, is not conscious, then the solidarity economy process also stagnates. It does not move forward!

There are various ways in which a solidarity economy activist can ensure self transformation in the solidarity economy process. Some of these ways are:

- Using the *values and principles* of the solidarity economy process as a *compass to achieve the vision*. The values and principles of the solidarity economy process have to become the values and principles of the solidarity economy activist. These are ethical values and principles that are denied by the 'dog eat dog' manner in which capitalist society works. These are alternative values and principles. The ethical values of *caring, sharing, selfreliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness* have to be a constant point of reference for a solidarity economy activist, together with the principles of the solidarity economy. These values and principles have to inform our practices, the process, problem solving, the institutions we build and the answers we develop. This is not easy and has to be part of the ongoing struggle for self transformation in the life of a solidarity economy activist.
- Another important tool or factor for self transformation is a practical *commitment to ongoing education and learning*. This is about learning from practice but also learning through study. Learning from practice and learning from study does not mean a solidarity economy activist has to go to school or university. Although there is nothing wrong with this. However, the solidarity economy process is a big space for learning; it is a school in which everyone is both teacher and learner. It is about popular education. Capitalism works through hierarchies of knowledge and specialisation. As it gets more complex and sophisticated it develops 'experts'. These experts are an elite. The complexity, sophistication and development of the solidarity economy has to also be grounded in knowledge, but socialised knowledge. Knowledge in the solidarity economy process is not about experts but has to be shared and passed on. A solidarity economy activist has to constantly be learning (from their own practice and from others) and finding ways to pass this on. Workshops, reading groups, seminars, conferences, talks, book clubs, documentary films, research and debates are all tools of the solidarity economy activist to ensure ongoing education and learning. The growth, self development and fulfilment that comes with education and learning cannot be underestimated.

- A crucial factor for self transformation is *listening*. The society we live in is constantly telling us how to live, what to buy, how to be happy and so on. Marketing and selling is used to play with emotions, entice and seduce people. It does not educate us, it is propaganda for the system. We have to learn to listen so that we are not overcome by this propaganda. At the same time, in the solidarity economy process the collective search for answers cannot work if we do not create the space to listen to those who are breaking new ground, pushing the frontiers and trying to teach us something. An effective solidarity economy activist has to master the art of listening with understanding and insight. This means putting aside your own ego and firstly asking questions to understand and secondly going beyond the surface appearance of things. This is not passive listening, but listening with awareness. The process of listening with understanding and insight is a teacher in itself. It assists with growth, self transformation and makes for better communication.
- There are other practices that can contribute to self transformation of a solidarity economy activist and assist with *consciousness raising*. Some people read a book, paint, dance, walk in the park, look at beautiful pictures, meditate, hike, do yoga, go for a run, do gardening and so on. All these practices ensure solidarity economy activists are connected with themselves and can appreciate the importance of conscious practice.

Plenary Group Exercise:



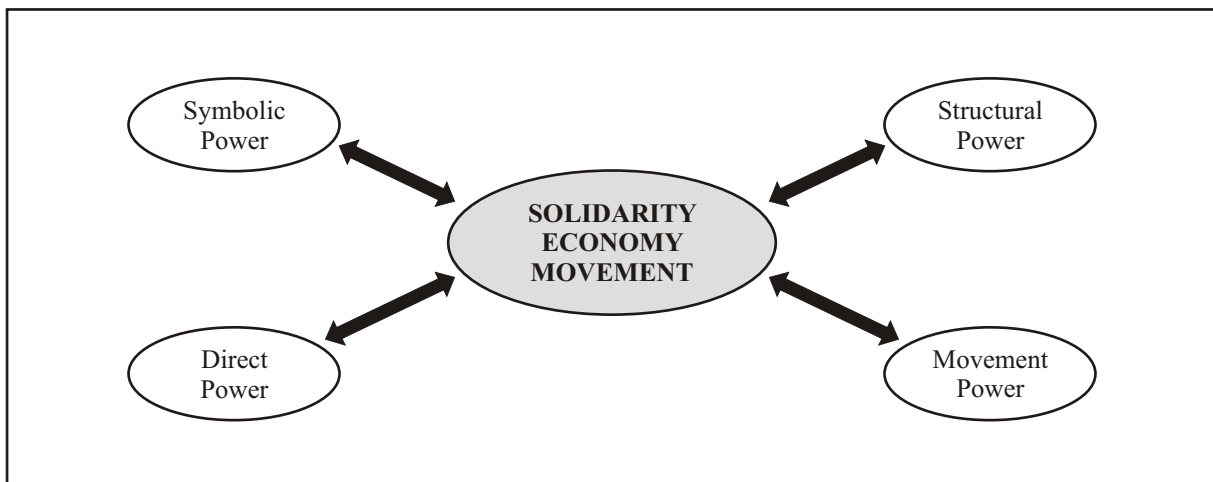
All workshop participants should be encouraged to answer the following questions:

1. Is it possible to transform ourselves as individuals or are we doomed to remain the way we are?
2. Why is it important for a solidarity economy activist to practice self transformation?
3. What sort of things do you like to do that make you feel connected to yourself?

3.3.2 A transformative understanding of power



Diagram 3.2: Four Kinds of SEM Power (structural, movement, direct and symbolic)



The state is powerful but it is not the only institution with power in a society. People and citizens joining together also have power. The potential for collective power exists in different parts of civil society. As we build a solidarity economy movement, solidarity economy activists are building four kinds of power:

- **Structural power** - is about alternative production, consumption, financing and living patterns being developed. The institutions, practices and capacities developed in the solidarity economy contribute to building structural power. If people meet their needs in a solidarity economy enterprise this takes away from capitalist enterprises. This is structural power. The deepening of solidarity links between solidarity economy enterprises in a local economy, in value chains, across sites and the country, also enhances structural power. Ending destruction to the environment is an expression of structural power.
- **Movement power** - is about bringing together the different institutions of the solidarity economy process. The number of solidarity economy actors, enterprises and networks all add up to movement power. The broader the activist base of the solidarity economy movement the more movement power it has. The more presence it has in a site/community and society the more movement power it has.
- **Direct power** - relates to the methods utilised by the solidarity economy movement to influence the public. Mass campaigns, mass marches, mass awareness raising contributes to and expresses the direct power of the solidarity economy movement.
- **Symbolic power** - refers to the alternative the solidarity economy movement represents. The ethical values, principles, vision and practices inside the solidarity economy process all add up to symbolic power. It demonstrates and shows in a concrete way how the solidarity economy movement is different. To maintain and build symbolic power the solidarity economy movement has to be genuine and serious about what it believes and must ensure this manifests in practice.

Plenary Group Exercise:



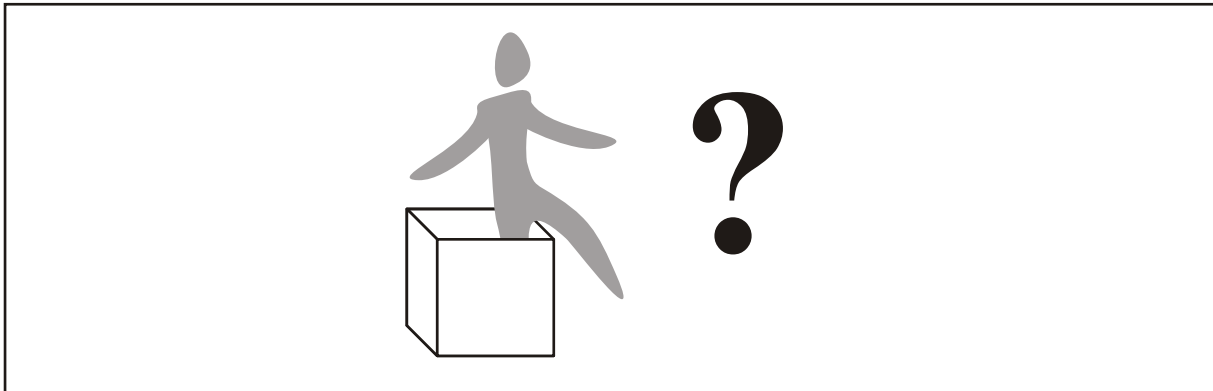
All workshop participants should be encouraged to answer the following questions:

1. What is the main difference between solidarity economy movement power and state power?
2. How does the power of the solidarity economy movement contribute to transformation?

3.3.3 Innovating through practice



Diagram 3.3: Thinking Outside the Box



The solidarity economy activist is a practitioner first and foremost. Such a person is on the ground leading transformation. However, such an activist has to be alive to changes taking place inside the solidarity economy process and changes taking place outside. A solidarity economy activist cannot get lost in the box. These changing conditions and circumstances have to be constantly kept in view to ensure the solidarity economy process moves forward. If there is a blockage or obstacle standing in the way of the solidarity economy this cannot be allowed to shrink our vision, our goals and ambitions for this process. Most importantly we cannot surrender our ethical values and principles.

If something fails, there is a need to assess and try a new way. **Innovating through practice is key.**

If something works in one site or solidarity economy enterprise there is a need to learn from it. **Innovating through practice is key.**

Plenary Group Exercise



A useful way of innovating through practice is to keep the 'What if...?' at the forefront of activism. Every choice we make leads us down a chain of decisions which have outcomes. We can interrogate our choices and outcomes by asking the 'What if question'.

- **What if...**we saved and built up capital rather than spending all of it in the short term? Would we still be capital poor or not?
- **What if...**we used solar power for electricity rather than fossil fuel electricity from ESKOM? Will this reduce our carbon emissions or not? Will it reduce our costs or not?
- **What if ...**we grew our own organic food rather than buying imported food? Will this make us healthier or not?
- **What if...**we work with other solidarity economy enterprises to manufacture a product rather than going it alone? Will this limit our risks or not?

SECTION 3

Foundation Tools for the Solidarity Economy Movement



MODULE 4

Worker Cooperatives in the Solidarity Economy

4.1 The Importance of Worker Cooperatives



Worker cooperatives are an important solidarity economy option for the following reasons:

- Unlike the typical managerial hierarchies of capitalist businesses, worker cooperatives are a **democratic option** for organising production, finance and consumption. It gives power and rights to worker owners to determine all decisions facing a cooperative and to jointly own the cooperative. It does not produce 'insiders and outsiders' in the cooperative. All worker owners are equal.
- Workers are generally exploited, undermined as human beings and generally treated as a cost in a capitalist business. In a worker cooperative **worker control of work** ensures the sovereignty and dignity of workers. It ensures work is about development, learning, sharing responsibility and is responsive to the needs of workers.
- Worker cooperatives are **transformative**. They protect jobs but at the same time are also part of a new pattern of production and consumption to change society. Genuine worker cooperatives are self conscious about being grounded in ethical objectives, values, principles and advancing a transformative vision. Such cooperatives are actively involved in the struggle to transform society and live an alternative.

4.2 Worker Cooperative Theory



A worker cooperative is a type of cooperative that has its own specific features. It is a cooperative jointly owned and democratically controlled for the benefit of all those who work in it. The specific feature of a worker cooperative is its internal relations. It provides a form of work based on worker ownership. Hence at the heart of the cooperative are worker owners. Worker owners have the following attributes:

- They work in the cooperative;
- They jointly own the cooperative by purchasing a share in the cooperative. The value of this share is recorded in an individual member's cooperative account. This share in ownership entitles the worker owner to share in the surplus/net income of the cooperative. At the end of the year, if there is a positive surplus the worker owner's account gets a portion based on the surplus formula. If there is a negative surplus this is deducted from the member's account. In short, worker ownership entitles a worker owner to share in the profits and losses;
- After purchasing a share workers are members of the cooperative;
- Worker owners have decision-making rights in the cooperative regarding operational, strategic and policy issues facing the cooperative.

The ethical values and principles of a worker cooperative are the same as the values and principles of the solidarity economy. Some of the main ethical values of a worker cooperative are *caring, sharing, self-reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness*.

The principles of a worker cooperative are:

- **Solidarity:** provides the social basis for the solidarity economy. It informs the cooperation between members inside a solidarity economy enterprise, between such enterprises and with the community more broadly.
- **Collective ownership:** ensures the assets and resources of the solidarity economy enterprise brings benefits to all within the enterprise, to the community and future generations. It ensures control and power are shared.
- **Self management:** gives members (women and men) and worker owners the rights to impact on decision-making. Such a principle ensures one-person-one-vote institutionalises accountability and responsibility. Ongoing education and training is crucial for viable self management.
- **Control of capital:** is a crucial practice to secure benefits for the individual enterprises, the wider solidarity economy and the community. It requires developing mechanisms to build up capital from below and subordinating it to democratic control so that the vision, values and principles of the solidarity economy informs lending practices. Such criteria will also inform the behaviour of the borrower.
- **Eco-centric practice:** places an emphasis on a non-destructive relationship with nature through inputs, production processes, services rendered, consumption and household practices.
- **Community benefit:** encourages a broader social awareness as an integral part of how the solidarity economy works. Such community benefit to be accounted for through transparent financial reporting.
- **Participatory democracy:** provides an institutional space for the decentralised power of citizens and solidarity economy actors for and with the solidarity economy process. Such an institutional space to bring together and unite such social forces to ensure effective coordination and development of the solidarity economy.

These values and principles are consistent with the International Cooperative Alliance (ICA) *Statement of Identity* and the international worker cooperative body CICOPA's *World Declaration on Worker Cooperatives*.

The South African Cooperatives Act of 2005 (part 2) also makes special provision for worker cooperatives. It provides for: name, requirements of constitution, termination of membership, laid-off member and application of labour legislation. Due to the fact that worker cooperatives do not have employers and employees they are exempt from the Labour Relations Act and the Basic Conditions of Employment Act. Other labour law acts apply like the Skills Act, Occupational Health and Safety Act and the Unemployment Insurance Acts.

Historically worker cooperatives have been critiqued in three ways commonly known as the 'degeneration thesis', First, degeneration is associated with constitutional degeneration. This relates mainly to worker owners losing internal control maybe due to losing decision-making rights to a manager for example. It could also refer to losing control due to external investors who

dictate conditions to the worker cooperative. In short the legal rights that worker owners have to impact on the operational, strategic and policy decisions of the cooperative are undermined. This problem is also overcome in practice and it relates to how self management systems are designed and how education happens in a worker cooperative. The best solutions to overcome this problem are actually existing and successful worker cooperatives. Learning from these cooperatives assists in addressing these problems.

Second, degeneration is associated with external forces and goal degeneration. This means that worker cooperatives are overwhelmed in a market and take on the characteristics of a typical capitalist business. They abandon commitment to their objectives (i.e., the needs of worker owners), vision, values and principles. Instead of guiding and negotiating market relations the cooperative is led by market relations. Many cooperatives experiencing goal degeneration end up self-exploiting. In practice this problem is overcome through ongoing education inside a worker cooperative, democratic decision-making, strategic planning, community and solidarity economy movement links. The best solutions to overcome this problem are actually existing and successful worker cooperatives. Learning from these cooperatives assist in addressing these problems.

Third, degeneration is associated with internal pressures towards degeneration. This normally refers to the concentration of power in a manager or group inside the cooperative. This is the tendency towards 'oligarchy' which is prevalent also in trade unions, political parties and other institutions. Keeping the cooperative democratic is the key to this problem. The best solutions to overcome this problem are actually existing and successful worker cooperatives. Learning from these cooperatives assists us in addressing these problems.

In a worker cooperative labour is a fixed cost. Unlike a capitalist business which treats labour as a variable cost. Moreover, in a capitalist business treating labour as a variable cost means labour costs are constantly seen as the solution to challenges. Bringing labour costs down through lowering wages or retrenchments are understood as the way forward for capitalist businesses. Worker cooperatives accept labour costs as a given and attempt to solve crises moments differently. For instance worker cooperatives might consider:

- Bringing down the costs of a product/service;
- Increase marketing;
- Lowering managerial salaries;
- Increase retained earnings or re-investment;
- Draw on retained earnings or surplus pools in times of crisis;
- Momentarily reduce wages;
- Rethink strategy and retrain inside the cooperative.

Worker cooperatives produce a surplus after all expenses are deducted. Surplus or net income is subject to decision-making by worker owners. Most successful worker cooperative deal with surplus in the following ways:

- 40% for worker owners;
- 40% for reinvestment;
- 20% for education and training.

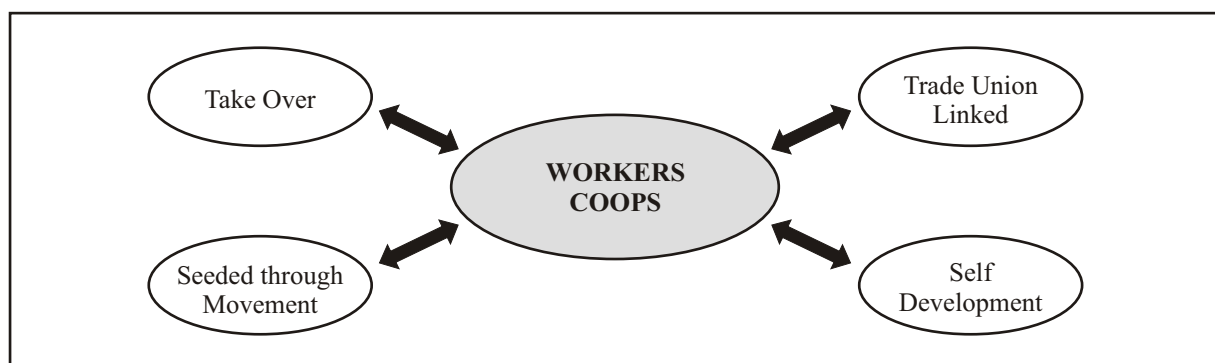
The surplus formula in a worker cooperative is part of its constitution. Worker owners decide at the annual general meeting about surplus distribution. If there are losses they also share in the losses.

Besides rules for dealing with surplus, worker cooperative have internal rules that deal with wages, working conditions, job rotation, education and so on. Many of these rules are in the constitution of the worker cooperative or are covered in policy decisions or bye laws. A social council in a large worker cooperative is normally empowered to deal with working conditions and makes recommendations to the board and/or workers' general assembly.

4.3 Contexts for Worker Cooperative Development



Diagram 4.1: Different Contexts for Worker Cooperative Development



There are four contexts within which a worker cooperative can develop:

- **Worker take-over:** this normally occurs when an enterprise is in decline and the owner has run the enterprise into the ground and wants to abandon the enterprise. Normally bad economic conditions like recessions also create the conditions for worker take-overs. In many countries in the world workers utilise legislation to assist them with taking-over an enterprise and converting it into a worker cooperative. This normally entails preparing a worker take-over business plan and presenting it to a special tribunal for adjudication. Where there is no legislation workers can still take-over an enterprise and this requires a great deal of struggle. In Argentina in 2001 many enterprises were abandoned by employers due to the economic crisis. To protect their jobs many workers decided to take over the factories and to run them as worker cooperatives. Over 200 worker cooperatives emerged, involving about 10 000 workers and contributing about 10% to national GDP. Sometimes unions support such action like in Brazil. The national trade union federation, CUT, has its own wing of worker cooperatives. It has actively supported the development of these worker cooperatives particularly in the context of worker take-overs.
- **Trade-union linked:** worker cooperatives normally emerge in the context of retrenchments. Trade unions assist workers to make the transition from wage earning to worker ownership. The South African experience of worker cooperatives in the 1980s was very much about this.
- **Seeded through Worker Cooperative Movements:** in many parts of the world worker cooperatives emerge out of the worker cooperative movement. In Mondragon in the Basque Country of Spain, 120 worker cooperatives, with 100 000 worker owners have developed over

fifty years out of a single worker cooperative movement. The Mondragon Cooperative Corporation (MCC) contributes about 4% to national GDP, has been employment creating even in the context of crisis, has contributed to equitable income distribution in the Basque country which now has the best income distribution in Western Europe and has developed 73 subsidiaries abroad. It is the most advanced globalised worker cooperative movement in the world. Another example of spawning worker cooperatives from a movement is in the USA. Currently there are about 300-400 worker cooperatives in the USA, with about 3000 worker owners and in different sectors of the economy. Various localised worker cooperative movements, most of which are linked to the US Federation of Worker Cooperatives have spawned other worker cooperatives.

- Self development: is also a pathway for many worker cooperatives. These worker cooperatives normally emerge out of the own initiative of a group of people in a community. In South Africa today many worker cooperatives have emerged in township communities in this way. Government, NGOs and other support organisations have also assisted the development of such worker cooperatives.

4.4 The South African Experience of Worker Cooperatives



The first wave of worker cooperative experiences in South Africa took place in the 1980s. This was largely due to trade union initiatives to assist workers in the context of retrenchments. The National Union of Metal Workers in South Africa (NUMSA) was drawn in to assist 960 workers dismissed at SARMCOL, Howick, in 1985. This led to the development of trade union linked worker cooperatives. Similarly other unions such as the National Union of Mineworkers (NUM) and the South African Clothing and Textile Workers Union (SACTWU) also promoted trade union linked worker cooperatives in the context of retrenchments. These worker cooperative experiences were part of defensive union strategy. One estimate suggests that about 96 worker cooperatives were established during the 1980s (some trade union linked and some through community based self development). These worker cooperatives had a membership of 1800 in total and 70% of these cooperatives had less than 20 people.

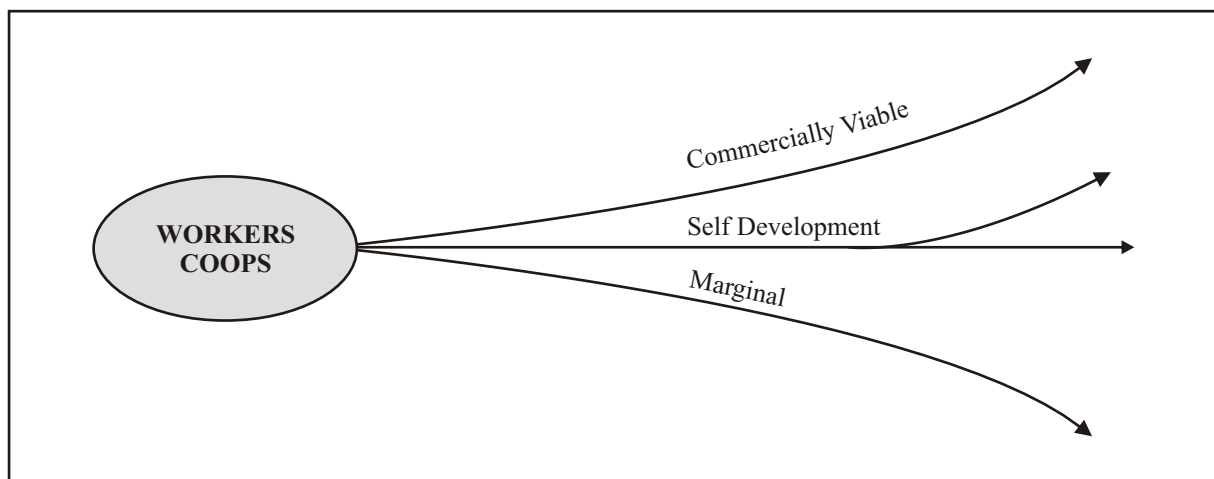
The worker cooperatives of the 1980s faced many problems. It is important to reflect on these problems in order to learn lessons for the present context. The technical problems faced by these worker cooperatives included:

- Lack of access to finance for start-up, working capital and growth;
- Limited financial controls and lack of proper financial management;
- Shortage of cooperative business skills;
- A lack of understanding of self management and democratic decision-making;
- Insufficient mentoring given the lack of cooperative support organizations;
- Lack of education on the worker cooperative model;
- A lack of literacy and numeracy skills also affected the cooperatives;
- No feasibility studies were done in most instances;
- Lack of proper cooperative business planning.

The organizational problems faced by these worker cooperatives included the following:

- Dependency relationships developed with regard to the union. Worker owners and cooperatives failed to develop autonomy and capacity for independence;
- In some instances the unions also wanted to own and control the cooperatives;
- Some unions were also concerned about the wage levels in the sector and therefore wanted to influence the worker cooperatives to maintain sectoral wage levels;
- The criteria used to include workers in a cooperative was not always clearly defined;
- The divisions in the unions also spilled over into some of the worker cooperatives.

Diagram 4.2: Pathways For Worker Cooperative Development



The development of worker cooperatives in post-apartheid South Africa provides different conditions and opportunities for worker cooperative development. This context spawned a second wave of worker cooperative development. These have been largely self-developing worker cooperatives emerging in the context of local economic development. Some have had NGO support, government support or have been initiated by groups of people.

Many of the second wave worker cooperatives have ended up staying on a self development path or have increasingly become marginal. As marginal cooperatives they have failed to develop capacities to meet worker owner needs and are generally degenerating. Such cooperatives normally fail. However, self development cooperatives have built up some capacities and are just able to meet worker owner needs. These self developing worker cooperatives face many constraints: lack of finance, lack of training and skills, lack of cooperative business strategy and also lack of worker cooperative education. Hence many of these cooperatives have not made the transition to being commercially viable worker cooperatives. Many have the potential to become commercially viable cooperatives, while meeting worker owner needs, realising their objectives and practising their values and principles.

Currently South Africa is poised to experience a third wave of worker cooperative development. This is largely informed by the recession and increasing retrenchments. The challenge however is for unions to bring back the cooperative option as part of trade union strategy. This is not only about utilising the worker cooperative option defensively but also placing the worker cooperative option on the trade union agenda as part of advancing an alternative to the crisis ridden model of global capitalism, that is, a solidarity economy.

Plenary Group Exercises:



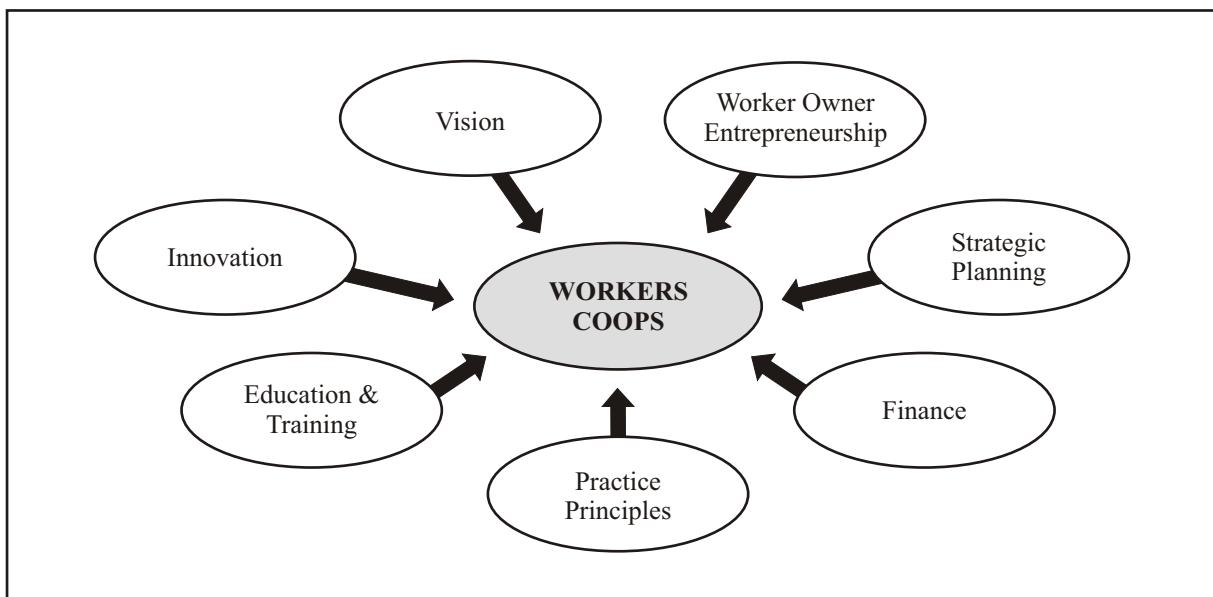
All workshop participants should be encouraged to answer the following questions:

1. **Spotting Challenges:** A Worker cooperative is established after workers have been retrenched. After registration, the union supports the cooperative with some start-up capital. After two years the cooperative remains marginal. All surpluses were distributed to worker owners. What are some of the mistakes/challenges in this scenario?
2. **Spotting Challenges:** A group of 100 women establish a worker cooperative to secure a tender from government to make clothes for 2 schools in a community. They do not have the skills but are able to register a cooperative and put a business plan in place. The tender is granted, this capitalises the cooperative for the purchase of equipment. However, production does not take off because inputs cannot be purchased. What are the mistakes/challenges?
3. **Spotting Challenges:** A worker cooperative movement replicates a successful cooperative model in a nearby community. The bakery that is established secures a market for its cheap bread and over time demand grows. The cooperative is forced to expand to build capacity and brings in ten new worker owners. After a few weeks conflicts break out. What are the mistakes/challenges in this commercially viable cooperative?

4.5 Understanding Success Factors in Worker Cooperative



Diagram 4.3: Success Factors



Setting up a worker cooperative requires a great deal of effort, collective decision-making and research. It is a learning process grounded in:

- Debates;
- Asking critical questions;
- Gathering and sharing information;
- Listening to each other.

Success in a worker cooperative is assessed by the realisation of the objectives of the cooperative to meet the needs of the worker owners and through the practical implementation of the principles and values of the cooperative. Turnover and profits are important but secondary; they arise as a consequence of meeting the needs of worker owners. However, realising success in a worker cooperative is not easy. There is no formula for success. Learning from other experiences (international and national) points to certain essential factors that could contribute to success. These success factors provide a basis for planning and need to inform the cooperative development process and its subsequent practices. The following are crucial success factors:

- **Vision:** refers to the place the cooperative wants to be at in the future as it realizes the needs of worker members. It is important to have a clear vision and to actively work towards the realization of this vision. Worker cooperatives thrive best when they see themselves as a means to meet the needs of worker owners and as part of contributing to wider social transformation. It is important to see the future of the cooperative integrally linked to a wider movement, a solidarity economy movement.
- **Practice principles:** principles are crucial to maintain the identity of the worker cooperative. This has to happen in a conscious way and has to be built into the operations of the cooperative, the institutional decision-making structures of the cooperative, the planning tools and relationships the cooperative has with the community and wider solidarity economy movement.
- **Strategic Planning:** is necessary to keep the cooperative on track to realize its objectives. Strategic planning connects the present with the future. A cooperative has to have an annual strategy and a ten year strategy. These need to be developed as the cooperative starts up.
- **Finance:** is crucial to provide the capital for the development of the cooperative. Worker cooperatives are normally constrained by a lack of start-up finance, working capital and a lack finance for growth. Organising sources of finance that do not undermine the autonomy of the cooperative are important. Most successful cooperatives sacrifice in the short term and build up internal reserves of finance for growth and expansion.
- **Education and Training:** is ongoing in a worker cooperative. Without developing a culture of education and training most worker cooperatives fail. Many successful worker cooperatives rotate jobs and encourage worker owners to learn everything about the enterprise. This empowers worker owners to have a global view of the cooperative and to understand its operations better. Education and training is also important to ensure cooperative skills are developed.

- **Innovation:** means constantly adapting to ensure the success of the cooperative. A worker cooperative that is not alive to its inner workings and its external environment will fail. To keep the cooperative resilient worker owners have to constantly find ways to improve operations in the cooperative and to enhance its responsiveness to external challenges.
- **Worker Owner Entrepreneurship:** is developed in a cooperative. It is about lessening risk factors, enhancing viability and keeping the cooperative on a sustainable path. Worker owner entrepreneurship develops through practice.

Plenary Group Exercise



All workshop participants should be encouraged to answer the following questions:

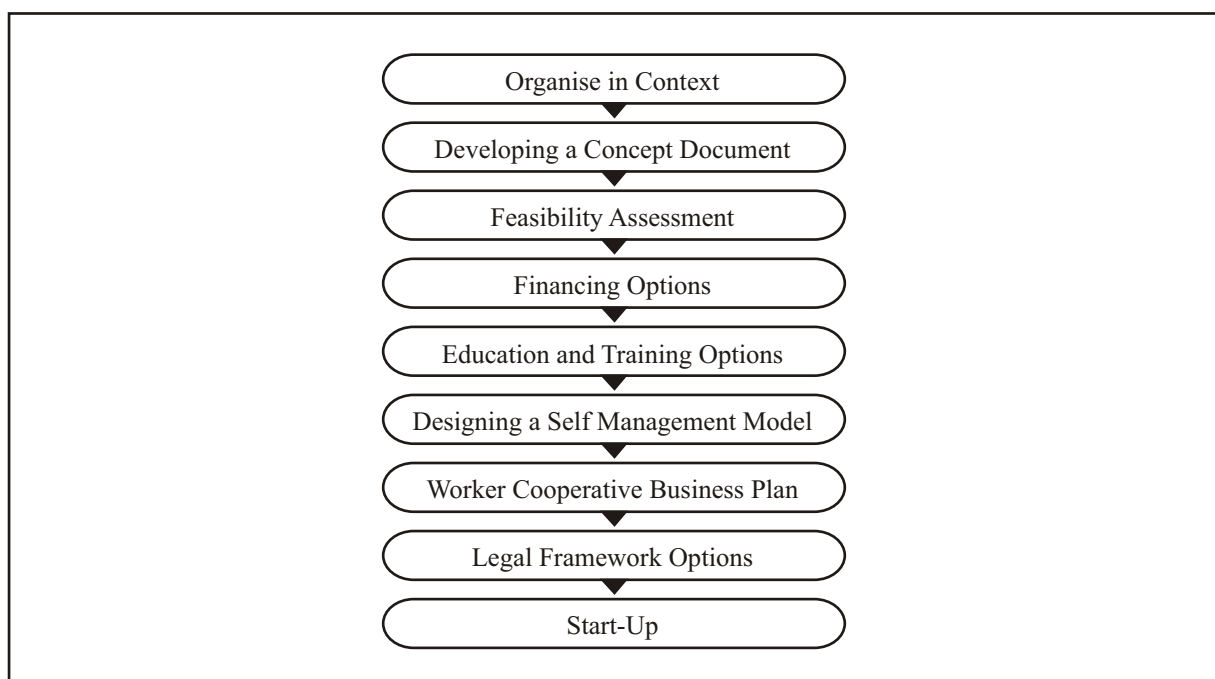
1. What are the potential obstacles to achieving these success factors in a worker cooperative? Itemise these obstacles.
2. How can these obstacles be overcome? Go through each obstacle to find a solution.

4.6 Steps for Setting up a Worker Cooperative



A worker cooperative can emerge in various contexts. However, there are certain common steps or questions that worker cooperative development has to engage with. These are essential to ensure the worker cooperative has a solid foundation. The groundwork steps are about planning and organising. It requires time and collective commitment. A simplified version of this process is laid out below.

Diagram 4.4: Key Steps to Lay the Ground Work for a Worker Cooperative



4.6.1 Step 1: Organising in Context



There are two crucial tasks to ensure a worker is organised in context. First, the conditions and circumstances under which the cooperative has to be developed needs to be unpacked. If it is a worker take-over or even a self developing worker cooperative, information about the prospective worker cooperative enterprise has to be generated. In a worker take-over the current situation facing the existing enterprise needs to be studied. This requires gathering information related to some of the following to understand the situation in the enterprise and the market context in which it has to operate:

- Income and expenditure;
- Balance sheet - assets and liabilities;
- Creditors and debts - are there any? status if new ownership;
- State of technology, equipment and premises - how old, capacity, is the physical location appropriate and adequate and so on;
- Lease agreements and other legal contracts;
- Information about suppliers - who, what, how much, and so on;
- Information about buyers/customers - who, what, how much, and so on;
- Agreements with workers and/or trade unions;
- What are the monthly working capital needs of the enterprise to meet fixed and variable costs?;
- Sectoral conditions - how many competitors, what would affect suppliers negatively, what would affect customers negatively;
- Other important information.

This information provides a baseline of information to develop a situational assessment and generate strategic options for the next step. If for example, a worker take-over is happening in a context in which an enterprise is closing because of cheap imports from China then the worker cooperative will only be viable if it can produce more cheaply while meeting the needs of worker owners adequately. If the worker cooperative is only going to self exploit its worker owners to have a place in the market then setting up the worker cooperative has to be thought about very carefully. If self exploitation, through low wages, is only a short-term factor and will improve as the cooperative gets in new technology this then makes the worker cooperative option worthwhile.

The second important task to enable organising in context relates to mapping potential support relationships. There are a growing number of institutions (state and non-state) that have mandates to support cooperatives. Such institutions include:

- Local Economic Development Departments in municipal councils;
- Provincial Government Departments;
- Provincial Government support agencies;
- National government departments like the Department of Trade and Industry;
- The Department of Labour;
- State linked institutions like UMSOMBOMU, SAMAF, IDC and so on;
- Cooperative movement linked bodies like NGOs and support organisations.

These institutions need to be identified and invited to be part of a **web of support institutions**. Many of these institutions are capable of providing technical and financial resources to worker and other types of cooperatives. For worker cooperatives it might be useful to have either bi-lateral support relations with these institutions or even a worker cooperative support committee involving these various institutions. Establishing a worker cooperative support committee will be important in the context of a worker take-over of an enterprise, for example.

Plenary Group Exercise



All workshop participants to be encouraged to answer these questions.

1. What are the best ways to source information for doing an initial assessment on a worker cooperative option?
2. Can you identify institutions that can be approached to support the development of a worker cooperative bi-laterally or through participation in a worker cooperative support committee?

4.6.2 Step 2: Developing a Concept Document



A worker cooperative concept document is about developing the idea of a worker cooperative. It is a crucial exercise that assists with the following:

- Clarifies needs and opportunities;
- Unpacks some of the detail related to the worker cooperative envisaged;
- Generates planning information which feeds into the cooperative start-up business plan.

The content of a concept document should cover the following:

- Context and Opportunity
- Objectives of Worker Coop (needs)
- Main Activity (product/service)
- Principles and Values
- Membership rights and obligations
- Financing Needs and Options
- Training Needs and Options
- Legal Arrangements and Decision-making Structures

Small Group Exercises:

Some examples:

1. A public works program is coming to an end. The fifteen women on the program have been skilled in construction work. They want to set up a worker coop for construction. Design a concept document to assist this process.
2. NUMSA members are losing jobs. A foundry with 200 workers is bankrupt. The workers are owed wages for about 20 months. They want to take-over the factory and want to run it as a worker cooperative. The union is unable to provide capital. Design a concept document.
3. A local worker cooperative movement decides to replicate a successful bakery. They do not have capital but are willing to do in-house training. 25 potential worker owners are organised into the process. Design a concept document.

4.6.3 Step 3: Feasibility Assessment

A feasibility assessment is an important step in the worker cooperative development process. It grounds the 'dreams' of the concept document and subjects it to critical scrutiny.

A feasibility assessment is important for the following reason:

- It assesses gaps and possibilities for failure;
- Assists with assessing the seriousness and commitment of the group;
- It identifies and limits risks;
- It widens the information base for planning.

Some of the following questions have to be asked as part of a feasibility assessment:

- Do the costs in the cooperative exceed expected income?
- Who are the suppliers of raw materials and how can suppliers of raw materials be secured?
- Who are the local and external competitors for the product or service of the cooperative?
- What advantages do competitors have and can the cooperative have better advantages? What are these?
- Is there a demand for the cooperatives product/service? Who makes up the market?
- Can the coop produce a better product/service than what exists?
- How will your industry deal with a slump in the sector?
- Does the group have sufficient skills for the operations of the coop?
- Are the funds adequate for the start-up needs?
- What are the working capital needs of the cooperative and is the planned amount for working capital adequate?
- Where else can funds be sourced?

Small Group Exercise



Take the concept documents developed from the previous small group exercises and pass them on beyond the group that developed them. Thereafter every small group should interrogate whatever concept document they are assigned with the above feasibility assessment questions. All these responses need to be captured.

4.6.4 Step 4: Financing Options



Financing in a worker cooperative is about putting capital to work and not about working for capital. It is about worker control of capital. Finance is important in the worker cooperative development process for the following:

- **To provide for pre-start-up costs:** this relates to the groundwork and organising costs involved in setting up a worker cooperative. This includes costs for designing the cooperative, developing a conceptual model, cooperative business model and strategy and so on.
- **To provide for start-up costs:** this relates to core costs to establish a worker cooperative and includes the costs of purchasing assets like equipment, paying for a lease agreement, raw material, operating costs and so on.
- **To provide working capital:** technically it is current assets minus current liabilities, which equals working capital. Current assets include cash on hand, debts paid for in advance and all accounts receivable for example. Current liabilities include accounts payable to suppliers, accrued expenses and payroll. In short, working capital is the level of liquidity in a worker cooperative to meet its operating costs. Sometimes worker cooperatives have more short-term liabilities which can negatively affect the operations of the cooperative. To fill the gap until current assets are in excess of current liabilities, working capital becomes important.

There are two main types of capital in a worker cooperative:

- **Equity capital** is the contributions made by the worker owners themselves and is the sum of member contributions. This kind of capital pool emerges when worker owners by their single share in the cooperative. While this contribution is accounted for in the individual member's cooperative account, this also serves as a source of capital for the cooperative.
- **Debt capital** is the short- and long-term credit extended to the worker cooperative by banks, individuals and other agencies. Debt capital can be internal or external.

Diagram 4.5: Sources of Financing

Internal Sources of Financing	External Sources of Financing
<ul style="list-style-type: none"> • Member Shares • Reinvestment • Loans from Members 	<ul style="list-style-type: none"> • Loans from Banks • Donar Grants • Government Programs • Solidarity Economy Movement

Besides equity and debt capital, worker cooperatives can also secure capital in two other ways:

- **Re-investment or retained earnings** - this is a portion of the net income or surplus that is ploughed back into the cooperative. Normally it is a percentage of the surplus which is then saved in the cooperative for expansion or rainy days etc.
- **External donor grants or government incentive programs** - these can also be a source of capital for cooperatives. However, again this cannot undermine worker control of capital inside the cooperative. In short, capital sourced into a cooperative is subject to the decision-making rights of worker owners to advance the objectives of the cooperative (to meet their needs).

Plenary Group Exercise

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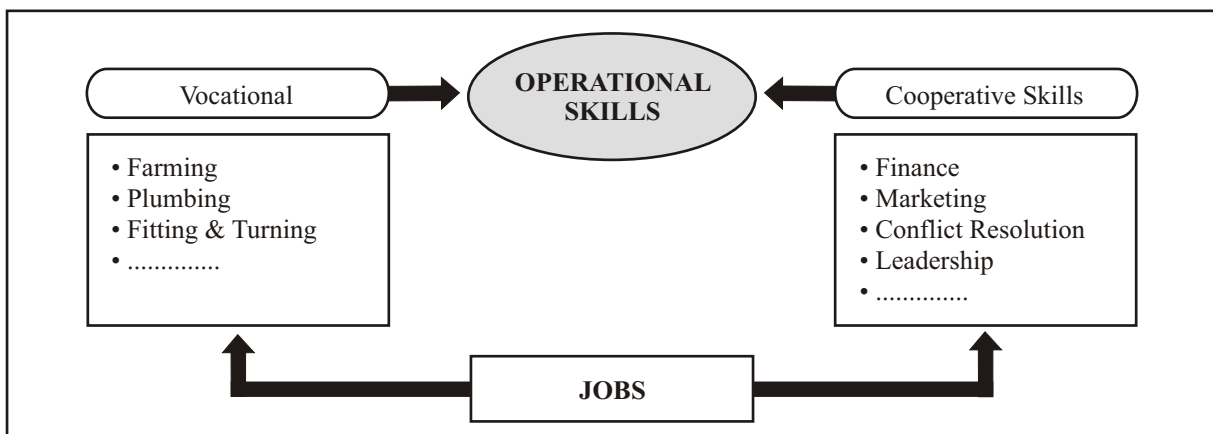
All participants in the workshop to be encouraged to answer the following questions:

1. Why is worker owner control of capital important in a worker cooperative?
2. Identify three potential sources of external finance for your worker cooperative in South Africa?
3. What are the internal sources of finance for your worker cooperative?

4.6.5 Step 5: Education and Training Options



Diagram 4.6: Skills Needs in a Worker Cooperative



Ongoing education and training in a worker cooperative is crucial. Most worker cooperatives fail because they have not been able to identify skills gaps/needs in the operations of a cooperative.


There are two types of skills that have to be assessed:

- **Vocational skills** are central to the core activity (production/service) of the worker cooperative.
- **Cooperative skills** are the non-core skills that enable the worker cooperative to engage in its core activity.

Both these skills areas impact on the operations of the cooperative. They also assist with clarifying jobs in a worker cooperative.

In addition to identifying skill needs/gaps it is important to identify the sources of education and training and the costs.

Small Group Exercise:

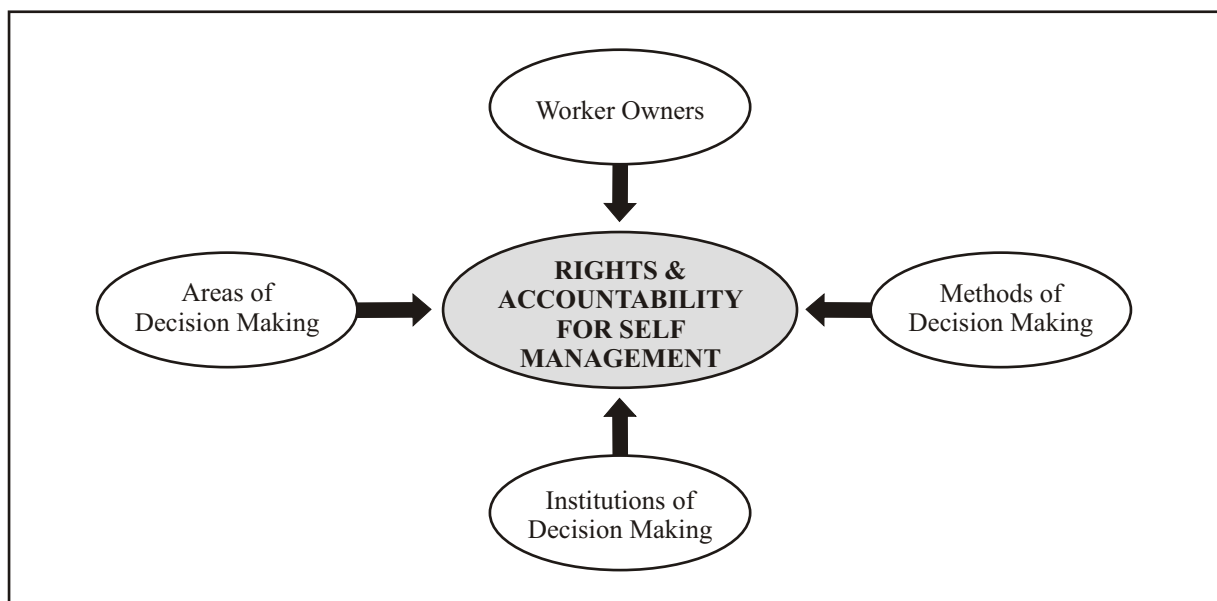


Using the worker cooperative your group has done a feasibility assessment for do a skills assessment.

1. What vocational skills are required to ensure the cooperative operates?
2. What cooperative skills are required to ensure the cooperative operates?
3. How many jobs would be required and in which operational areas of the cooperative?

4.6.6 Step 6: Designing a Self Management Model 

Diagram 4.7: Elements of a Self Management Model



A genuine worker cooperative has to ensure worker control of decision-making. This means the cooperative has to design in the rights of worker owners to make decisions and at the same time to be accountable. It has to have a well designed self-management model. Such a model is not incompatible with having a manager/s provided that their contribution to decision-making does not undermine the decision-making rights that worker owners have in a worker cooperative.

In a self management model the following elements have to be brought together:

- The **decision-making rights** of worker owners and accountability;
- **Areas of decision-making in the worker cooperative (operational, strategic and policy)** - financial, long-term planning, production/service, hiring or firing, discipline, education and training, marketing, office duties and policy.
- **Methods of decision-making** - is it by one-person-one vote or consensus or a mix;
- **Institutions of decision-making** - can be simple or complex depending on the size of the worker cooperative. Inside a worker cooperative the general assembly, the board, sub-committees, social council (deals with working conditions) and management structure are some of the important institutions in which worker owner rights have to be located together with areas of decision-making and methods.

There are many examples of decision-making:

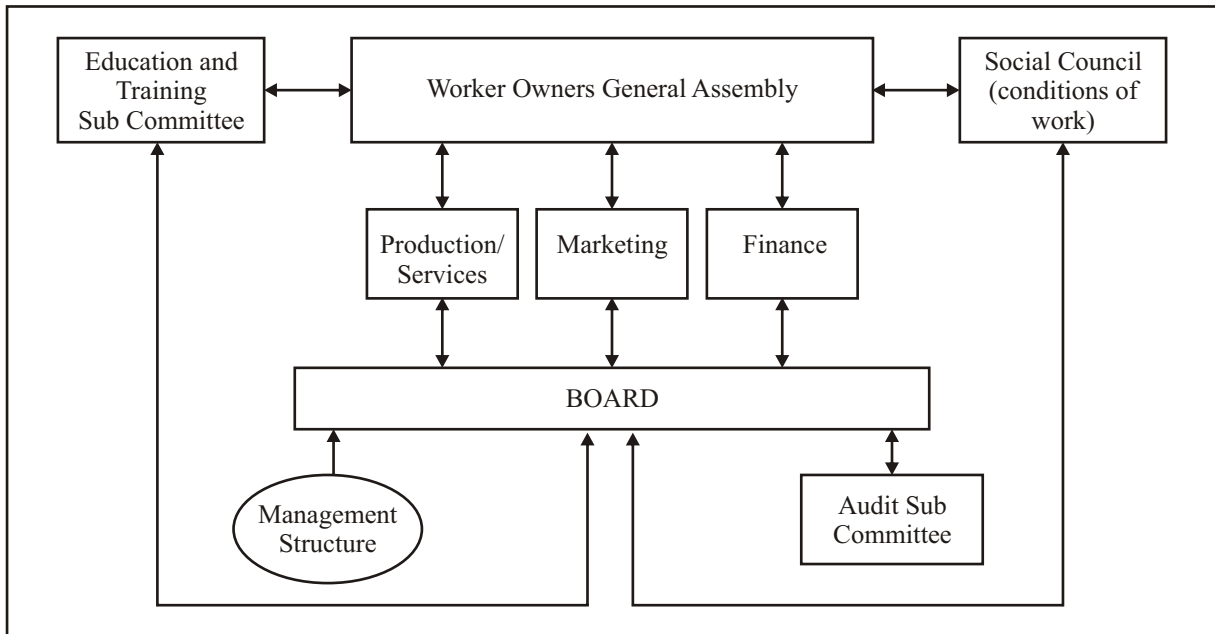
For example, a decision on hiring might begin in a board sub-committee but is finally decided on in the general assembly through a show of hands or one person one vote.

For example, the board might make a decision on production targets by consensus but the general assembly will decide by way of one-person-one-vote.

For example, a manager might make a recommendation to the board on financial matters. The board might decide the matter through consensus after a long debate.

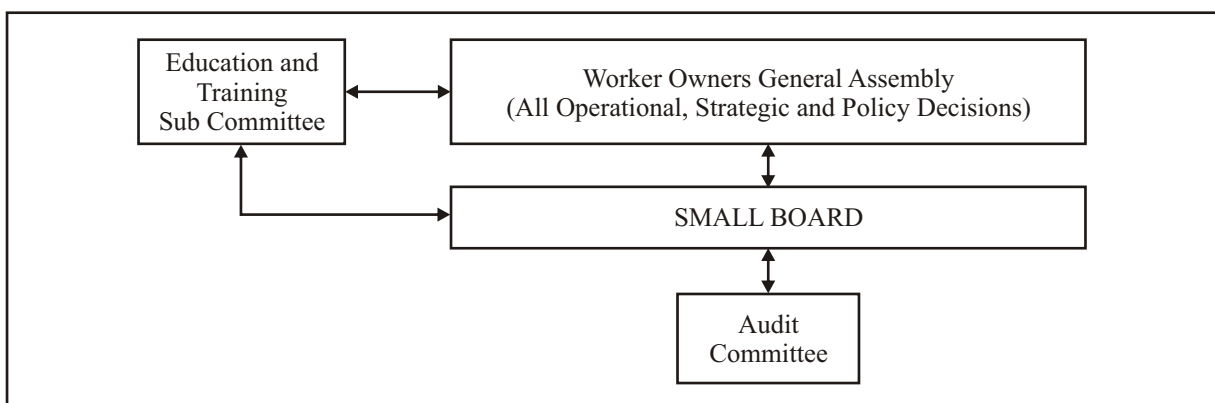
A worker cooperative self management structure can be complex because of the size of operations. In a factory of 300 workers decisions on production might be decentralised to a particular departmental unit. Most policy and strategic decisions might be made only by the board and management, for example, through consensus. Operational decisions might be made by the general assembly through one-person-one-vote or a show of hands. Operational decisions might be made with input from key operational areas of the cooperative. The board and manager monitor implementation. See below.

Diagram 4.8: A Complex Self Management Structure



On the other hand, in smaller worker cooperatives self management structures do not have to be complex. These can be very simple with the worker owners' general assembly being the central decision-making structure. Such a structure might work through both consensus and one-person-one vote on particular issues, depending on how the self management system is designed. The board in such a structure is merely symbolic and plays a secondary role to the general assembly. In other words, the board might merely play an internal convening role for the assembly, keep records of meetings, be the public face of the cooperative, monitor decisions made by the general assembly and implement certain decisions made. See below.

Diagram 4.9: A Simple Self-management Structure



Some important considerations when designing a self management structure:

- Organise it in context such that a small cooperative, for example, does not need too many decision-making structures;
- Keep it simple such that there is less time for meetings and more time for production/service activity;
- Design a self management system and refine it from practice so that it utilises time efficiently;
- Utilise education and training to build capacity inside the self management system;
- Rotating jobs, where possible, inside a worker cooperative also assists with building self-management capacity.

Small Group Exercises



Build on the worker cooperative concept document developed by the group. Design a self management system for the worker cooperative. Bring together and locate:

- Worker owner rights to make decisions;
- Areas of decision-making (operational, strategic and policy);
- Methods of decision-making;
- Structures of decision-making.

This should be done graphically, preferably on a piece of paper.

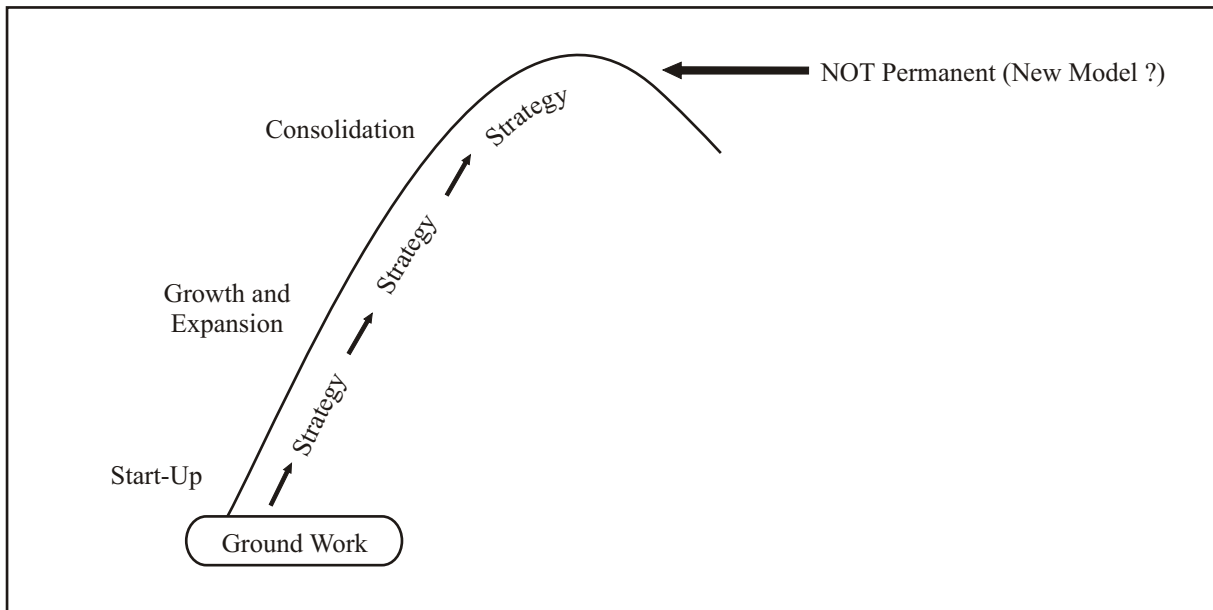
4.6.7 Step 7: Worker Cooperative Business Planning



Worker cooperative business planning is a crucial part of the development process. It provides a road map for the cooperative. It brings together all the information developed in all the previous steps. The main content for a start-up worker cooperative business plan should include some of the following:

- Objectives of the cooperative;
- Overview of core activity - production/service, raw materials, customers and market dynamics;
- Medium term strategic options;
- Membership rights and obligations;
- Education and skills plan - skills existing, skills needed, sources and costs of education and training, breakdown of jobs and allocation of jobs;
- Financing plan - start-up financial needs and costs, sources of finance, cash flow budget, working capital needs;
- Self management model;
- Legal arrangements;
- Location - physical and postal address;
- Social Audit Plan - reporting on worker control, impact on the community, contribution to the solidarity economy.

Diagram 4.10: Phases of Strategic Development



Worker cooperative business planning is not a once-off activity. It should be understood as part of a strategic planning cycle and process. The start-up worker cooperative business plan is just part of ground-work required to get a worker cooperative up and running. Beyond this the cooperative has to plan for growth and expansion and consolidation. The start-up phase of the cooperative can last a few years including the growth/expansion phase and the consolidation phase. It is advisable that in a worker cooperative planning happens annually. An annual strategic plan is developed to take forward start-up objectives. Within the start-up phase it is also important that the cooperative is thinking ahead in terms of expansion and growth to develop strategic options for this to happen. These options need to be put into a medium-term strategic plan (5-10 years) which can guide the annual strategic plan.

Plenary Group Exercise:



All participants should be encouraged to answer the following questions:

1. Why is cooperative business planning important in a worker cooperative?
2. What is the value of having an annual strategic plan?
3. What is the value of having a medium-term (5-10 year) strategic plan?

4.6.8 Step 8: Legal Framework Options



The legal framework of a worker cooperative is contained in a constitution. The constitution has to comply with the legal requirements of the 2005 Cooperatives Act and the sections dealing with worker cooperatives. A lot of the planning done so far will enable the development of a constitution. In particular the development of the self-management model will be crucial to inform the distribution of power and legal rules within the constitution of the worker cooperative.

Some of the following is required to put a worker cooperative constitution together and get registered:

- Develop self management model;
- Study the Cooperatives Act of 2005, particularly provisions related to worker cooperatives;
- Obtain a sample constitution from the registrar of cooperatives based at DTI in Pretoria;
- Amend the sample constitution based on the concept document, self management model and business plan.
- Send these amendments back to registrar and request registration documents, including new constitution;
- Once the documents are obtained from the registrar have a registration meeting to adopt the constitution, elect the board, adopt the start-up business plan and sign registration documents. The signed registration documents and start-up business plan must be sent back to the registrar for the worker cooperative to be registered.

Bye-laws in a worker cooperative are standing policies in a worker cooperative and need to be put in place to complement the constitution. This will come into place once the cooperative is up and running.

4.6.9 Step 9: Start-Up



After registration the worker cooperative enters the start-up phase of its development. To assist with start-up the following checklist is recommended:

- Implement worker cooperative start-up business plan;
- Set-up, test and fine-tune self management system;
- Set up worker cooperative education and training program for skills development and capacity building;
- Develop bye-laws/policies;
- Develop a cooperative worker owner guide and run education training on guide;
- Develop an annual strategy for the first Annual General Meeting;
- Develop an annual report for the first Annual General Meeting;
- Appoint auditor and develop annual financial statements for Annual General Meeting;
- After two years develop a medium-term strategic plan for growth and expansion.

MODULE 5

Financing Mechanisms in the Solidarity Economy

5.1 The Importance of Solidarity Economy Financing Mechanisms



Potential solidarity economy enterprises experience some of the following challenges with regard to finance:

- **Lack of capital** - affects every form and type of potential solidarity economy enterprise. Capital is required for start-up, for growth, for working capital. This has placed a serious constraint on the growth of solidarity economy enterprises.
- **Lack of appropriate financing mechanisms** - many of the sources of finance for developing solidarity economy enterprises particularly cooperatives are married to Black Economic Empowerment (narrow and broad). This concept is premised on merely deracialising capitalism and has utilised finance in a 'get quick rich' kind of way. This has been linked to fast-track incubation models that have not produced sustainable cooperatives. Tenders have also been utilised to foster dependency and political control.
- **Control by loan sharks** - many potential solidarity economy enterprises have also ended up in the clutches of loan sharks. These 'micro-financiers' have charged high interest rates for loans, have tied up collateral and do not show any flexibility with regard to repayment. One loan in this context leads to more loans and eventually the debt trap squeeze.
- **Control by capital** - even in contexts in which funding is secured, the conditionalities, controls and reporting requirements can be extremely difficult. In fact sourcing capital in this way means trading off autonomy and independence. The enterprise is no longer guided by voices of worker owners or members but by the imperatives of capital.

In this context solidarity economy financing models are extremely important and represent an alternative.

5.2 Theory on Solidarity Economy Financing Mechanisms



Solidarity economy financing mechanisms are not:

- **Micro-credit institutions** - such institutions have a narrow 'target the poor approach', are dependent on donor funding and do not have a movement orientation. Most importantly such institutions are not about structural change.
- **Credit Unions** - such institutions are a consumption based savings and loans model. They do not provide finance for productive capital purposes.

There are two main objectives informing solidarity economy financing mechanisms:

- Contributing to structural transformation in which a new patterns of production, financing, consumption and living takes root in accordance with the values and principles of the solidarity economy.
- Control and subordination of capital.

Solidarity economy financing mechanisms are financial services cooperatives. These are cooperatives that provide financial services to their members. These cooperatives have the potential to become solidarity economy cooperative banks if they develop assets over one million rands.

The main features of the model are:

- Commitment to solidarity economy vision, values and principles;
- Provision of productive capital to members;
- Member based cooperatives;
- Loans policy;
- Savings policy/member contribution policy;
- Donor/investor policy (in the case of a solidarity economy fund);
- Management;
- Monitoring and reporting.

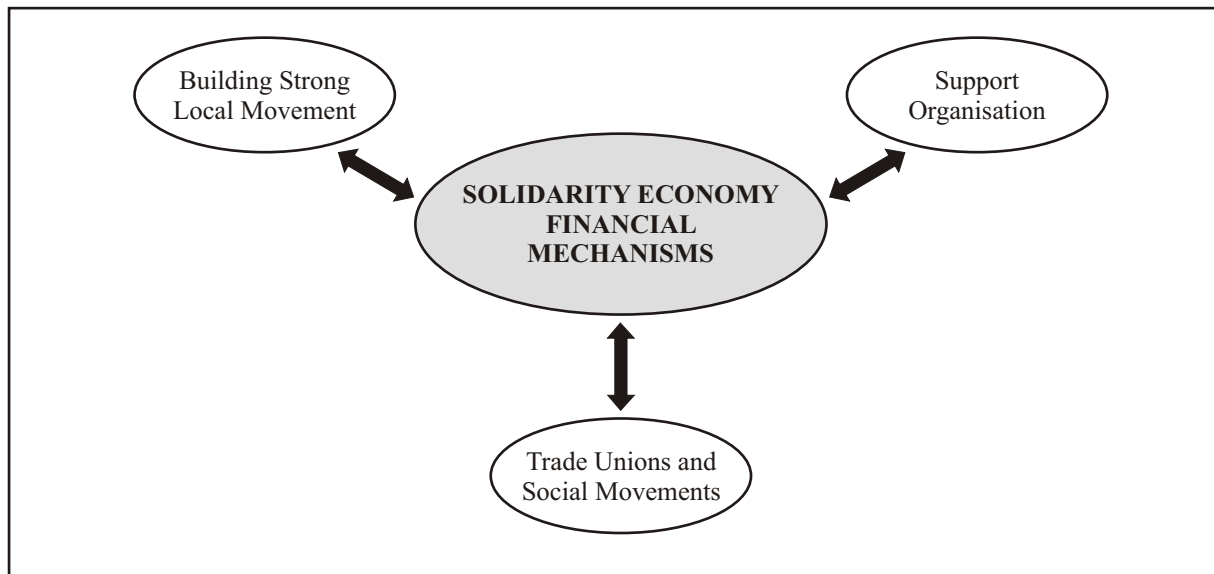
The solidarity economy financing mechanism is part of a movement. This means it deals with risk differently from a commercial financing institution. There are three aspects to this:

- **The compulsion of solidarity** - a solidarity economy financing mechanism is based on contributions by beneficiaries and this form a common pool that has to be shared with others. A failure to pay back deprives another solidarity economy enterprise of financial resources. Hence, there is ethical and movement pressure to ensure financing works successfully.
- **Participatory methodology** - lending happens through participatory planning methodology. This ensures risk is planned out both by the borrower and the financing mechanism.
- **Transparency** - ensures proper financial reporting to all members of the solidarity financing mechanism. This not only maintains trust but also serves to place pressure on delinquent members within the collective.

5.3 Context



Diagram 5.1: Different Contexts for Developing Solidarity Economy Financing Mechanisms



Solidarity Economy financing mechanisms have been promoted in different contexts and from below. Such contexts include:

- Building strong local movements - in various parts of the world, solidarity economy financing mechanisms have been crucial in contributing to the development of strong cooperative movements within the solidarity economy. On the other hand, the presence of strong cooperative movements have also reinforced the development of such mechanisms. Such movements have supported the financing mechanism and have benefited from it. Cooperative banks and credit unions are great examples of this kind of financing mechanism. Moreover such mechanisms have provided technical support to limit risk to cooperatives and to assist the development of cooperatives. These mechanisms have packaged start-up capital, working capital and financing needs for expansion. Such financing products have been developed alongside others such as loans for education, for solar panels and for consumption needs. Some international examples of this are the Mondragon **Labour and Peoples Banks** in the Basque country of Spain, **Self Employed Women's Association Cooperative Bank** in Gujurath, India and **Trento Village Cooperative Banks** in Northern Italy.
- Support organisations - in some countries institutions that are not directly part of the cooperative movements but exist alongside it have also set up financing mechanisms to support solidarity economy institutions. Such mechanisms provide start-up and/or working capital through an enabling process of cooperative business planning. The dialogue between the lending institution and the cooperative about planning out risk and ensuring income generation is very important to ensure mutually beneficial relations and to ensure the capital pool is not compromised so that other solidarity economy enterprises can also benefit from repayment. Such mechanisms are made up of donor funds (private and/or public) and channel finances to solidarity economy institutions. Some international examples of this would be **Working World** in Argentina and **Compagnia Finanziaria Industriale (CFI)** in Italy.

- Trade unions and social movements - have also played a crucial role in developing solidarity economy financing mechanisms. These mechanisms are funds that stream finance to solidarity economy enterprises (not just cooperatives). Such funds are made up of trade union or social movement financing, donor financing and other sources such that cheap loans can be made available to solidarity economy institutions. In some places cooperative movements have set up such funds and the capital is used to seed new cooperatives. Such funds also have a proper lending framework and process to ensure the sustainability of lending and are beneficial to the recipient solidarity economy actor. Some international examples of this would be the **Quebec Federation of Labour Solidarity Fund**, the **North Country Cooperative Fund** and the **Lega Coop Fund**.

5.4 Two Types of Solidarity Economy Financing Mechanisms



There are two types of primary financing mechanisms envisaged for the solidarity economy process. These mechanisms would start off being registered under the Cooperatives Act of 2005 as financial services cooperatives. Such cooperatives provide financial services to their members. In the context of the solidarity economy these financial services cooperative provide **capital** to solidarity economy enterprises and actors. This is not a consumption based model but about productive capital. The objectives of such mechanisms are:

- To assist with building up assets in solidarity economy enterprises and actors;
- To provide start-up capital;
- To provide working capital;
- To provide capital for the expansion and consolidation of solidarity economy enterprises.

The ethical values and principles of such financial services cooperatives are the same as the solidarity economy process values and principles.

Values

In different parts of the world solidarity economy movements and networks emphasise a core of ethical values and principles. Some of the main ethical values of the solidarity economy are ***caring, sharing, self reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness.***

Principles

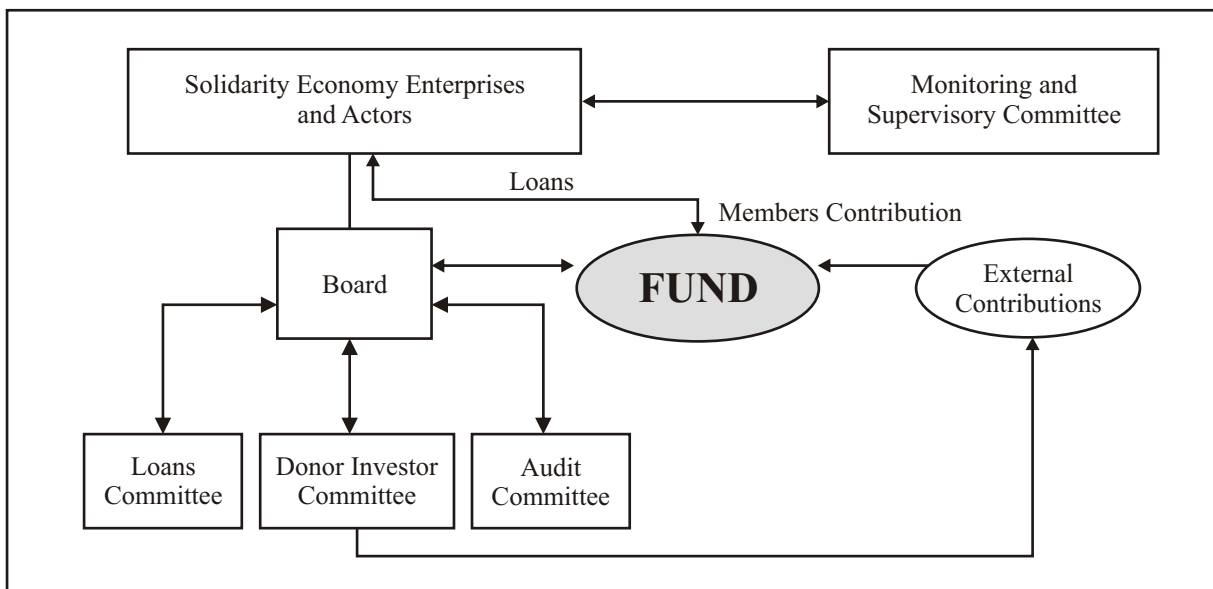
The solidarity economy principles are guidelines by which co-operatives put their values into practice.

- **Solidarity:** provides the social basis for the solidarity economy. It informs the cooperation between members inside a solidarity economy enterprise, between such enterprises and with the community more broadly.
- **Collective ownership:** ensures the assets and resources of the solidarity economy enterprise brings benefits to all within the enterprise, to the community and future generations. It ensures control and power are shared.

- **Self management:** gives members (women and men) and worker owners the rights to impact on decision-making. Such a principle ensures one-person-one-vote institutionalises accountability and responsibility. Ongoing education and training is crucial for viable self management.
- **Control of capital:** is a crucial practice to secure benefits for the individual enterprises, the wider solidarity economy and the community. It requires developing mechanisms to build up capital from below and subordinating it to democratic control so that the vision, values and principles of the solidarity economy informs lending practices. Such criteria will also inform the behaviour of the borrower.
- **Eco-centric practice:** places an emphasis on a non-destructive relationship with nature through inputs, production processes, services rendered, consumption and household practices.
- **Community benefit:** encourages a broader social awareness as an integral part of how the solidarity economy works. Such community benefit to be accounted for through transparent financial reporting.
- **Participatory democracy:** provides an institutional space for the decentralised power of citizens and solidarity economy actors for and with the solidarity economy process. Such an institutional space to bring together and unite such social forces to ensure effective coordination and development of the solidarity economy.

5.4.1 Option 1: Solidarity Economy Fund Cooperative 

Diagram 5.2: Structure of a Solidarity Economy Fund Cooperative



This financial service cooperative is member based. The common bond for membership is the link to the solidarity economy movement. All members will purchase a share in the cooperative. In addition, all members will make a monthly financial contribution to the cooperative which goes into a **common fund**. However, unlike credit unions or cooperative banks a significant part of the funding for the solidarity economy fund cooperative will be external. The cooperative will actively solicit funding from external contributors. These external contributors have to support the values and principles of the solidarity economy process and would provide either donor support to the fund or very low interest loans to the fund. The financial injection from external sources together with the internal financial resources accumulated in the fund would be lent out to members as productive capital. This would also be in the form of low interest loans.

However, the applications for loans would entail a rigorous process. All enterprises or actors applying for a loan will qualify for a loan if:

- Such applicant has been a member of the fund for a minimum of one year;
- Such applicant submits a business plan with the loan application;
- This business plan is critically assessed by the loan committee;
- The applicant revises the business plan subject to recommendations made by the loans committee;
- The applicant accepts the streaming of finance to the enterprise in accordance with conditions set by the loans committee.

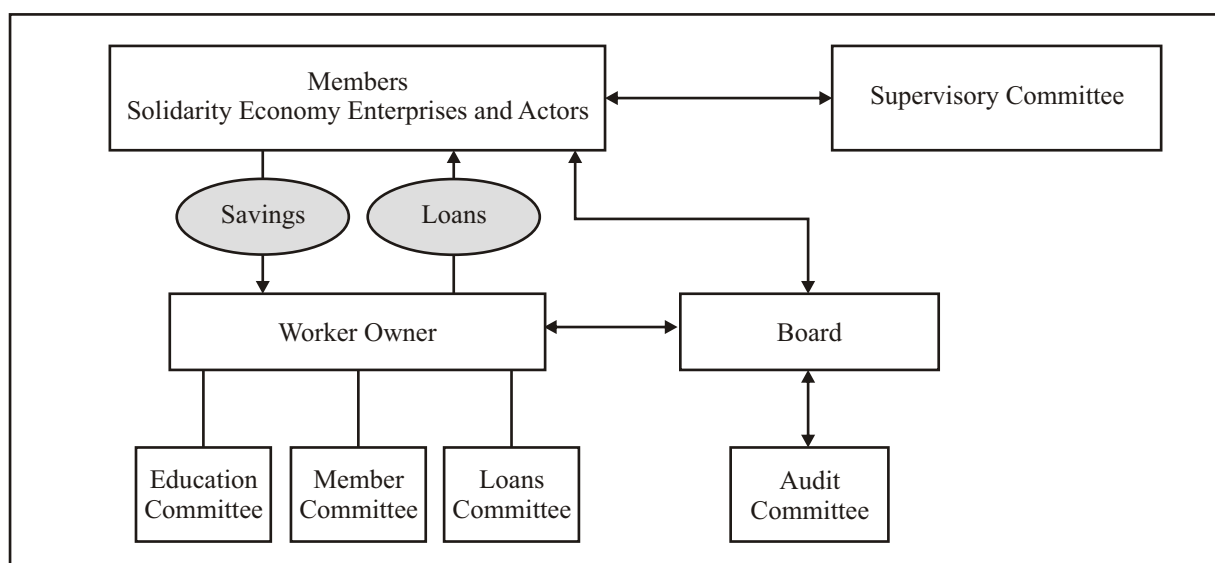
As member based institution the solidarity economy fund cooperative would have to ensure full transparency through:

- Audited annual financial statements;
- An annual report from the monitoring and supervisory committee which also include a social audit dealing with member participation and community impact;
- An annual fund report.

5.4.2 Option 2: Solidarity Economy Development Finance Cooperative



Diagram 5.3: Structure of a Solidarity Economy Development Finance Cooperative



This financial service cooperative is member based. The common bond for membership is the link to the solidarity economy movement. All members will purchase a share in the cooperative. In addition, all members will save monthly. However, unlike credit unions or cooperative banks the funding products are for productive capital. In other words, loans are not for consumption purposes. These would be interest-bearing loans.

However, the applications for loans would entail a rigorous process. All enterprises or actors applying for a loan will qualify for a loan if:

- The applicant has been a member for over a year;
- Such applicant submits a business plan with the loan application;
- This business plan is critically assessed by the loan committee;
- The applicant revises the business plan subject to recommendations made by the loans committee;
- The applicant accepts the streaming of finance to the enterprise in accordance with conditions set by the loans committee;
- The savings of the applicant is used as collateral against the loan.

As member based institution the solidarity economy development finance cooperative would have to ensure full transparency through:

- Audited annual financial statements;
- An annual report from the monitoring and supervisory committee which would also include a social audit dealing with member participation and community impact;
- An annual development finance cooperative report.

Plenary Group Exercise:



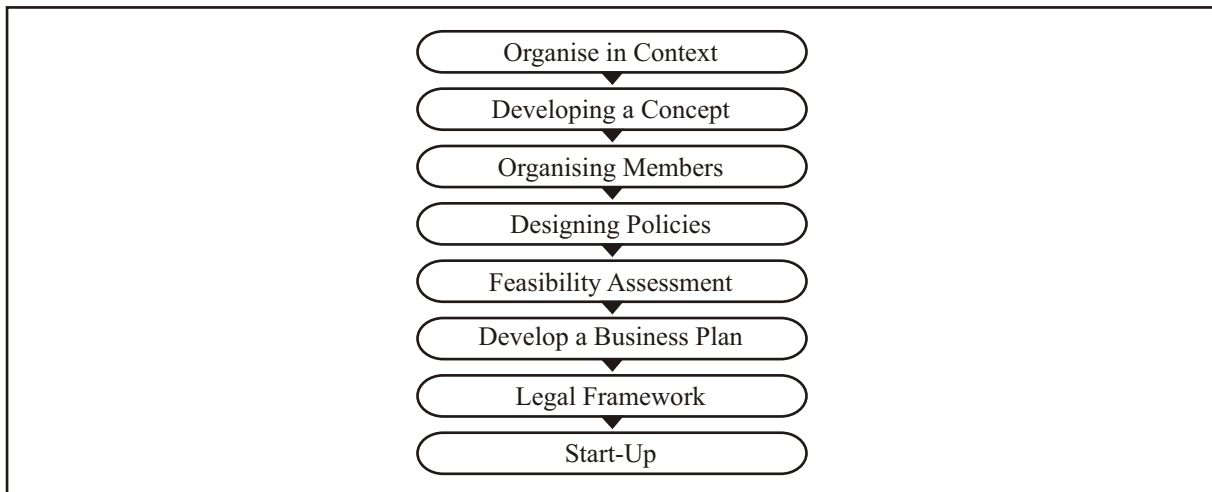
All participants should be encouraged to answer the following questions:

1. Why is it important for people and communities to control capital?
2. Are the Solidarity Economy Financing mechanisms an effective tool for building and controlling capital?

5.5 Steps for Setting Up a Solidarity Economy Financing Mechanism



Diagram 5.4: Steps for Setting Up a Solidarity Economy Financing Mechanism



Plenary Group Exercise:



1. The facilitator needs to take participants through the above diagram and explain the contents of each step. Questions of clarity, comment and discussion must be invited on each of these steps.

There are 8 critical steps involved in the development process of a solidarity economy financing mechanism. It is important for users of this guide to also refer to steps for setting up a worker cooperative to appreciate the issues and challenges involved in setting up a solidarity economy financing mechanism.

5.5.1 Step 1: Organise in Context



The common bond of being part of the solidarity economy movement is important for these financing mechanisms. This means the profiling of solidarity economy actors in a site is very crucial as well as organising them into the process. The active participation of a solidarity economy actor and enterprise in the solidarity economy process through the Solidarity Economy Education and Communication Cooperative (mentioned in the next chapter) makes them part of the solidarity economy movement.

Out of the SEECC an organising committee for the solidarity economy financing mechanism can be established.

5.5.2 Step 2: Developing a Concept



This module contains two conceptual models of solidarity economy financing mechanisms. These conceptual models need to be discussed and evaluated in context to find a suitable fit.

5.5.3 Step 3: Organising Members



With the conceptual model clarified active recruitment of potential members needs to happen. In the case of a solidarity economy fund potential donors/investors need to be identified.

5.5.4 Step 4: Designing Policies



Clear loans and savings policies need to be developed.

5.5.5 Step 5: Feasibility Assessment



A feasibility assessment needs to be conducted which assesses the risk and viability of such solidarity economy financing mechanisms. Such a feasibility assessment to address some of the following questions:

- Is there a demand for the products of the solidarity economy mechanism?
- How many potential savers or contributors are there?
- Is the amount contributed by each saver/contributor sufficient on a monthly basis?
- Are the operating costs too high?
- Is the return on loans sufficient to contribute to operating costs?
- Is the lending policy sufficient to limit risk?
- Is the transparency in the cooperative sufficient to maintain member trust and prevent corruption?

5.5.6 Step 6: Develop a Business Plan



A start-up business plan needs to include some of the following:

- Overview of objectives;
- Market assessment and short/medium term strategic options;
- Core products loans and savings/member contribution policies. Also donor/investor policies in the case of a fund;
- Start-up needs, costs, sources of finance and budget;
- Premises location and assessment.

5.5.7 Step 7: Legal Framework



The constitution of these financing mechanisms need to be developed in accordance with the 2005 Cooperatives Act.

5.5.8 Step 8: Start-Up



As part of start-up the following tasks are important:

- Implement the start-up business plan;
- Develop all committees;
- Prepare annual audited financial statements for the annual general meeting;
- Prepare annual supervisory committee report for the annual general meeting;
- Prepare annual report for the annual general meeting;
- Develop annual strategy for the annual general meeting;
- After two years develop a medium-term strategy (5-10 years) for the growth of the financing mechanism. Link the annual strategy to this.

MODULE 6

Solidarity Economy Education and Communication Cooperatives Network

6.1 The Importance of the Solidarity Economy Education and Communication Cooperatives (SEECC)



The Solidarity Economy Education and Communication Cooperatives are the backbone of the Solidarity Economy Movement. The importance of these cooperatives is expressed through the following:

- Such cooperatives are a **resource to organise the local solidarity economy** initiative. It provides ongoing education and training on the solidarity economy alternative, convenes the local solidarity economy forum and leads transformative struggles.
- SEECC is a **network between different solidarity economy sites**. It provides a horizontal learning and solidarity channel to enable mutual learning and sharing of practices. The information and communication technology links between these sites strengthens the links between sites and the learning process.
- SEECC is the **coordinating centre** for the solidarity economy movement. Through the network the strengths and powers of the SEM can be focused on achieving its principles, values and objectives.
- All SEECC's constitute a **collective intellectual** developing local solidarity economy knowledge and solutions. The activism developed out of these cooperatives are a product of this collective intellectual practice.

Plenary Group Exercise:



1. Why is the SEECC an important tool for the solidarity economy process?
2. What are the challenges facing the development of a SEECC in a particular site?

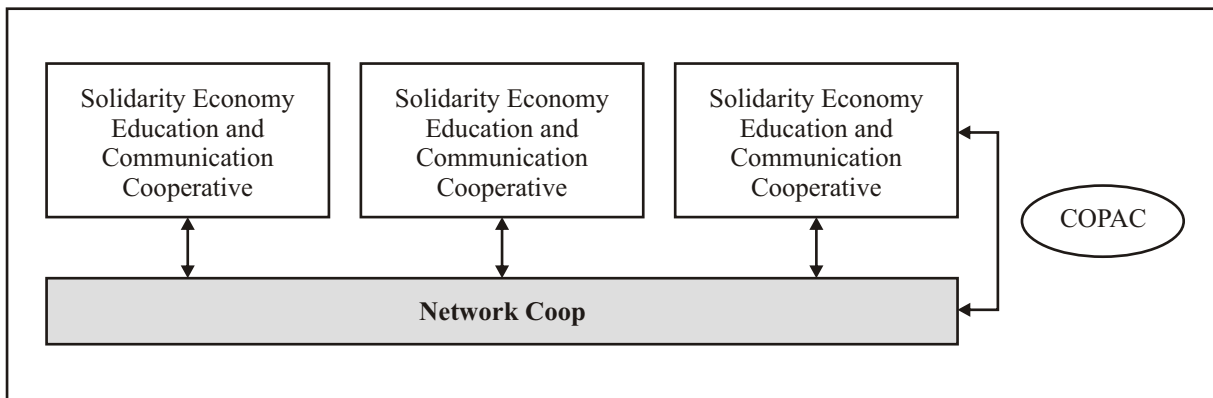
6.2 The Role of COPAC and the Network



COPAC is a grass roots NGO and a facilitator of the Solidarity Economy Movement in South Africa. It is not the movement but an organiser working on the ground with all potential and actual solidarity economy actors. COPAC's primary objective is to build, support and develop the Solidarity Economy Education and Communication Cooperative network.

All SEECCs developed will be invited to participate in the network. The central coordinating structure for the SEECCs will be a network coop made up of the SEECCs and COPAC.

Diagram 6.1: SEECC Network

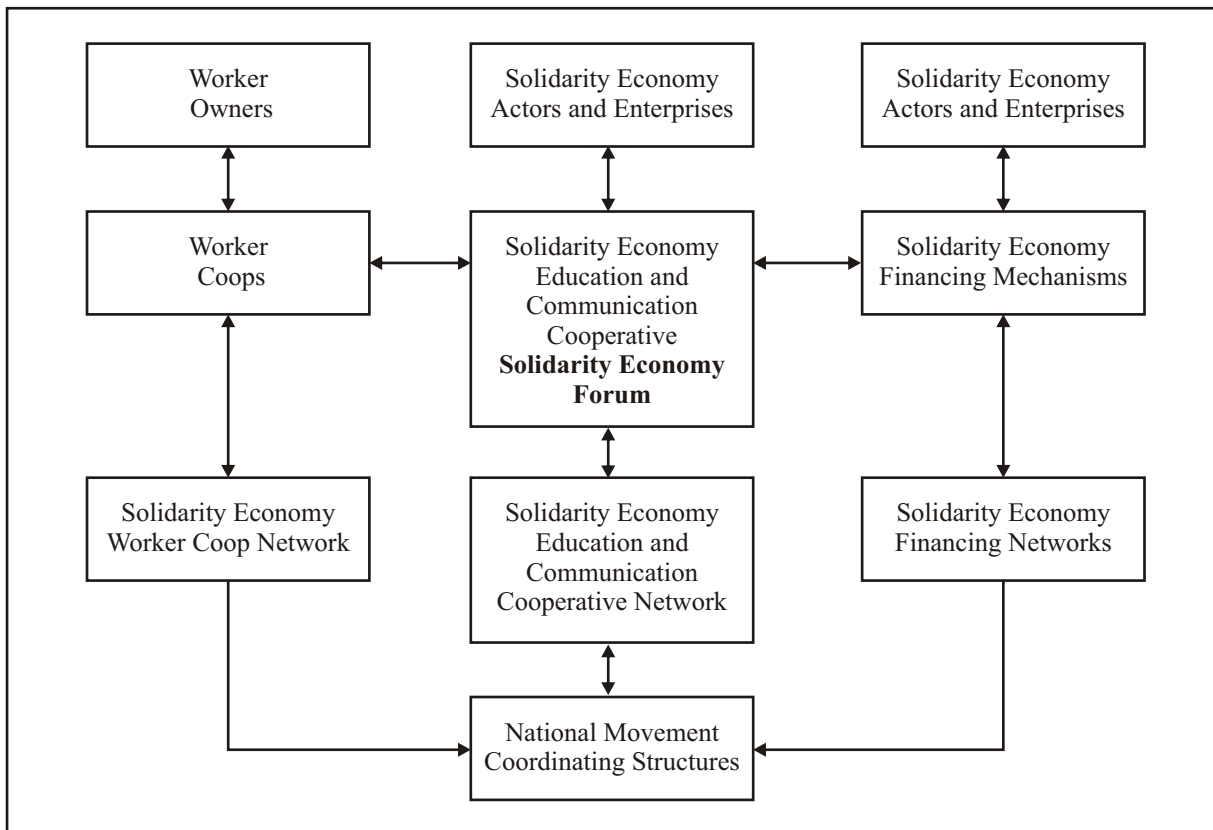


Supported by COPAC the solidarity economy network cooperative will provide the following to SEECCs:

- Education and training as well as resources on the solidarity economy;
- Capacity building for all operational areas of the cooperative;
- A link to an integrated solidarity economy information and communication system;
- Involvement in a wider movement through exchanges, learning spaces and conferences;
- Organising tools for solidarity economy process interventions and campaigns.

COPAC will also work together with the SEECCs to develop and organise the other component parts of the SEM as it develops. In the future the following is envisaged:

Diagram 6.2: Solidarity Economy Movement Structure



6.3 Values and Principles



The ethical values and principles of this cooperative would be the same as the ethical values and principles of the solidarity economy process.

Values

In different parts of the world solidarity economy movements and networks emphasise a core of ethical values and principles. Some of the main ethical values of the solidarity economy are **caring, sharing, self reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness.**

Principles

The solidarity economy principles are guidelines by which co-operatives put their values into practice.

- **Solidarity:** provides the social basis for the solidarity economy. It informs the cooperation between members inside a solidarity economy enterprise, between such enterprises and with the community more broadly.
- **Collective ownership:** ensures the assets and resources of the solidarity economy enterprise brings benefits to all within the enterprise, to the community and future generations. It ensures control and power are shared.
- **Self management:** gives members (women and men) and worker owners the rights to impact on decision-making. Such a principle ensures one-person-one-vote institutionalises accountability and responsibility. Ongoing education and training is crucial for viable self management.
- **Control of capital:** is a crucial practice to secure benefits for the individual enterprises, the wider solidarity economy and the community. It requires developing mechanisms to build up capital from below and subordinating it to democratic control so that the vision, values and principles of the solidarity economy informs lending practices. Such criteria will also inform the behaviour of the borrower.
- **Eco-centric practice:** places an emphasis on a non-destructive relationship with nature through inputs, production processes, services rendered, consumption and household practices.
- **Community benefit:** encourages a broader social awareness as an integral part of how the solidarity economy works. Such community benefit to be accounted for through transparent financial reporting.
- **Participatory democracy:** provides an institutional space for the decentralised power of citizens and solidarity economy actors for and with the solidarity economy process. Such an institutional space to bring together and unite such social forces to ensure effective coordination and development of the solidarity economy.

6.4 Vision

To achieve an independent and activist driven grass roots solidarity economy process and movement.

6.5 Objectives

These are the objectives of the cooperative:

- To facilitate the solidarity economy process;
- To raise awareness and conduct training about the solidarity economy in the wider community;
- To link with and participate in the solidarity economy network and movement;
- To provide a capacity building and services hub to all local cooperatives and solidarity economy enterprises;
- To provide and manage an information system for the local solidarity economy process;
- To build a grass roots culture of popular education and learning in the solidarity economy site/local community.

6.6 Core Activity Program

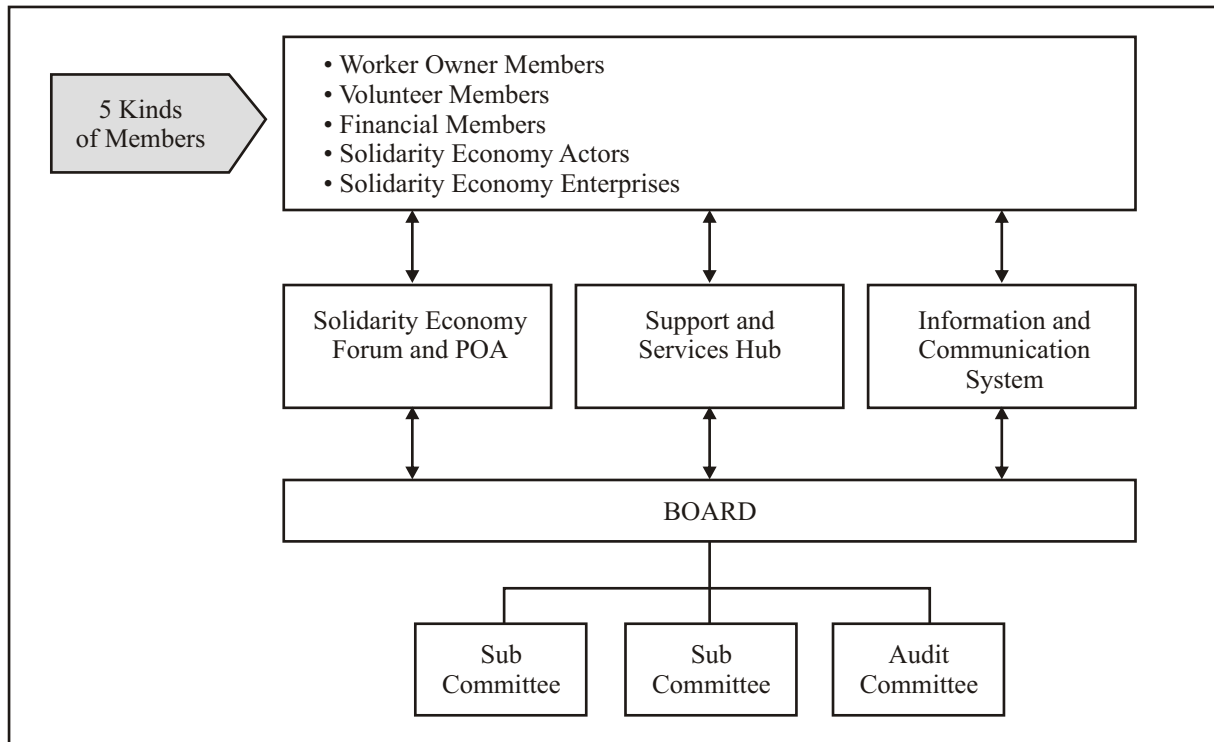
The activities of the cooperative would include the following:

- Manage the solidarity economy facilitation space or office in accordance with a democratically determined management policy;
- Provide support services to solidarity economy enterprises that are part of the cooperative;
- Run solidarity economy training seminars, workshops and meetings;
- Lead and organise local solidarity economy campaigns;
- Lead and manage a solidarity economy communication program including cultural activities, a local solidarity economy newsletter, debates for schools, local radio programs, manage a website and door to door work;
- Develop a solidarity economy information system through managing a database of actors and initiatives, a website linked to the network and documenting change through case studies, documentary film and other methods;

6.7 Membership Rights and Obligations



Diagram 6.3: Structure of a SEECC



The SEECC shall have different categories of membership:

- **Worker owners** - these are members who work full time in the cooperative. A worker owner has rights to participate in decisionmaking and jointly own the cooperative. Such members have to buy a share in the cooperative;
- **Volunteer members** - are normally individuals who provide time to the cooperative to assist with program implementation and who contribute to capacity development. Such members have to pay an annual fee;
- **Financial members** - are members who contribute financially to the cooperative, normally on a monthly basis. Such members can be individuals and other legal entities/solidarity economy actors like burial societies, youth groups, cooperatives, religious organisations and so on;
- **Solidarity economy actors** - are legal entities who join the cooperative to support the solidarity economy process. They can also be financial members but do not have to be. Such organisations would include trade unions, local community organisations, religious and civic organisations and so on. Such members have to pay an annual fee;
- **Solidarity economy enterprises** - are legal entities wanting to be inside the solidarity economy process and want to achieve the vision, values and principles of the process in practice. Such enterprises include worker cooperatives, financial services cooperatives, burial societies, local development associations, local community markets and so on. Such members have to pay a monthly fee.

All members have rights and obligations to the SEECC.

All members have one vote, are entitled to information in the cooperative and should be involved in the activities of the cooperative according to the conditions of membership.

Some membership categories will only be activated if conditions support it. For example financial constraints may prevent the activation of worker owner members. Each context will determine how membership operates.

The membership of the cooperative shall elect a board of 7 members. This board shall be responsible for implementing policy, programs and managing systems of the cooperative as determined by the members and as guided by the objectives of the cooperative.

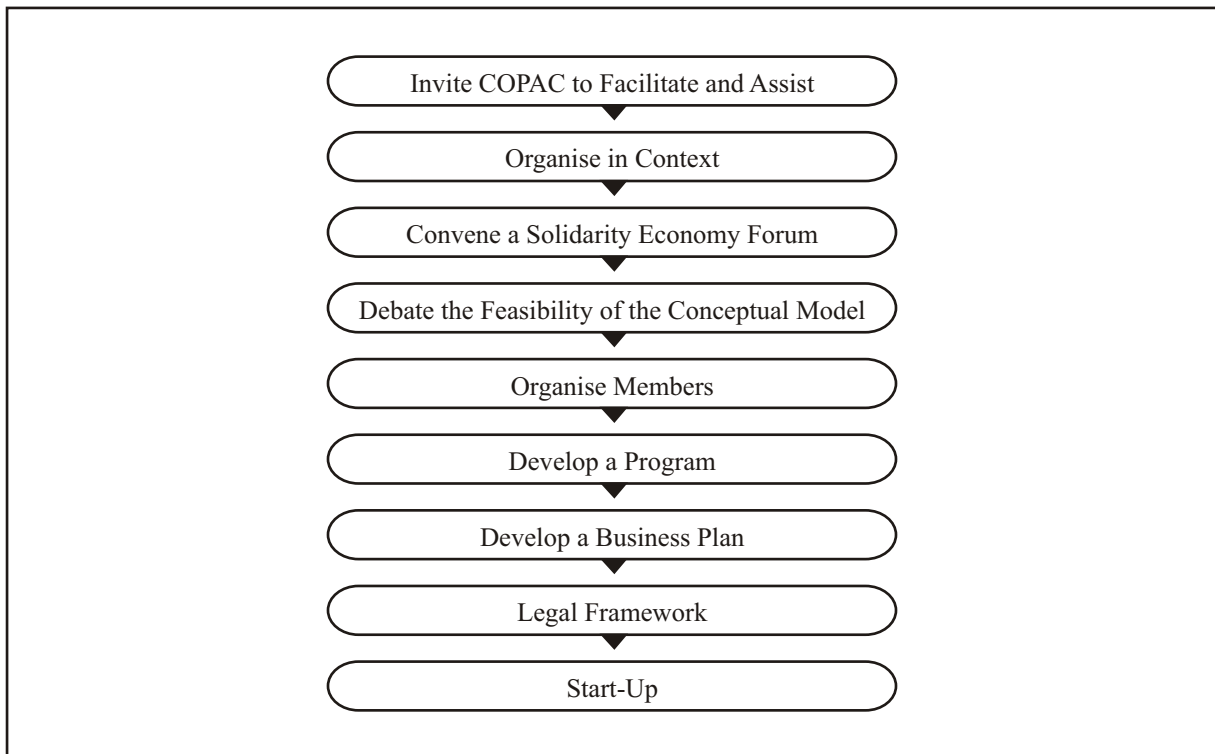
This is a not-for-profit cooperative and every financial resource and asset has to be accounted for and has to be utilised for the realisation of the cooperatives objectives. The cooperative shall have an audit committee which shall ensure audited financial statements are presented annually to the membership of the cooperative.

6.8 Location 

The SEECC shall be physically located within the solidarity economy site. Ideally the SEECC should have an office space in the solidarity economy site. A catalyst supporting the solidarity economy process could provide such an office space.

6.9 Steps for Setting Up A Solidarity Economy Education and Communication Cooperative 

Diagram 6.4: Steps to set up a SEECC



Plenary Group Exercise:

1. The facilitator needs to take participants through the above diagram and explain the contents of each step. Questions of clarity, comment and discussion must be invited on each of these steps.

6.9.1 Step 1: Invite COPAC to Facilitate and Assist

COPAC is a facilitator and organiser of the solidarity economy movement process. Its most important role is to establish and build the anchor for this process which are the SEECCs and the network cooperative that will support such a SEECC. The support and learning tools that COPAC develops to support SEECCs would be made available. Moreover, COPAC will provide advice on how best to organise the cooperative in a sustainable way.

6.9.2 Step 2: Organise in Context

See module 7 regarding steps to organise the solidarity economy movement. The development of a SEECC is crucial to lay the basis for movement building. It has to be organised in context which means the steps mentioned in module 7: identifying a solidarity economy site /ward/community, organising a solidarity economy discussion group, organising a catalyst and developing a profile of local solidarity economy actors are crucial to ensure the SEECC is organised in context. Only after these steps are concluded can the process of building a SEECC begin. Activism is crucial in this process.

6.9.3 Step 3: Convene a Solidarity Economy Forum

Parallel to and alongside the process of organising the SEECC in context is the convening of a solidarity economy forum. This means the activist core and discussion group has to broaden out and include other solidarity economy actors that are profiled and who are willing to support this process. Also the solidarity economy workshop facilitated by COPAC should be utilised to broaden the base of this initiative to include other actors. A conscious effort has to be made to bring in these actors into a solidarity economy forum.

6.9.4 Step 4: Debate the Feasibility of the Conceptual Model

In the solidarity economy forum a debate has to happen on the SEECC conceptual model. The main features of this model are set out above regarding: its importance, supporting role of COPAC, link with a network, values and principles, vision, objectives, core activity, membership rights and obligations and location. Some critical questions have to be engaged with:

- What are the risks/things that can go wrong with a SEECC?
- How can these risks be overcome?
- What would be the role of the solidarity economy catalyst in overcoming the risks?
- What will be the role of solidarity economy actors more broadly in overcoming the risks?

- Will the support provided by COPAC assist in overcoming these risks?
- Will the support provided by the network assist in overcoming these risks?

6.9.5 Step 5: Organise Members



After a broad solidarity economy forum is convened and engages with the conceptual model, there is a need to broaden the member base of the forum. Using the profile of solidarity economy actors active organising has to happen to bring in actors and enterprises to join and support the establishment of the SEECC. Activists have to work with the profile list and reach out to these actors and enterprises. A lot of time has to be spent in educating future members of the SEECC on the importance of the solidarity economy process, movement and the role of the SEECC. The conceptual model will be useful to assist this process.

6.9.6 Step 6: Develop a Program



This guide provides a general recommendation for a core program of activities for the SEECC (see above). This program has to be developed in context taking into account local conditions and opportunities. The solidarity economy forum needs to take time to add more detail to the core activity program of the SEECC.

For example, how many local film makers and artists exist in the community that can be approached to support the programs of the SEECC?

For example, is there a local radio station that can be approached to set up a local solidarity economy slot?

For example, is there a local library that the SEECC can approach to support its education and training program?

For example, is there a local school the SEECC can partner with to run an adult literacy program for the community and SEECC members?

6.9.7 Step 7: Develop a Business Plan



A business plan for the SEECC has to be developed for the purposes of registration and start up. Such a business plan to cover the following:

- Conceptual framework;
- Recruitment plan;
- Specific program of activities;
- Financing needs and sources for the program;
- Training needs and sources for the program;
- Location of the SEECC;
- Start-up tasks

6.9.8 Step 8: Legal Framework

The conceptual framework of the SEECC has to be translated into a legal framework. COPAC can assist with drafting such a framework for registration purposes. After registration the cooperative has to elect its board and start operating.

6.9.9 Step 9: Start-Up

COPAC and SEECC network will assist with the following:

- Getting business plan implemented;
- Building capacity of the board;
- Training members;
- Build capacity for operations.



SECTION 4

Bringing the Solidarity Economy Movement (SEM) Together



MODULE 7

Organising the Solidarity Economy Movement from Below

7.1 Introduction



The SEM is in the making and exists on the ground in various communities. It is different kinds of cooperatives, burial societies, street trader organisations, community groups, religious organisations, social movements of the poor and working class, trade unions, civic organisations, community initiated development projects and various other solidarity economy actors that are autonomous. These solidarity economy actors have to be brought together into a movement through consent, education and solidarity practices.

The SEM is not an extension of the state and neither is it a group of BEE businesses. The SEM is a transformative movement seeking to address the crisis of South African society. As a grassroots movement the SEM seeks to build solidarity relations as the basis for social transformation. It is grounded in grassroots organising and activism.

How do we build SEM and the solidarity economy process from below? What are the grassroots organising practices required to build SEM and the solidarity economy process? Where do we start? How do we start?

There are two primary challenges facing SEM and the solidarity economy process. The first is to support the existing grassroots tendency towards a solidarity economy. This means working with SE actors on the ground and adding on, strengthening and re-inforcing what they are doing. The SEM is not about taking over, replacing or controlling these actors. The SEM is about building capacity, enabling change and providing SE solutions to transform communities and the country.

The second challenge is to build SEM as a genuine people's movement. Such a movement has to start with small steps, in local spaces, informed by the lessons of the past. It has to build on solid foundations. The SEM is about a long term vision and process of change.

It should be expected that the SEM will make mistakes, experience setbacks and will sometimes be blocked from moving forward. However, despite this the SEM will draw on its strengths and advantages to move forward. Such strengths include:

- A clear and purposive vision;
- Location at the grassroots;
- An institutional foundation of horizontal solidarity ties;
- Building up own financial resources and mechanisms;
- Ongoing education, training and activism;
- An understanding that the solidarity economy is a process.

Plenary Group Exercise:



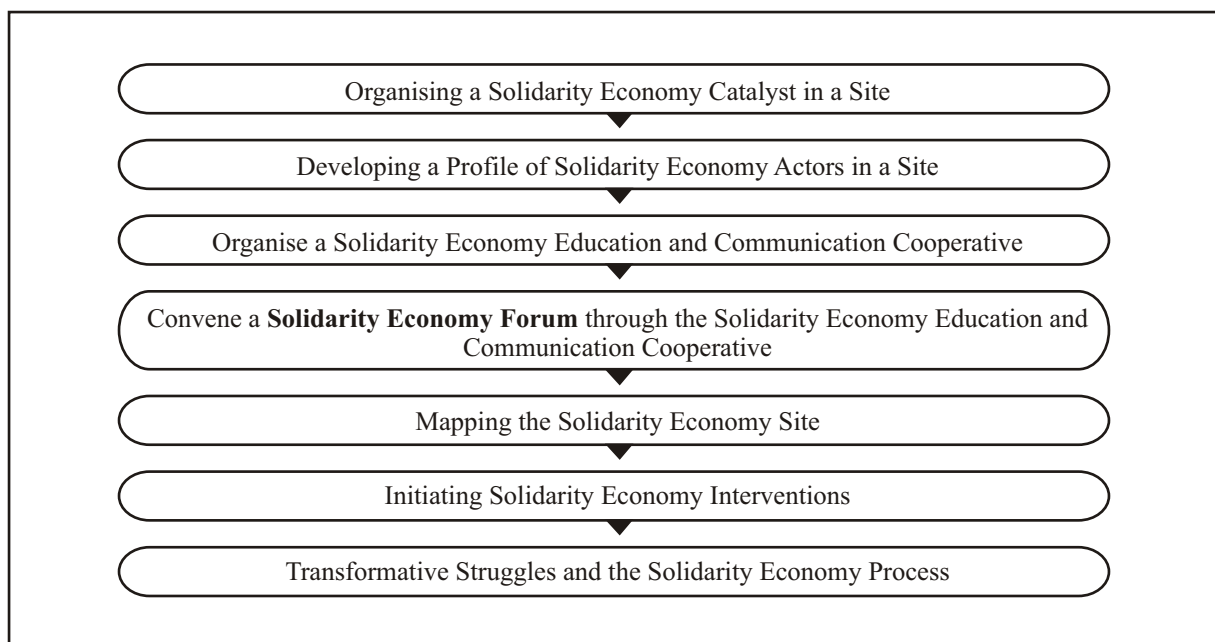
1. South Africa's struggle against racial oppression and exploitation was led by mass movements. It was people's movements like the trade unions, women's, student, youth, sports, civics and religious movements, amongst others that brought down apartheid. What are the most important lessons we can learn from these movements for the struggle to advance the solidarity economy process?

7.2 Steps for Organising the Solidarity Economy Movement



The following steps are unfolding and being tested on the ground in various solidarity economy sites. Such steps can be adapted to suit a particular situation.

Diagram 7.1: Steps to Organise a Solidarity Economy Movement



Plenary Group Exercise:

1. The facilitator needs to take participants through the above diagram and explain the contents of each step. Reference must be made to the reading material like the solidarity economy actors profile, the site map and the people's power emblem. When discussing transformative struggles attention to be drawn to the plenary group exercise suggested below. Questions of clarity, comment and discussion must be invited on each of these steps.

7.2.1 Step 1: Organising a Solidarity Economy Catalyst in a Site

The solidarity economy site (a ward/s or a community) is the main terrain to advance the solidarity economy alternative. The initiation of a solidarity economy process in a site requires a catalyst. Any actor identified can be a catalyst. A trade union, a cooperative, a group of active residents, and a religious organisation, for example, can be a local catalyst for the solidarity economy. The role of a catalyst is to:

- Initiate a solidarity economy discussion group for individuals and organisations who would be interested in pursuing this alternative;
- Host a solidarity economy workshop utilising this guide;
- Provide support infrastructure like space for meetings and workshops;
- Work with others to advance the solidarity economy.

How should a SE catalyst be approached and organised?

Once a solidarity economy catalyst is identified the above question has to be considered by a solidarity economy activist who wants to get things going. Our suggestion is to schedule a meeting and present the solidarity economy idea to the potential catalyst. To assist this process COPAC has produced a solidarity economy pamphlet freely available from its website (www.copac.org.za). This pamphlet can be shared and discussed with potential catalysts.

7.2.2 Step 2: Developing a Profile of Solidarity Economy Actors in a Site

A site is the space within which solidarity economy activism will take place. Such a site is a ward/s or a defined community. A conscious decision must be taken about which site a solidarity economy intervention and process will unfold. All the actors in a solidarity economy site need to be identified and profiled. The profiling exercise in module two should have generated a list of local solidarity actors. The table below provides an example of a solidarity economy profile for a community. As you fill out your profile, you will most likely have many more actors, and relevant participants.

Table 7.1: Profile of solidarity economy actors in community X

Name of Organisation	Type of Solidarity Economy Actor	Activity	Location	Contact Information
Jabulani Stores	Cooperative	Consumer store - sells cheap food and building supplies	12 Ruth 1st Avenue	Cell: 087 333 4266 Tel: 011 663 4234
Sibanda Burial Society	Social Movement	Provides funeral services products to members	6 Olifantsfontein Road	Tel: 011..... Fax: 011..... Email:..... Website:.....
IASA Farmers Support	Farmers Association	Provides marketing support and facilities to farmer members	222 Long Straat	Tel: 011..... Fax: Email:..... Website:.....

Beyond this initial attempt to develop a profile and basic data of solidarity economy actors, activists need to develop this profile further. A workshop may not be sufficient to complete a profile of solidarity economy actors in a site. Hence it will entail visits and interviews with potential solidarity economy actors to further develop the solidarity economy actor profile. Developing a profile is an important step as it will yield a great deal of information and the process itself often raises awareness among community members about the potential solidarity economy linkages within their community.

Two examples can assist this process:

First, in an urban community like SOWETO trade unions may not be visible. However, in the local shopping mall, government institutions and factories trade unions might have a presence. It would be important to visit these places and find out if workers are organised into trade unions. Solidarity economy activists need to make links with these trade unions and invite them into the solidarity economy process.

Second, a solidarity economy site might be a big ward. To identify all burial societies in a ward it might be useful to target a coordinating structure for all the burial societies to find out about all the burial societies in a ward. Alternatively, if one burial society is interviewed for profiling purposes then this burial society could be asked about others in the site/ward. This could snowball information and assist with identifying other burial societies.

7.2.3 Step 3: Organise a Solidarity Economy Education and Communication Cooperative



The process identified in module 6 to establish a Solidarity Economy Education and Communication Cooperative (SEECC) needs to be followed. The SEECC is the core of the solidarity economy process. It anchors the process and provides the capacity and education for the process to develop. It is also the main pivot for bottom up movement building, linking

horizontally through different sites, linking virtually through the web and providing support services. The SEECC is a necessary factor to advance the solidarity economy process.

7.2.4 Step 4: Convene a Solidarity Economy Forum through the Solidarity Economy Education and Communication Cooperative

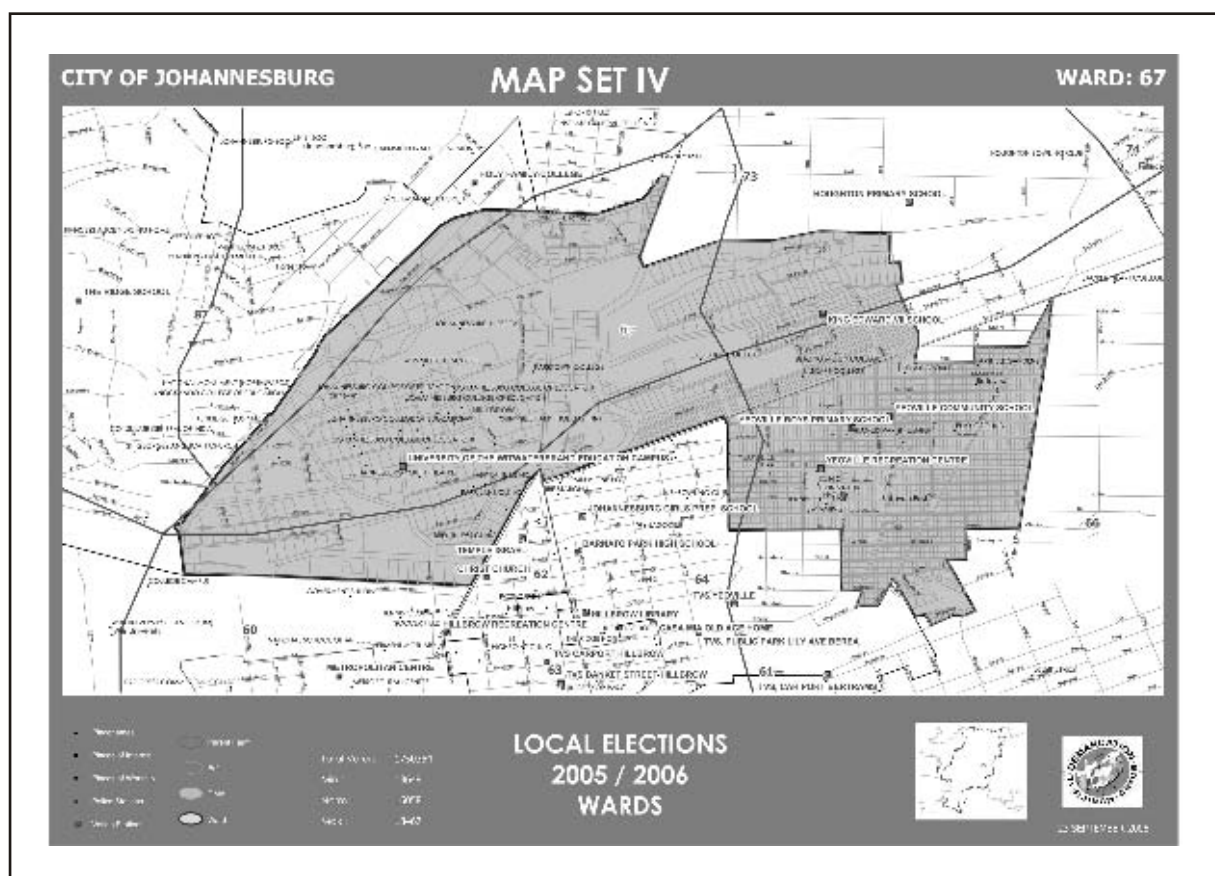


Solidarity Economy and Education Cooperatives are member based. All potential solidarity economy actors need to be engaged to join the cooperative. These members will be convened in a general members' forum or the Solidarity Economy Forum. Such a forum will be crucial to ensure:

- Education on the solidarity economy process;
- Coordination of campaigns and activities;
- Mobilise support for solidarity economy enterprises;
- Organise and broaden the base for the solidarity economy initiative by organising other actors into SEECC.

7.2.5 Step 5: Mapping the Solidarity Economy Site

Diagram 7.2: An Example of a Solidarity Economy Site



Every solidarity economy site needs to be properly mapped. Such a mapping has to be done in a participatory way. The SEECC will lead such a process. The mapping of a site assists with the following:

- Understanding the characteristics, operations and state of development of potential solidarity economy enterprises;
- Understanding non-solidarity economy enterprises and their impact on the local economy and environment;
- Identify broader challenges and issues for broadening the solidarity economy process in a local site;
- Structuring a transformative dialogue within the solidarity economy process to bring in new solidarity economy actors and enterprises.
- Identify areas of intervention to strengthen existing solidarity economy enterprises within the process;
- Identify areas of intervention to strengthen the internal solidarity economy process;
- Identify areas of struggle to broaden the solidarity economy process in a site.

7.2.6 Step 6: Initiating Solidarity Economy Interventions



Mapping the solidarity economy site will assist in identifying areas of intervention to strengthen solidarity economy enterprises and the process. Such interventions to be coordinated by the solidarity economy forum convened by the SEECC.

7.2.7 Step 7: Transformative Struggles and the Solidarity Economy Process



Mapping the solidarity economy site will assist with identifying areas of struggle to broaden the solidarity economy process. Such struggles to be coordinated by the solidarity economy forum convened by the SEECC. This would require planning and initiating campaigns in a local solidarity economy site and will also require pulling down solidarity support from the wider movement.

Diagram 7.3: Emblem of People's Power



Plenary Group Exercise:



1. What is going on in the emblem?
2. Why is transformative struggle important to advance the solidarity economy process?





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