



The role of the social economy in local development



The role of the social economy in local development

- What is local development ?
- The specificity of the social economy from the local development governance perspective
- Rational linkages between social economy and local development
- What are the conditions for the expected contribution of the social economy to local development ?



What is Local Development ?

- Local Development is a set of actions and strategies initiated at the local level, in co-ordination with other levels, in order to create new local opportunities and make development more sustainable
- Local development is mainly focused on the creation of new jobs and activities, in order to enrich the employment content of growth
- Local development implies a specific organizational design for compensating the absence or the inefficient operation of the market
- A strategy, a lever for jobs and an institutional design



The specificity of the social economy from the local development governance perspective

- As they 'mainly' are non profit organizations, SEOs may :
 - Take into consideration various objectives related to various dimensions
 - Take into consideration long term perspectives, which allows to collect, consider and treat new information
 - Associate the expectations of various actors without starting by giving priority to one over the others



First linkage: Bounding different dimensions → *Strategic approach*

- As they 'mainly' are non profit organizations, SEOs allows sustainable development by managing simultaneously, economic, financial, social and environmental constraints
- Examples:
 - *New services that simultaneously create jobs and deliver social services*
 - *Services where there may be a tension between allocation and distribution, such as health care*
 - *Microcredit, as a financial innovation that makes easier the creation of new activities and jobs*



Second linkage: Mobilizing the relevant information → *Job creation*

- As they 'mainly' are non profit organizations, SEOs may allow mobilizing various sources of information and their corresponding actors
- Examples:
 - *The integration of long term unemployed people*
 - *The management of the intermediary labour market*
 - *The taking into consideration of environmental issues that are non profitable in the short term*

Third linkage: Preventing Moral Hazard

→ *New institutional design*

- As they 'mainly' are non profit organizations, SEOs are normally considered as non opportunistic or non rent seeking organisations. Therefore, they may create trust and attract resources from various social actors, individual or collective, and empower the required local development governance

● Examples:

- *The management of social activities on a public fund basis*
- *The mobilization of volunteers*
- *The organization of social platforms for designing and defining local development strategies*



What are the conditions for the expected contribution of the social economy to local development ?

- Transparency
- Internal democracy
- Empowerment in order to innovate
- Openness to partnership
- Accountability