



economic
development

Economic Development Department
REPUBLIC OF SOUTH AFRICA



Call for proposals:

Consultancy for the drafting of a Green Paper on social economy

Deadline for submissions: 4 January 2019

1. Background

1.1. Background to the social economy

The International Labor Organization (ILO)'s Africa Conference on the social economy held in 2009 in Johannesburg defined the social economy as a “concept designating enterprises and organisations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.”

However, practitioners and academics have yet to reach consensus on a universal definition for the social economy. This is not surprising, as one of the characteristics of social economy enterprises and organisations is that they are shaped by their economic, cultural and organisational context. Plus the social economy is not the only term used to encompass these kinds of realities: social and solidarity economy, solidarity economy, popular economy, and third-sector are all related concepts.

Two approaches are commonly used to understanding the social economy: the institutional and legal approach and the normative approach. The first approach identifies the main legal and institutional forms through which most social economy initiatives flow, such as cooperatives, mutual benefit organisations, social enterprises, associations and some foundations. The second approach to understanding the social economy is in highlighting the common features of its various components. From the literature on the social economy, six features are commonly used to define organisations that participate within it. These are their economic and social function, collective dimension, solidarity, autonomy, voluntary involvement, and participation.

1.2. Background to the social economy in South Africa

The social economy in South Africa has a long history but is ill understood.

As in other country contexts, social economy organisations in South Africa often fill spaces created due to market failures: they address issues that business, government and civil society organisations fail to address. In the South African context these include a high overall unemployment rate (27 per cent), and an even higher unemployment rate amongst youth (39 percent).¹ The country also has one of the highest levels of inequality in the world. These challenges are perpetuated and made worse by a fairly low rate of smaller business formation and the absence of a strong entrepreneurial culture.

There is a growing body of knowledge around the social economy in South Africa, emerging from various initiatives within government, universities, business and donors. The main areas of discussion include: the need for a definition, the legal and policy environment, financing and institutional capacity issues for social economy organisations, and the overall supporting ecosystem. Of interest are:

- A study published on social enterprises which shows that they are thriving. Although not formally recognised in South Africa, they regard themselves as high-potential, high growth organisations with fifty percent independent of income from grants.
- Annual insights into corporate social investment in South Africa, which is estimated at R9billion for 2018
- And the Department of Small Business Development is working on revised guidance for co-operatives due for publication in early 2019.

A range of thematic papers and policy briefs has also been commissioned to better understand the social economy in South Africa. Areas that have been flagged for attention in this research include:

- The need for an agreed common definition
- The need for data to inform the policy development process, and support provided to the eco-system in general
- Understanding of the existing regulatory environment and what can be strengthened / adjusted
- Opportunities to enable the ecosystem through innovative finance mechanisms.

¹ Stats SA 2018

A folder with documents is available for viewing / download here: <https://we.tl/t-mPgajY6cZs>

The Government of South Africa is committed to growing the potential of the social economy in South Africa, with commitments in both the New Growth Path and the National Development Plan. The New Growth Path (NGP) adopted in late 2010 by the South African Government identifies social economy development as one pillar of the national development strategy framework. The Decent Work Country Programme (DWCP) drawn up by workers' and employers' organisations, community and government, in consultation with the International Labour Organisation (ILO) and governed by the National Economic Development and Labour Administration Council (Nedlac), has identified the development of the social economy as a strategic means leading towards the creation of jobs in sustainable enterprises.

1.3. The social economy Policy Project in South Africa

Along with the ILO, the Economic Development Department (EDD) is working on developing a policy that will enable the ecosystem for the social economy, allowing it to thrive. The goals identified include achieving:

- Increased employment in the social economy
- Efficient and effective value chains within the social economy
- Policy choices informed by knowledge, research and available evidence.

This policy development process builds on several years of foundational work to strengthen and stimulate the social economy in South Africa. This includes a number of provincial projects in KwaZulu-Natal and the Free State including on [Public and Private procurement through the social economy](#), [Organising Waste Management Workers in the Informal Economy in South Africa](#), [Decent Job Creation in the Waste Sector in the Free State](#), funding of social enterprises by the Industrial Development Corporation as well as various initiatives within the social economy by government departments and entities in South Africa.

The ILO and the EDD have capacitated the Social Economy Policy project team, which is made of officials from both organisations. They are seeking the services of an expert/s to analyse existing information and draft a Green Paper which will be used as the foundation of extensive consultations at national and provincial levels toward the development of a White Paper.

2. Purpose of the assignment

A Green Paper is a preliminary report that sets out the government's proposals regarding the proposed policy. The draft Green Paper will include:

- The contribution of the social economy to the country's socio-economic development
- Role of government institutions in regulating and cultivating the social economy
- Boundaries of the social economy, set out in an inclusive manner recognizing the diversity of the types of organisations
- Organising principles of the social economy.

It is the foundational document for the consultation process which follows, leading to general consensus. It is the precursor to the White Paper, which is the official policy document.

The consultant/s will be required to draw on the existing literature on the social economy in South Africa and identify what is relevant with inputs from the EDD, ILO, and other relevant stakeholders. They will be expected to identify the gaps that remain in research and action areas and articulate the position for the social economy policy in South Africa in consultation with the EDD.

It is expected that the draft Green Paper will have (but is not limited to) the following issues:

- Purpose of the policy (including recommendations for a law)
- Principles of the social economy
- Definition and characteristics
- Existing regulation that governs and influences the social economy (such as Broad-Based Black Economic Empowerment legislation, Section 12j, Public Benefit Organisation status, the Co-operatives Act etc.)
- Entities that make up the social economy
- Existing economic value-chains within the social economy
- Baseline indication of the estimated size of the social economy with specific reference to its current contribution to the South African economy represented through jobs numbers and rand-value add to the economy.
- Funding mechanisms to enable the social economy
- Changes to existing laws
- Introduction of new law
- Creation of a national secretariat / Co-ordinating authority
- Evaluation and research

3. Methodology

The consultant/s will be expected to design and co-ordinate the approach that will lead to the production of the Green Paper. Specific tasks to be carried out include amongst others:

- Conduct a desktop review of the most pertinent research and reports on the social economy in South Africa
- Carry out a comparative study (benchmarking) on the main experiences at the international level in the drafting of social economy laws
- Analyse relevant legal texts in force in South Africa that have a direct or indirect impact on the social economy (e.g. Broad-Based Black Economic Empowerment legislation, the Co-operatives Act)
- Carry out interviews with key stakeholders including the relevant government departments, social economy sector-bodies, practitioners, social partners
- Further to first consultations and desk review, produce an initial draft of the Green Paper to be shared with the ILO, EDD and other stakeholders for comments
- Present an advanced draft for inputs during the national conference that will gather relevant stakeholders
- Integrate the comments and issues raised during the conference into a final draft.

The Green Paper is expected to be no longer than 15 to 20 pages. A national consultation session is scheduled for the 27 February 2019 – 01 March 2019 which will bring together relevant stakeholders from across the country. In the lead up to the National Conference there will be opportunity for engagement with key stakeholders. It is also envisaged that the period after the National Consultation will be utilised for team de-brief prior to a final draft revision of the Green Paper. The consultant/s is expected to attend and present at the National Consultation.

4. Qualifications, experiences and competencies

This work requires experience in and understanding of, the social economy, particularly in an emerging market context. The consultant/s must demonstrate experience drafting policy, with social economy policy experience a distinct advantage. The consultant/s must have excellent written English, facilitation and communication skills, and able to work with a range of stakeholders from across the country to hear their views. The consultant/s will work closely with a consultant/s to be appointed by EDD to work on developing a country consultation strategy for the Green Paper. So while the consultant/s for the Green Paper should have the

capability to travel and interact in South Africa, they will also work hand-in-hand with a locally-based expert to ensure synergy between the processes.

4.1. Assessment criteria

The consultant/s will be assessed against the following criteria:

Criteria	Description
Interpretation of the brief	How well has the candidate interpreted the brief?
Experience developing policy	Does the candidate understand the policy development process?
Emerging market context for policy development?	Has the candidate had experience developing policy in an emerging market context?
Experience working as a researcher / research projects	Has the candidate demonstrated experience working on (relatable?) research projects
Experience writing / drafting a Green Paper?	Has the candidate demonstrated experience writing / drafting a Green Paper?
	In what capacity did they draft the Green Paper?
Workplan and timelines	Has the candidate submitted a proposal within the timeframes?
	Are the suggested steps feasible?
	Relevance of the approach recommended by the consultant/s
	Relevance of the thematic areas suggested by the consultant/s
Methodology	Applicability of the proposed research approach
Budget	How does the budget compare to other applications?
	Is the budget reasonable considering the deliverables outlined by the candidate?

A Masters degree is a plus, but not a requirement.

Budget

The applicant is requested to submit a budget based on the timelines, days and commitments outlined below. Travel costs will be negotiated separately and are to be excluded from the budget.²

The applicant must factor in all other costs associated with the assignment into their quote.

5. Number of days, timelines and deliverables

This assignment is costed at 30 days, over a 60 day period, with a final deadline of 31 March 2019. The work allocations below are indicative of how the work has been assigned:

Days		Activities
5	days	desk review
5	days	Consultation period 1
10	days	Drafting
5	days	Consultation period 2 (National Consultation)
5	days	Finalisation
30	days	Total

The consultant/s is expected to produce in English and to transmit to the ILO and EDD all documents relating to the production of a Green Paper on the social economy. The deliverables are summarised as:

² For the trip to South Africa a return air ticket to Johannesburg on economy class will be provided separately by the ILO.

Month	Deliverable/Action
4 January	Applications received, assessed and contractor/s appointed
18 January	Applications assessed and contractor/s appointed
21 January	Briefing of consultant/s via Skype/phone
30 January	Outline of the Green Paper based on the desk review is submitted for review. Feedback provided.
6 February	Revised outline is submitted by the consultant/s /s
14 February	First draft of the Green Paper submitted to EDD and ILO
20 February	First draft amended as per comments from EDD and ILO
22 February	A draft of the presentation for the national consultation is shared by the consultant/s
25 February	Mission to South Africa for presentation and discussion at the National Consultation and additional meetings
13 March	Revised Draft of Green Paper is submitted by the consultant/s
27 March	Final draft of Green Paper is submitted

6. Completion Process

The produced report will become the property of the social economy Policy Project (EDD and the ILO) once each one has gone through the pre-determined evaluation and feedback mechanism, and written approval has been submitted and received by the parties.

7. Application process

Candidates interested in this consultancy are invited to submit a proposal (not exceeding 5 pages) that outlines the consultant/s response to these Terms of Reference with particular attention to the requirements of the project and assessment criteria. With the proposal the consultant/s must please include:

1. CV of the person/s who will undertake the assignment, and or, background and qualifications to perform the task.
2. An estimated budget (please note mission costs will be costed separately. *Up to two missions* are considered as necessary for this assignment).
3. A workplan and availability over the project period.

The deadline for submission of proposals is **4th January 2019**.

8. General

The contract will be with the International Labour Organisation, which is working together with and on behalf of, the Economic Development Department. The ILO's rules and regulations around contracting will apply.

Applicants with questions must please e-mail the ILO at krige@ilo.org and tabane@ilo.org
Questions will be replied to in writing.

ENDS