



fair.

Financer
Accompagner
Impacter
Rassembler

Gsef



MINISTÈRE
DE L'EUROPE
ET DES AFFAIRES
ÉTRANGÈRES

Liberté
Égalité
Fraternité

Rewearing **Finance for the Social and Solidarity Economy**

A Global Casebook of Financing
Approaches Aligned with Social
and Solidarity Principles

Acknowledgements

This report was authored by Margot de Groot van Embden, with contributions from staff members of both FAIR and GSEF, including Julia Robin, Martin Georges, Victoire Lafont, and Mehdi Falek, as well as Amalia Sabyh as an external contributor.

The team would like to thank the Steering Committee members for their guidance, valuable input, and constructive feedback throughout the different stages of this study, including Clémence Vaugelade (FAIR), Aude Saldana (GSEF), and Dominique Lesaffre.

The insights drawn from the case studies featured in this report would not have been possible without the generous input and feedback from social and solidarity finance practitioners interviewed for this work. We are especially grateful to: Manuela Gomes de Souza e Mello (Banco Mumbuca), Rene Guarin (Plastic Bank), Edo Irfandi (Kitabisa), Kaoshal Kishor Kumar (NSE India), Ahmed Laasri (JAIDA), Will Rudnick (Grassroots Economics), Estrella Santiago (ENLACE), Julie Stoll (Commerce Équitable France), Adèle Voyeux (SIDI), Gavin Cairns (Moore Forensics), Janine Rutsch and Rowan Spazzoli (Accendio).

Valuable inputs and feedback were also received from seasoned experts including Jinkyung Choi (Korea Social Value and Solidarity Foundation), Denise Fatoumata Ndour (Sen'Finance), Martin Rohner (GABV), Hamidi A. Razak (Bank Muamalat), Krisztina Tora (GSG Impact).

Special thanks are extended to the editing team, Zoé Le Maignan Durand and Thomas Allie, for their support in the final design of the report. The team gratefully acknowledges the support of the French Ministry for Europe and Foreign Affairs, which made this work possible. The findings, interpretations, and conclusions expressed in this report are those of the authors and do not necessarily reflect the views of the sponsoring institutions.

About fair.

Financer
Accompagner
Impacter
Rassembler

FAIR (Finance, Accompany, Impact, Reunite) represents 150 stakeholders from across the social impact finance ecosystem and position itself as France's reference center in this field, with a strong international outlook. The association manages a financial label that earmarks capital towards social impact investment products, the Finansol label.

FAIR promotes a global economy that puts people first. In France and internationally, it advances inclusive finance designed to generate measurable social and environmental impact. By connecting individual and institutional investors, it combines civic engagement with financial innovation to drive systemic change.

FAIR builds a committed international community around transparent, responsible, and impactful finance. It supports and educates its members, fosters innovation in financial tools, and works to align the development of social savings and impact investing. It also advocates on behalf of its members to public authorities and shares best practices beyond national borders, strengthening its role as a global hub for social impact finance.

About Gsef

Global Forum
for Social and Solidarity
Economy

The Global Forum for Social and Solidarity Economy (GSEF) was founded in Seoul (South Korea) in 2013, and is an international organisation of local governments and civil society networks operating on a local, national or world scale. All its members are committed to promoting the principles and values of the Social and Solidarity Economy as a means to achieve local development which is respectful of humans and the environment.

GSEF members, present in 37 countries, represent SSE in its various forms, i.e., the social companies, cooperatives, foundations, mutual organisations, local authorities or solidarity groups which put people before profit and advocate a collective, viable and innovative economy.

Since its creation, the GSEF has worked to build and drive a global movement to unlock the potential of SSE in forging sustainable local growth across the five continents. While 2022 and 2023 were pivotal years for the recognition of the SSE on an international, national and local scale, it must pursue its efforts to inform populations and promote the practical implementation of Social and Solidarity Economy policies.

Table of contents

About FAIR	2
About GSEF	2
Acknowledgements	2
Foreword	4
Abbreviations	5
INTRODUCTION & BACKGROUND	6
The Importance of Social and Solidarity Economy in a Funding-Stressed World	6
Beyond the Gap Talk : From Financing SSE to SSE-Aligned Finance	7
Capturing Social and Solidarity Finance (SSF) Value Proposition	10
STUDY SCOPE & OBJECTIVES	12
Objectives	12
Scope and Approach	12
Methodology	13
Limitations	14
FRAMING SOCIAL & SOLIDARITY FINANCE	15
Analytical Framework of the Case Studies	15
Case Studies Selection	17
CASE STUDIES SPOTLIGHT	18
Mainstream Social and Solidarity Finance Approaches	18
 Participatory Funding	18
 Commons-based financing	24
 People-based Valuation	37
 Circularity of Capital	50
Socialise Financial Intermediaries and Markets Infrastructure	58
 Inclusive Financial Intermediation	58
 Social Market Infrastructure	68
CONCLUSIVE CONSIDERATIONS FOR ENSURING VIABILITY OF SSE ECOSYSTEMS	81
Positioning Funding and Financing as Complementary Pillars, Not Substitutes	81
Designing Hybrid SSE Structures to Safeguard Mission and Build Financial Viability	82
Empowering fit-for-purpose Guarantors of Trust	82
Embedding Public Oversight and Participatory Governance	83
Institutionalising the SSE Distinctive Value within long-term legal and policy frameworks	84

This report is the result of a collaborative effort between FAIR and the Global Forum for Social Economy (GSEF), with the financial support of the French Ministry for Europe and Foreign Affairs. The findings, interpretations, and conclusions presented in this report are those of the authors and do not necessarily reflect the views of the sponsoring institutions.

Foreword



As the global community is striving to align financial systems with the Sustainable Development Goals and the Paris Agreement, the question of how resources are mobilized and governed is becoming increasingly central. Beyond efficiency and scale, the debate now focuses on values, accountability, and long-term sustainability. In this context, the Social and Solidarity Economy (SSE) provides both concrete solutions and a vision of finance rooted in solidarity, ethics, democracy, and social justice.

The SSE is recognized as a key lever for achieving the 17 Sustainable Development Goals of the United Nations 2030 Agenda. Since 2022, we have witnessed growing international political momentum in favor of the SSE, with increasing recognition of its definition, principles, and the diversity of its organizations. Its presence across all sectors of the global economy is underlined, including its connections with so-called informal economies. Recommendations adopted by several multilateral institutions (ILO, OECD, UNGA) and supported by the United Nations Task Force on SSE (UNTFSSSE) provide unifying reference frameworks on which international cooperation should be built, serving the development of local economies and the reduction of poverty and inequalities.

The GSEF carries a major responsibility in supporting the operational translation of this institutional international recognition, to enable the scaling-up of financing mechanisms and economic rules. A massive redirection of investments towards the SSE is necessary. We call for virtuous alliances between governments, development finance institutions, and communities, in order to embed SSE principles in financial governance, taking into account territorial realities.

We hope this study will enrich these dialogues and contribute to building financial systems that truly serve people, territories, and the planet. The case studies presented show how SSE-aligned intermediaries can broaden access, strengthen resilience, and inspire innovation, while providing valuable insights for policymakers and mainstream financial actors.

Aude Saldana,
Secretary General of GSEF



The year 2030 is less than five years away, and with it, a critical deadline established by the United Nations in 2015 with the adoption of the 17 Sustainable Development Goals (SDGs). This milestone represents a defining moment in our collective pursuit of shared peace, social justice, and planetary well-being. Yet, as the deadline approaches, the outlook remains unsettling. Developing countries confront an annual SDG financing gap exceeding USD 4 trillion, leading some to question whether these goals are still within reach.

However, there is reason for optimism. The social and solidarity economy (SSE) has emerged as a driving force for sustainable development. Around the globe, its grassroots approach, inclusive governance, and commitment to shared prosperity align closely with the SDGs. SSE actors prioritize positive impact over financial return, embodying a vision that places people and the planet at the heart of economic activity. To support these initiatives, both public and private stakeholders are rewiring traditional finance, redirecting capital toward social justice and environmental sustainability to scale solutions that advance our common objectives.

While five years may seem a short time, the journey does not end in 2030. This study highlights the transformations already underway and aims to inspire a new wave of changemakers, investors, and policymakers. By illustrating how finance is being reshaped to serve both people and the planet, it provides concrete and actionable models and a message of hope: together, we can still build a future that works for everyone.

Patrick Sapy,
FAIR General Manager

Abbreviations

ADB – Asian Development Bank

AFD – Agence Française de Développement (French Development Agency)

AfDB – African Development Bank

AU – African Union

AVSF – Agronomes et Vétérinaires Sans Frontières (Agronomists and Veterinarians Without Borders)

BOAD – Banque Ouest Africaine de Développement (West African Development Bank)

CAVs – Community Asset Vouchers

CDG – Caisse de Dépôt et de Gestion (Morocco's Deposit and Management Fund)

CDB – Community Development Banking

CICs – Community Inclusion Currencies

CLT – Community Land Trust

CSR – Corporate Social Responsibility

DFI – Development Finance Institution

DNDi – Drugs for Neglected Diseases initiative

EIB – European Investment Bank

EMDEs – Emerging Markets and Developing Economies

EPR – Extended Producer Responsibility

EU – European Union

FFEM – Fonds Français pour l'Environnement Mondial (French Global Environment Facility)

FPSEs – For-Profit Social Enterprises

FTAE – Fonds de Transition Agroécologique (Agroecological Transition Fund)

G7 / G20 – Group of Seven / Group of Twenty

GABV – Global Alliance for Banking on Values

GSG – Global Steering Group for Impact Investment

GSEF – Global Forum for Social and Solidarity Economy

IDB – Inter-American Development Bank

ILO – International Labour Organization

IMF – International Monetary Fund

KfW – Kreditanstalt für Wiederaufbau (German Development Bank)

LICs – Low-Income Countries

LMICs – Lower-Middle-Income Countries

MDB – Multilateral Development Bank

MFIs – Microfinance Institutions

MSMEs – Micro, Small and Medium Enterprises

NGO – Non-Governmental Organisation

NPOs – Non-Profit Organisations

NSE – National Stock Exchange (India)

OECD – Organisation for Economic Co-operation and Development

ROSCAs – Rotating Savings and Credit Associations

R&D – Research and Development

SDG – Sustainable Development Goal

SEBI – Securities and Exchange Board of India

SIB – Social Impact Bond

SSF – Social and Solidarity Finance

SSE – Social and Solidarity Economy

UAEOS – Unidad

Administrativa Especial de Organizaciones Solidarias (Special Administrative Unit for Solidarity Organizations, Colombia)

UNCTAD – United Nations Conference on Trade and Development

UNDP – United Nations Development Programme

UNGA – United Nations General Assembly

UNRISD – United Nations Research Institute for Social Development

UNTFSE – United Nations Inter-Agency Task Force on Social and Solidarity Economy

WHO – World Health Organization

ZCZP – Zero Coupon Zero Principal (Bond Instrument)

Introduction & Background

The Importance of Social and Solidarity Economy in a Funding-Stressed World

At a time of slowing global growth and mounting political and economic uncertainty, intensified by geopolitical tensions and frequent climate-related shocks, governments in both developed and developing countries are increasingly facing competing political and development priorities. While successive global shocks, from the COVID-19 pandemic to climate-related disasters, have underscored the importance of international solidarity and sustained investment in collective social welfare, public spending is under growing strain, while inward policy shifts in many countries are reducing the scope and scale of international aid, particularly affecting local economic actors in emerging markets and developing economies (EMDEs). According to the IMF, over 60% of low-income countries are in or at high risk of debt distress¹, forcing them to prioritise debt servicing and macroeconomic stability while further constraining fiscal space for welfare budgets.

Addressing the challenges faced by local actors is not only a matter of domestic policy,

but it is also a collective responsibility, given their critical role in advancing all Sustainable Development Goals (SDGs). While climate finance reached an estimated USD 1.46 trillion in 2022², financing for other SDGs, especially “social” ones, has not kept pace. The International Labour Organization (ILO) estimates that achieving universal social protection in low- and middle-income countries would require at least USD 1.4 trillion, or about 3.3% of their combined GDPs. For low-income countries alone, this could represent up to 50% of GDP, with more than 60% of the needed funds directed to essential health care³. Meanwhile, UNESCO reports that global education aid is expected to decline by 12% between 2023 and 2024, with a further projected 14% reduction by 2027, with significant implications for low-income countries where aid comprises around 17% of public education spending⁴.

In this global environment, locally embedded, non-institutional actors, grouped under the umbrella of the Social and Solidarity Economy (SSE), play a vital role in providing public

goods and services, support job creation, but also strengthen social cohesion, and sustain collective resilience. Depending on the context, they may also be referred to as the “social sector”, “informal economy”, “social economy”, “popular economy”, or the “third sector”, encompassing various organisational forms, including cooperatives, mutuals, associations, social enterprises, and informal groups. These actors are often the first responders in times of crisis and the last safety net when formal systems falter. Their close ties to communities enable them to circulate resources locally, adapt quickly to evolving needs, and embed economic activity in trust-based relationships, generating both economic and social returns. Cooperatives alone provide employment or income to at least 280 million people worldwide (ILO, 2023), while informal employment accounts for over 60% of total employment in developing countries and up to 90% in sub-Saharan Africa⁵.

¹International Monetary Fund (IMF). (2024, April 18). *Global policy agenda: Restoring economic stability, supporting people everywhere*. <https://www.imf.org/en/News/Articles/2024/04/18/na041824-global-policy-agenda-spring-2024>

²Climate Policy Initiative (CPI). (2024). *Global landscape of climate finance 2024*. <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024>

³Cattaneo, U., Schwarzer, H., Razavi, S., Visentin, A. (2024). *Financing gap for universal social protection: Global, regional and national estimates and strategies for creating fiscal space*. ILO Working Paper 113. Geneva: International Labour Office.

⁴UNESCO. (2023). *Global education monitoring report: Education finance watch*. Paris: UNESCO. <https://www.unesco.org/gem-report/en/education-finance>

⁵International Labour Organization (ILO). (2023). *Informal economy*. <https://www.ilo.org/global/topics/employment-promotion/informal-economy/lang-en/index.htm>

Definition of the Social and Solidarity Economy (SSE)

The SSE encompasses enterprises, organizations and other entities that are engaged in economic, social and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets. SSE entities aspire to long-term viability and sustainability, and to the transition from the informal to the formal economy and operate in all sectors of the economy. They put into practice a set of values which are intrinsic to their functioning and consistent with care for people and planet, equality and fairness, interdependence, self-governance, transparency and accountability, and the attainment of decent work and livelihoods. According to national circumstances, the SSE includes cooperatives, associations, mutual societies, foundations, social enterprises, self-help groups and other entities operating in accordance with the values and principles of the SSE.

Source: ILO (2022); UN General Assembly (2023, 2024)

Yet, despite their proven capacity to support resilience, ensure service continuity, and adapt in times of crisis, SSE actors remain structurally undervalued and sidelined from macroeconomic policy frameworks, stimulus measures, and most international financing flows. Subnational governments, key intermediaries for building and institutionalising local social innovation and ecosystems, responsible for implementing over 65% of the SDG targets, receive less than 10% of global official development

assistance⁶, despite their close links to these actors.

The chronic under-funding of the social sectors and local economic actors is not simply an issue of resource scarcity but reflects deep systemic misalignments. Over recent decades, the dominance of market-based logics has led to the progressive enclosure and commodification of public resources (land, care, housing, even knowledge), standing in tension with the relational, participatory, and long-term ethos that defines commons-based practices. As the social consequences of this model become increasingly visible, through eroded public services, widening inequality, and growing ecological fragility, many actors, including governments, are seeking better ways to integrate SSE actors and principles. This integration can help fill or complement market and public service gaps, strengthen social safety nets, foster solidarity in times of crisis, and encourage a shift away from dominant capitalist models toward re-embedding financial relations in a shared economy, in its etymological sense of *oiko-nomia*, or “household management.”

Beyond the Gap Talk : From Financing SSE to SSE-Aligned Finance

In recent years, the concept of the SSE has gained increasing international recognition, yet its integration into debates on international development finance remains limited in scope and uneven across forums. The release of two United Nations General Assembly resolutions dedicated to the SSE in April 2023 (A/RES/77/281)⁷ and December 2024 (A/RES/79/213)⁸ has consecrated a global momentum, building on earlier efforts to provide an internationally agreed framing and inclusive definition of the SSE based on shared values and principles. This includes ILO's resolution on Decent Work and the SSE (June 2022)⁹, which provided the first international documents and the foundational definition

⁶United Nations Capital Development Fund (UNCDF). (2023). *Local finance initiative: Mobilizing finance for local development*. <https://www.uncdf.org/article/9251/local-finance-initiative>.

⁷United Nations General Assembly. (2023). *Promoting the social and solidarity economy for sustainable development* (A/RES/77/281). <https://undocs.org/en/A/RES/77/281>.

⁸United Nations General Assembly. (2024). *Promoting the Social and Solidarity Economy for Sustainable Development* (A/RES/79/213). <https://undocs.org/en/A/RES/79/213>.

⁹International Labour Organization. (2022). *Resolution concerning decent work and the social and solidarity economy. Adopted at the 110th Session of the International Labour Conference, Geneva*. https://www.ilo.org/ilc/ILCSessions/110/reports/texts-adopted/WCMS_848267/lang-en/index.htm

subsequently reflected in the UN Resolutions, and the OECD Recommendation on the SSE and Social Innovation (June 2022)¹⁰, which identifies seven levers to strengthen the SSE, including access to finance and funding (Lever 4) and access to public and private markets (Lever 5). These developments have inspired dedicated national and regional strategies, such as the African Union's Ten-Year Strategy for the Development of the SSE in Africa (2023–2033), or Colombia's *Plan Nacional de Desarrollo* 2022–2026, which for the first time formally embeds the solidarity economy as a pillar of the country's economic strategy and strengthens the role of the Special Administrative Unit of Solidarity Organizations (UAEOS).

The momentum also reached the UN Conference on Financing for Development (FfD4) in 2024, where, for the first time, SSE entities were explicitly acknowledged in the outcome document, with the Sevilla Commitment calling for supporting the “*growth of micro, small and medium enterprises (MSMEs), cooperatives and SSE*” and encouraging support for SSE entities’ “*access to tailored financial and non-financial assistance from local, national, and international financial institutions.*”¹¹

While such institutional recognition is significant, debates remain mostly framed through the lens of financial inclusion, emphasizing the need to improve access to existing financing and funding sources, often for a narrow scope of revenue-generating SSE entities like social enterprises and cooperatives. Such framing carries the risk of positioning SSE actors mainly as funding and capital seekers, rather than as active contributors to shaping development finance strategies and frameworks at the international, national, and local levels, and potentially as financial actors and intermediaries in their own right. If the question of access is indeed critical to building more inclusive financial value chains, reducing it to a simple supply-demand mismatch risks overlooking deeper systemic issues and missing opportunities to capture the distinctive contributions and transformative potential of the SSE to development and impact financing approaches - contributions that can help de-commodify these systems and anchor them more firmly in public commons management, relational capital, and participatory models.

First, debates on financial inclusion tend to reference the SSE primarily in terms of organisational types rather than as an ecosystem. This leads to an emphasis on identifying specific legal or institutional forms—such as cooperatives, associations, or social enterprises—which vary widely across countries. Such a form-based approach makes it difficult to develop coherent policies and risks overlooking the cross-cutting features that define the SSE, including its embeddedness in self-sustaining and mutually reinforcing economic ecosystems.

Second, without dedicated legal, political, economic, and financial frameworks and infrastructure to value and recognise the distinctive economic contributions of SSE entities, there is a risk of narrowing their development trajectories to for-profit enterprise-like pathways. Such an approach can leave aside the diversity of SSE forms, especially those rooted in community governance, mutual aid, and non-market value creation, and push some actors into competing on unequal terms with commercial enterprises, leading to compromises on values and objectives in order to access credit or attract equity through conventional finance. As the UNTFSSSE highlights, “*there is often a tendency within policymaking to focus on a narrow range of SSEOs, such as social enterprises and social entrepreneurship, ignoring their diversity*”, but also “*a narrow set of SSE attributes related to social purpose, ignoring features such as democratic governance and collective action; and a narrow range of policy instruments that can sideline other important levers of innovation and transformative change.*”¹² Such a narrow framing may add little to existing concepts and approaches of microfinance, MSME finance or impact investing, or thematic investment focusing on social outcomes.

¹⁰Organisation for Economic Co-operation and Development. (2022). Recommendation of the Council on the Social and Solidarity Economy and Social Innovation (OECD/LEGAL/0472).

<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0472>

¹¹United Nations. (2025). Sevilla Commitment (A/CONF.227/2025/L.1). <https://docs.un.org/en/A/CONF.227/2025/L.1>

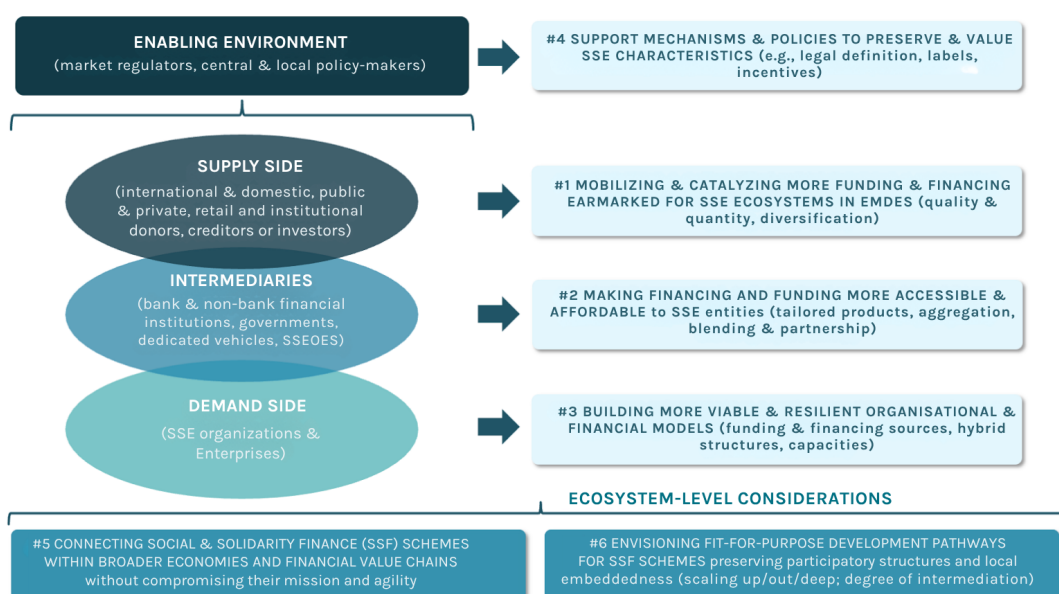
¹² United Nations Inter-Agency Task Force on Social and Solidarity Economy. (2022). Advancing the 2030 Agenda through the social and solidarity economy. <https://unsse.org/wp-content/uploads/2022/09/Advancing-the-2030-Agenda-through-the-Social-and-Solidarity-Economy-UNTFSSSE-2022.pdf>

Third, it risks missing the opportunity to recognise the SSE as a driver of social innovation, “which in turn supports new models in the wider economy and society such as fair trade, ethical finance, circular economy practices and platform cooperatives.”¹³ These models often fall outside the scope of the formal financial sector, operating within the informal economy or labelled as “alternatives.” Rather than being treated as marginal or peripheral, they could be recognised as vital components of broader financing value chains, improving both the depth and the reach of development impact. As such, SSE should be recognised for its dual role in financing as both a “recipient and a provider of finance, contributing to inclusive, resilient and sustainable development”¹⁴. As Gianluca Salvatori and Riccardo Bodini highlight in the Encyclopedia of the Social and Solidarity Economy, “The theme to focus on should be not so much simply that of access to finance by SSEOs as that of the specific ways in which this access occurs”¹⁵, including (i) the type of financial resources effectively available to them, (ii) the ways in which these

resources can be accessed, (iii) and whether those resources are coherent with the nature and mission of SSE [see Figure 1].

An internationally agreed value-based definition is an important first step, but it must be accompanied by practical mechanisms to translate these values and principles into policy, financial and economic frameworks, and operational practice. This is even more critical given that, while “financial crises, lack of access to financing and exclusionary effects associated with conventional finance have spurred the multiplication and diversification of social and solidarity finance schemes”, “there is little theoretically sound and empirically robust knowledge about Social and Solidarity Finance.”¹⁶ The challenge is therefore not merely the one of a “funding and financing gap”, but of bringing together “the eclectic jumble of piecemeal solutions – alternative banks, currencies, lending systems, cooperative digital platforms, policy proposals, and more – into a coherent new vision” underpinned by a shared framework of criteria or typology of practices.

Figure 1 : Conceptual framework for integrating SSE in global financial value chains



Source: Author's own elaboration

¹³Organisation for Economic Co-operation and Development. (2022). *Recommendation of the Council on the Social and Solidarity Economy and Social Innovation* (OECD/LEGAL/0472). <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0472>

¹⁴UN Inter-Agency Task Force on Social and Solidarity Economy. (2025). *Financing for development: Unlocking the potential of the social and solidarity economy* (Policy Brief). <https://unsse.org/>

¹⁵Salvatori G. and Bodini R. (2023). *Financing for the Social and Solidarity Economy*. Edited by Ilcheong Yi et al. Encyclopedia of the Social and Solidarity Economy. Cheltenham and Northampton, MA. Edward Elgar Publishing Limited in partnership with United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE).

¹⁶United Nations Research Institute for Social Development (UNRISD). (2015). *Social and Solidarity Finance: Tensions, Opportunities and Transformative Potential* [Workshop concept note]. https://cdn.unrisd.org/assets/events/pdf-files/social-and-solidarity-finance/concept-note_ssf-workshop.pdf

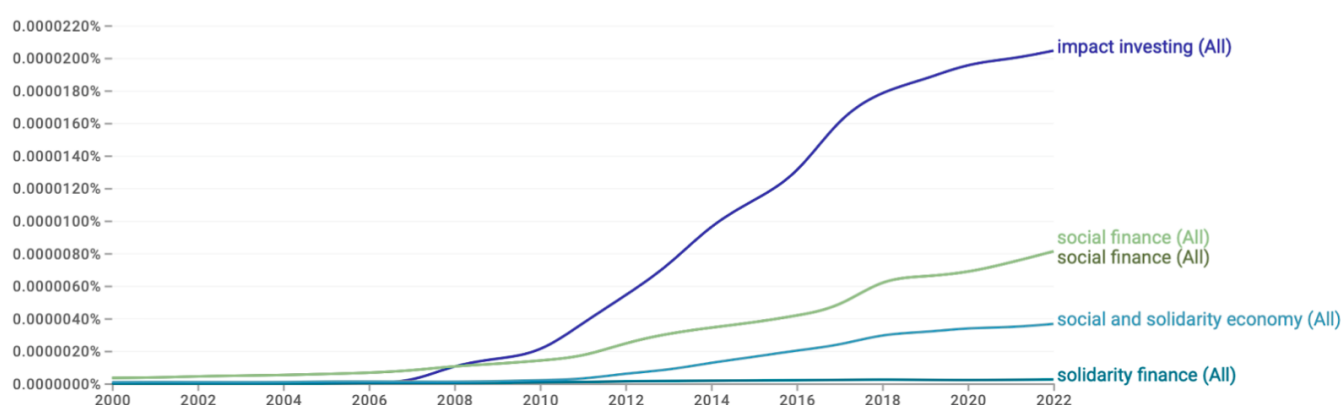
Capturing Social and Solidarity Finance (SSF) Value Proposition

While recent studies have laid the groundwork for mapping the tools and mechanisms developed by or aligned with the SSE¹⁷, analysing opportunities and challenges related to SSE access to markets¹⁸ or the roles of financial intermediaries¹⁹, **very little research has so far attempted to theorise the concept of Social and Solidarity Finance (SSF)** beyond cataloguing specific products and mechanisms [See Figure 2]. The creation of a Technical Working Group on Financial Access and Support (TWGFAS) for the SSE by the UNTFSSS in September 2024 is expected to foster more research in this field, yet this ongoing conceptual vacuum has left SSF vulnerable to definitional drift, especially in jurisdictions where no specific definition clarifies its scope and approaches²⁰. As a result, SSF is often conflated with adjacent fields that share certain objectives without fully aligning with them, or subsumed as a subcategory of “sustainable finance,” thereby obscuring its distinct value proposition.

From an outcome-oriented perspective, SSF operates at the intersection of several fields without fully overlapping with any of them [See Figure 3]. It shares objectives with certain “thematic” finance or impact investment approaches aimed at achieving specific outcomes (e.g., social finance); with MSME finance and “last-mile finance” focused on the financial inclusion of underserved economic actors and populations; and with subnational and territorial finance that seeks to localise and decentralise funding flows.

However, the distinctiveness of social and solidarity finance (SSF) lies not only in addressing the needs of specific actors or focusing on underserved themes, but also in the way assets and capital are valued, shared, managed, and distributed, fostering financial relationships that embed transactions within long-term social engagement and mutual support, contrasting with the anonymity and uncertainty of purely commercial exchanges. The cost of capital and pricing are not dictated solely by market forces but are adapted to the specific terms of relationships so that they remain flexible and suitable.

Figure 2 : Evolution of Solidarity Finance Mentions Relative to Other Themes in the Literature Since 2000



Source: Google Books Ngram Viewer, Accessed 26 Aug. 2025.

Note : Google Books Ngram Viewer is a database that analyzes the relative frequency of words and phrases in over five million books digitized by Google, illustrating how their usage has evolved over time.

¹⁷For examples, see Barco Serrano, S., Bodini, R., Roy, M., & Salvatori, G. (2019). Financial mechanisms for innovative social and solidarity economy ecosystems: Euricse Research Report for the ILO. International Labour Office. ; Ojong, N. (2015). *Social Finance for Social Economy* (Working Paper No. 67). International Labour Office. <https://ssrn.com/abstract=3032216>.

¹⁸OECD. (2023). *Buying social with the social economy*. OECD Publishing. <https://doi.org/10.1787/c24fccd0-en>

¹⁹World Bank. (2022). Financial solutions to support the social and solidarity economy and the role of development banks (Equitable Growth, Finance & Institutions Insight; E. Gutierrez & F. Kisat, Authors). © World Bank, Washington, DC

²⁰By contrast, in France for instance, social and solidarity finance is legally defined, with its scope largely determined by the existence of dedicated solidarity savings and investment products, as well as official labels such as ESUS (Entreprise Solidaire d'Utilité Sociale), which identify eligible enterprises and beneficiaries.

Previous research on solidarity finance²¹ has identified several defining dimensions for solidarity finance including (i) specific processes for allocating and remunerating capital, (ii) relationship-driven financial arrangements that combines monetary and non-monetary commitments, grounded in mutual trust and often governed by implicit social contracts, and (iii) the mutualisation of risk, which may involve for instance, solidarity or public guarantees. In this context, the social link is not a secondary effect but performs the role that material collateral, interest rates, credit ratings, and other formalised risk controls play in conventional finance. This link is cultivated through meeting and learning spaces facilitated by collective organisations, along with local forms of economic and social intermediation that enable information and knowledge sharing, extend geographical reach, or foster intersectoral cooperation.

The underlying principles of solidarity finance closely relate to debates on the commons-based economy, as a response to the over-privatization and “commodification” of the economy. For Italian solidarity economy activist Jason Nardi, this entails “a rethinking of property rights, the allocation of benefits from a provisioning system, individual responsibilities, and obligations to future users.” In essence, the competitive advantages of social and solidarity finance result from processes it has established to remove the cost of “uncertainty [that] normally results from an imbalance between information and expectations”²² and the costs of forgone opportunities, by channeling resources into goods and services that yield mutual benefits.

The challenge however, lies in determining how mutual credit systems based on interpersonal trust can be institutionalised to enable broader participation in the SSE, and how the re-commonification of the economy - and the social cohesion it generates - can be advanced within a global market still dominated by privatisation and the enclosure of shared resources and monetary functions. While SSF alone cannot provide a comprehensive solution to all economic challenges, it can “support financial activities by accompanying structural mutations, and by socialising the risk and cost of financing local economic activity.”²³

The emerging international framing of SSF therefore invites a renewal of the debate to question what kinds of financial and exchange mechanisms can genuinely embody the values of solidarity and reciprocity on which SSE organisations are based? How can the multidimensional nature of SSF be conceptualised? In what ways does SSF differ from conventional finance in its values, principles, institutional foundations, modalities, monetary and financial practices, and economic rationality? Despite their diversity, do SSF practices share common characteristics, values, and principles that could point towards a unified economic rationale? Are there universal, cross-cultural socio-economic traits that can be identified? And what typologies might meaningfully capture this diversity?

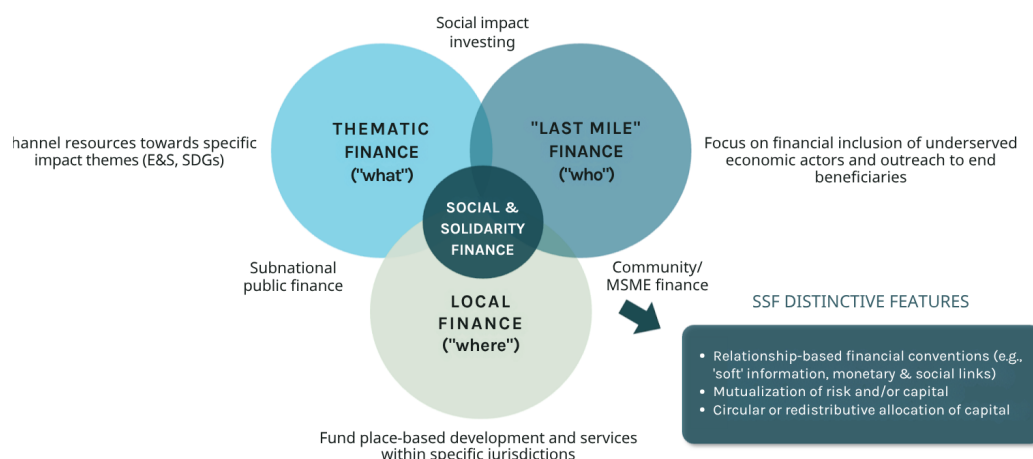
These questions are not entirely new; they have surfaced intermittently in academic discussions, but often in niche circles and have rarely been explored within this emerging international SSE agenda. Drawing on curated case studies, this report offers an initial set of practice-informed insights to help define SSF's key features.

²¹Artis, A. (2016). *Social and solidarity finance: A conceptual approach*. *Research in International Business and Finance*, 39, 737–749. <https://doi.org/10.1016/j.ribaf.2015.11.011>

²²*Ibid*

²³Artis, A. (2016). *Social and solidarity finance: A conceptual approach*. *Research in International Business and Finance*, 39, 737–749. <https://doi.org/10.1016/j.ribaf.2015.11.011>

Figure 3 : Social and Solidarity Finance's Defining Features and Scope



Source: Author's own elaboration

Study scope & Objectives

Objectives

This report seeks to provide an **in-depth analysis of selected case studies that contribute to the development of ecosystems and financial infrastructures aligned with the values of the SSE, while also taking into account the need for financial viability and long-term sustainability.** It aims to translate SSE values into a set of financial and economic «logics» that underpin these ecosystems, to serve as a practice-based reference for identifying and characterizing SSE-aligned financing approaches, even in contexts where specific legal frameworks or formal labels for the SSE are lacking.

Considering both structures that aim to enhance SSE entities' access to "conventional" financing sources, and those that seek to scale or mainstream grassroots social and solidarity finance practices, the report offers contextualized, empirical insights into how such models emerge, function, and endure. Each case study is analyzed to understand:

- ◆ What conditions made these models possible, and what factors have contributed to their resilience and continuity?
- ◆ What are their unique value propositions, and how do they differ from conventional financial mechanisms in terms of governance, ownership structures, value distribution, and

relational dynamics?

- ◆ What conditions are necessary to institutionalise these models and ensure their long-term viability and scalability without compromising their social mission?
- ◆ Which components could be adapted, replicated, or translated into other contexts?

Importantly, this casebook aims to better understand the roles that different stakeholders, including policymakers, public and private financiers, intermediaries, and enabling organizations, can play in supporting, nurturing, and/or mainstreaming these approaches - whether through funding and financing, service provision, knowledge and information, or policy.

Scope and Approach

This casebook focuses primarily on examples from Emerging Markets and Developing Economies (EMDEs), to address their relative absence from global SSE maps and catalogs, despite hosting traditions and community-based practices aligned with the same fundamental values and principles that define SSE finance worldwide.

Unlike previous global reviews of SSE financing sources and instruments, this casebook focuses on analysing the economic and financial logics of specific ecosystems in which SSE entities

operate rather than those of specific entities generally recognized as part of the SSE (e.g., cooperatives, trade unions, associations, foundations, social enterprises). As the 2023 Atlas of the SSE highlights, “great diversity that characterizes the SSE makes convergence and the construction of supranational organizations bringing together SSE enterprises and organizations difficult”²⁴.

Rather than striving for exhaustiveness, this casebook presents a carefully curated selection of case studies, offering in-depth and practical insights of diverse approaches that operate at different scales, levels of maturity, and within varying market infrastructures, to provide practitioners with concrete, real-world examples of how financial viability and impact can be strengthened.

Methodology

The literature review aimed to provide a preliminary framing of how financing issues related to the SSE are currently addressed in the international arena. Covering the period 2015–2024, it drew on both academic and institutional sources, including reports, policy papers, and scholarly articles, to capture variations in perspectives and identify gaps across different categories of stakeholders [See Figure 4].

A **“top-down” perspective** examines first (i) how international and transnational organizations that explicitly promote and support the SSE frame finance-related issues, and (ii) how development finance and impact finance practitioners integrate the SSE into their frameworks, strategies, and operating models. This included, on the one hand, publications from the United Nations Task Force on SSE (UNTFSSSE) and its members (e.g., ILO, UNRISD, UNCTAD, OECD), as well as UNTFSSSE observers (e.g., RIPESS) and other formal transnational or regional networks of financial SSE actors (e.g., World Council of Credit Unions, International Cooperative Alliance²⁵). On the other hand, it considered reports and policy papers from development finance and impact finance actors, including multilateral development banks (World Bank Group, AfDB, BOAD, ADB, IDB), international impact investor platforms (e.g., Global Steering Group for Impact Investment, Global Impact Investing Network), and intergovernmental fora with dedicated tracks on sustainable and inclusive finance (e.g., G20, G7, World Economic Forum).

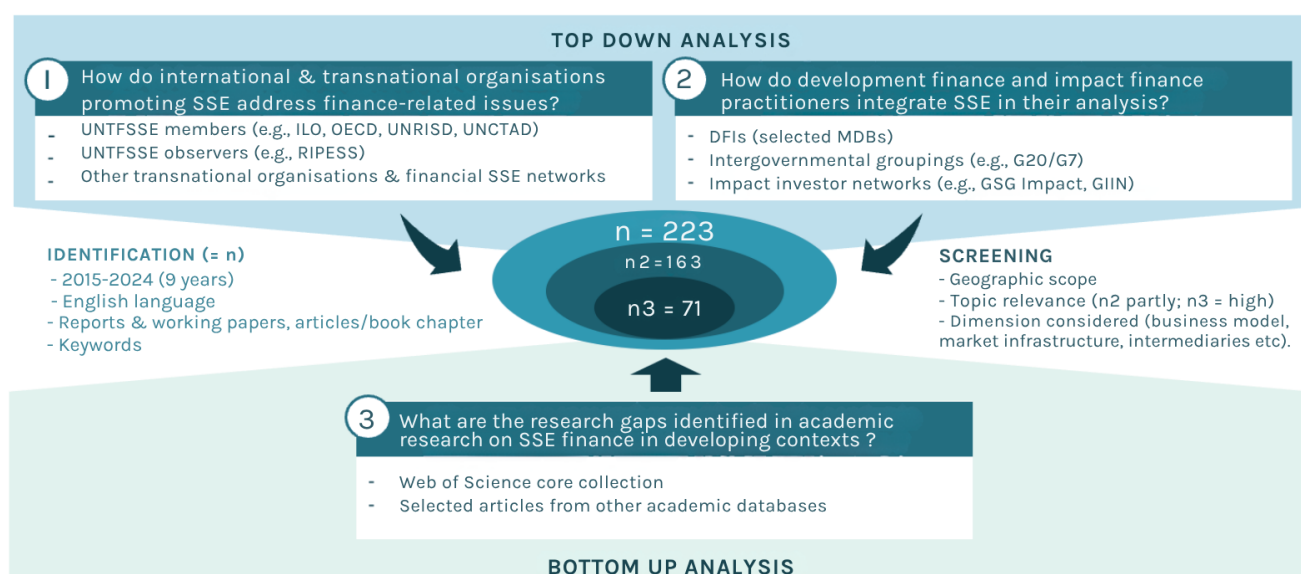
This was complemented by a **“bottom-up” review** of empirical studies and academic research on SSE finance in EMDEs, aimed at identifying recurring themes and gaps while also gaining empirical insights on how SSE entities and ecosystems mobilize, allocate, and govern financial resources. For this purpose, the Web of Science Core Collection was used to perform a bibliometric screening of articles published between 2015 and 2024, based on selected keywords and filtering options²⁶. The resulting articles and reports were further analyzed to harmonize the theoretical framing of social and solidarity finance, confirm knowledge gaps, and identify potential case studies for inclusion in the report. An initial corpus of 223 documents was compiled and screened according to thematic relevance and geographic scope, resulting in 163 documents considered partially relevant and 71 retained as highly relevant. The final set was categorized by geographic scope and thematic dimension, enabling triangulation between institutional framings, academic debates, and field-level evidence.

²⁴Roger, B., & ESS France. (2023). *Atlas commenté de l'économie sociale et solidaire* (5e éd.). Observatoire national de l'ESS.

²⁵To select the sources, we focused on entities dealing with emerging markets and developing economies, either through funding, technical assistance, or research activities. For the first layer of stakeholders considered (international organisations and transnational networks), we have narrowed the scope to organisations that had active research programmes or managed knowledge platforms dedicated to the social economy (SSE) or its most common forms—such as associations, cooperatives, mutual organisations, and, with some exceptions, social enterprises and foundations—since 2015. Regarding the second layer of sources (international and regional development finance institutions), we concentrated on international financial institutions and key public development banks involved in the newly-formed FiCS coalition for Social Investment. Although the literature on impact investing, impact-linked finance, and blended finance offers valuable insights into the growing importance of private sector involvement in financing local development and social inclusion, we did not include the general impact investing literature in this initial review to maintain consistency and avoid conflating MSME financing with that of enterprises embodying SSEOs' specific features and values.

²⁶Key findings were cross-checked against other databases such as DOAJ (Directory of Open Access Journals) and Scopus (Elsevier) to reduce database bias and refine keyword selection.

Figure 4 : Overview of the literature review methodology



Source: Author's own elaboration

Survey of Practitioners

Building on the insights from the literature review, a survey was disseminated to SSE entities, practitioner networks, and financial actors over a one-month period. It combined open and closed questions to capture pressing funding needs, to identify the features practitioners associate with SSE-aligned finance, and to collect examples of good practices. The survey received 44 responses from 28 countries across all regions. The survey aimed to serve as a bridge between the abstract framing found in institutional and academic literature, and the operational perspectives of those directly engaged in SSE finance.

Semi-structured Interviews

Finally, 20 semi-structured interviews were conducted with practitioners and representatives of lead organisations in selected case studies. Case selection drew on both the survey responses and the literature review, ensuring geographic and thematic diversity. The interviews provided up-to-date lessons learned, insights into operational challenges, and practitioner-based perspectives on how SSE finance mechanisms function in practice. This step grounded the analysis in field experience and allowed for the triangulation of evidence across sources.

Limitations

Despite efforts to ensure geographical balance, language barriers and limited documentation may have constrained the identification of relevant practices in some regions, particularly where innovations are not widely disseminated through global networks. More generally speaking, limited availability of data on SSE and literature fragmentation posed several constraints to the breadth and depth of the analysis.

The use of the term “social and solidarity economy” also introduces conceptual boundaries narrowing the scope of SSE entities to a few limited contexts that officially use and recognise such terminology. Many ancestral, indigenous, or emerging practices that reflect SSE values may not self-identify nor be officially recognized as part of the SSE. To address this limitation, a broadened set of search terms was used during the literature review and was completed by calls for contributions, targeted outreach, and word-of-mouth recommendations to identify underrepresented or informally framed models.

Framing Social & Solidarity Finance

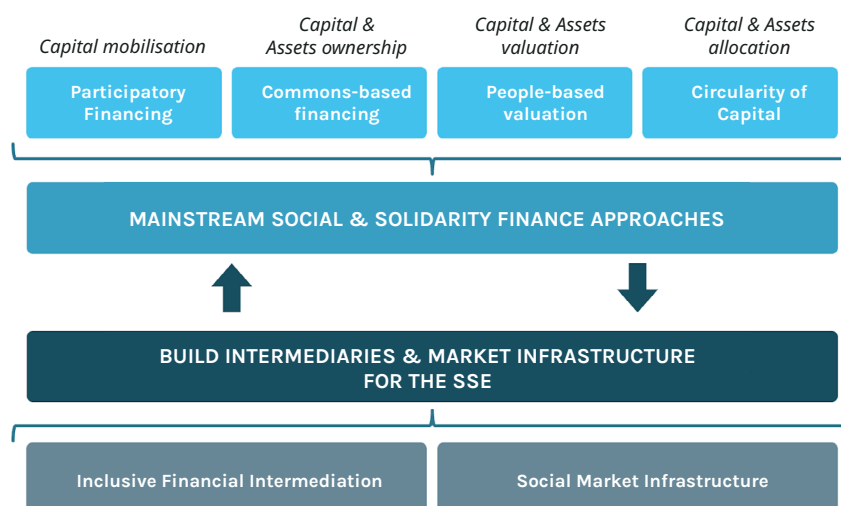
Analytical Framework of the Case Studies

The case studies presented in this report are structured around two complementary dimensions needed to better value and integrate SSE into global, regional, national and local financing frameworks. The first dimension focuses on the mainstreaming of approaches that originate within the SSE and embed social and solidarity finance principles (“**Mainstream Social and Solidarity Finance Approaches**”). The second dimension examines how financial actors and market infrastructures outside the SSE can adapt in order to facilitate and expand the access of SSE entities to external sources of funding and finance (“**Socialise Financial Intermediaries and Market Infrastructure**”).

The first dimension features six case studies organised around cross-cutting logics that illustrate how SSE-aligned approaches mobilise, value, distribute, and allocate capital and assets, namely (i) “**participatory financing**”, (ii) “**commons-based financing**”, (iii) “**people-based valuation**” and (iv) “**circularity of capital**” [\[see description below\]](#). These logics are not exclusive models nor rigid categories, but rather function as analytical entry points. In practice, most SSE-aligned ecosystems combine elements from several logics. A producer cooperative may mobilise member shares and mutualised guarantees to secure credit (participatory financing), operate under collective ownership of processing facilities or land (commons-based financing), and reinvest surpluses into member services or community projects (circularity of capital). Similarly, a health mutual association may recognise voluntary time and expertise from its members as contributions with economic value (people-based valuation), while also circulating membership fees into pooled funds that are continually reinvested in preventive and primary care (circularity of capital).

The second dimension highlights examples of how financial and economic actors outside the SSE can adapt to facilitate SSE entities access to external finance sources and markets. It focuses in particular on (i) **how financial intermediation can be made more inclusive** through the redesign of products, risk assessment methodologies, and support services tailored to the specific needs of SSE actors. It also considers the adaptation of infrastructure and processes to (ii) **enable SSE entities to access public and private markets**, while ensuring their effective participation on equitable and mission-aligned terms.

Figure 5 : Analytical Framework for a SSE-aligned financial ecosystem



Source: Author's own elaboration

Taken together, the two dimensions illustrate how bottom-up innovations led by SSE entities and top-down adaptations by mainstream financial actors and market regulators can converge to build more inclusive and SSE-aligned financial ecosystems.

Mainstream Social and Solidarity Finance Approaches	
Participatory Financing	Participatory financing, also referred to as citizen finance or participatory investment, designates financial approaches that mobilise and aggregate small-scale contributions from a wide base of often dispersed funders (e.g., citizens, individual donors, communities, and institutional actors) to address unmet funding needs of socially oriented initiatives. Grounded in redistributive solidarity, these mechanisms operate on the supply side of capital, pooling impact-driven contributions toward targeted social enterprises, causes, or public goods. Mechanisms aligned with this logic include grassroots crowdfunding platforms, faith-based giving systems such as zakat and waqf, regulated solidarity savings products (e.g., France's Livret de Développement Durable et Solidaire), payroll-based solidarity contribution schemes where employees allocate part of their income toward social or environmental causes, and community-governed funds that channel contributions into locally determined priorities. Contributions may be non-repayable (donations), partially compensated (rewards, recognition, goods), or linked to returns (as in debt or equity crowdfunding). <i>The example of Kitabisa in Indonesia [page 18] demonstrates how participatory funding or financing mechanisms can supplement limited public funding, enhance community accountability and build more participatory models of financing social impact.</i>
Commons-based financing	Commons-based financing refers to financial approaches rooted in shared ownership and collective stewardship of resources understood as commons, whether material (land, housing, infrastructure, tools) or immaterial (knowledge, data, digital platforms, cultural assets). These practices aim to preserve, regenerate, and ensure equitable access to resources through community-defined rules, shielding them from market speculation and private capture. While participatory financing mobilises resources by pooling contributions from a broad base of funders, commons-based financing concentrates on how those resources or shared assets are collectively owned, governed, and sustained over the long term. The two approaches may overlap when contributors and beneficiaries belong to the same community. <i>This logic underpins structures such as Community Land Trusts (CLTs), which secure land for affordable housing through community-based, non-speculative ownership, as seen in the example of Fideicomiso de la Tierra in Puerto Rico [page 25] which protects informal settlements from displacement through collective land governance.</i> <i>A comparable approach can also be found in the governance of immaterial goods such as global health. The Drugs for Neglected Diseases initiative (DNDi) [page 31] which relies on public-interest financing and collaborative R&D to develop essential medicines outside profit-driven pharmaceutical markets, thereby treating medical knowledge as a global commons.</i>
People-based valuation	People-based valuation refers to the idea of re-centring economic value on people's tangible contributions (such as labour, time, knowledge, or goods) rather than on centralised market prices or profit expectations. It recognises that value emerges from meeting collective needs and sustaining social links, even when such contributions are not monetised in conventional markets. This logic informs systems such as alternative currencies, time banks, rotational labour schemes, and pay-for-result models. It is increasingly supported by blockchain and other decentralised digital infrastructures, which make it easier to record, distribute and reward non-monetary contributions outside conventional monetary exchanges. <i>Illustrative cases include the Sarafu Network in Kenya [page 37] which enables communities to back credit with commitments to deliver future goods and services, or Plastic Bank operating in several countries [page 43], which compensates informal workers for waste collection through blockchain-verified tokens.</i>

Circularity of capital	Circularity of capital refers to approaches ensuring that capital remains within, and recirculates through, a defined social or territorial ecosystem rather than being extracted for external accumulation. It prioritises reinvestment of surpluses, repayments, or profits into the same network of community or solidarity initiatives, creating regenerative loops and multiplier effects, in contrast to linear financial flows where capital exits once returns are made. Mechanisms aligned with this approach include local currencies, revolving funds, reinvestment of cooperative and mutual society revenues, regenerative procurement, and circular business models, all structured to “lock in” capital for the benefit of a defined community or purpose. <i>While many case studies highlighted in this report illustrate this logic, the most emblematic is the Mumbuca-denominated economy in Maricá, Brazil [page 50], which employs a local digital currency to channel social programmes and benefits exclusively to local businesses, with transaction fees used to refinance interest-free loans and other social initiatives.</i>
Socialise Financial Intermediaries and Markets Infrastructure	
Inclusive Financial Intermediation	Inclusive financial intermediation involves financial institutions or vehicles that are not part of the SSE themselves, but intentionally adapt their operations and diversify their offering to better serve SSE actors and communities, particularly those at the “last mile” or in the “missing middle” who are otherwise excluded from conventional finance. Although these institutions continue to operate within conventional financial systems and often target revenue-generating entities able to take debt or equity, they also adjust assessment criteria to reflect broader impact and relational factors (e.g., “relationship guarantees” based on trust and engagement). This can involve redesigning or providing more flexible financial products and services to SSE entities, like dedicated windows, relaxing collateral requirements, longer tenure, or impact-linked benefits, providing additional technical assistance, developing strategic partnerships to lower risks of serving those entities (e.g., risk-sharing and guarantee schemes). <i>Examples in this casebook include JAIDA [page 58], which adapts microfinance to the realities of SSE enterprises in partnership with civil society and local governments, and the Agroecological Transition Fund [page 63] which uses guarantee-backed mechanisms to incentivise long-term, sustainability-linked finance.</i>
Social Market Infrastructure	Social market infrastructure refers to the set of rules, institutions, and technical systems that govern access to public and private markets, intentionally adapted to enable SSE entities to participate on fair and mission-aligned terms. Rather than creating parallel markets, these mechanisms reshape the “rules and plumbing” of finance so that cooperatives, social enterprises, and other mission-driven organisations are not structurally disadvantaged and can fully realise their economic and social potential within broader markets. Mechanisms aligned with this logic include policy and regulatory frameworks (e.g., reserved contracts, tailored award criteria), recognition and visibility instruments (such as certification schemes and registries of eligible suppliers), and enabling systems (e.g., dedicated market platforms or listing segments such as social stock exchanges). <i>Examples highlighted in this report include socially responsible public procurement practices in South Africa [page 68], and the Social Stock Exchange in India [page 74].</i>

Case Studies Selection

The case studies featured in this report were selected through a process of expert curation and literature review. Selection was guided by the alignment of the overall ecosystem with SSE principles, rather than the legal status of specific lead entities, with a focus on contexts in EMDEs, including sub-national settings. Special attention was paid to ensure thematic and geographic diversity, with balanced representation from South America, Sub-Saharan Africa, and Asia. Recognition value was also considered, with priority given to initiatives and regions underrepresented in mainstream discourse and the international literature on SSE and SSF, yet showing strong potential to broaden global perspectives on SSE finance. Finally, the operational maturity and longevity of each ecosystem or mechanism were taken into account to provide sufficient perspective for drawing substantive lessons and practical insights on sustainability, replication, and adaptation across contexts.

Case study

From Crowdfunding to Inclusive “Blended Funding” with Kitabisa

Primary category

📍 Participatory Funding

Subcategories

📍 Commons-based Financing

📍 Inclusive Financial Intermediation

Geography

Indonesia

Priority development areas

- SDG3: Good Health & Well-Being
- SDG4: Quality Education
- SDG1: No Poverty
- SDG8: Decent Work & Economic Growth
- SDG15: Life on Land
- SDG17: Partnerships for the Goals
- SDG13: Climate Action

In ten years, **Kitabisa** has become **Indonesia's leading donation-based crowdfunding platform**. With over 10 million donors from all over the archipelago, it is now anchoring micro-giving and faith-based philanthropy within a broader social finance framework that connects personal generosity to institutional capacity for lasting impact.

Background & Context

Despite Indonesia's strong culture of faith-based giving and the presence of numerous Islamic charities distributing *zakat* (mandatory almsgiving) and *sadaqah* (voluntary charity), the philanthropic landscape in the early 2000s remained fragmented and uneven. By the time Kitabisa was founded in 2013, Indonesia had recorded its highest-ever Gini coefficient¹, following an era of democratic reform and rapid economic liberalization, which also brought a sharp rise in inequality. Many underserved communities, particularly in rural and eastern regions, including non-Muslim groups, continued to face major barriers to emergency support and access to basic services such as healthcare and education.

Facing a “market failure” in Indonesia's giving landscape, with willing individual givers lacking accessible pathways to reach communities most in need, two young Indonesian founders launched Kitabisa in 2013, first as a platform to bridge donors and social enterprises. Inspired by global crowdfunding platforms like GoFundMe (USA) and JustGiving (UK), and buoyed by a growing domestic tech ecosystem, they established a structure combining a nonprofit foundation with a corporate entity, PT Kita Bisa Indonesia, to manage the digital platform. Originally focused on creative projects and social enterprises, Kitabisa quickly shifted toward charitable causes after recognizing the broader appeal of crowdfunding for social welfare. It soon became a major force in citizen giving, supporting grassroots initiatives and growing into Indonesia's largest and most trusted digital donation platform.

Vision and mission

Rooted in the spirit of *gotong royong*, Indonesia's tradition of mutual aid, Kitabisa set out to strengthen the culture of generosity and solidarity by making giving easier, more accessible, and more transparent through technology. Under the tagline “Dare to Do Good” (*Berbuat Baik*, in Bahasa Indonesia), it empowers people to support the causes they care about, from education and urgent medical needs to religious giving and environmental causes².

Kitabisa adapted crowdfunding to Indonesia's cultural and religious context, envisioning a society where everyone, no matter where they are, can easily contribute to social good. Through Kitabisa platform, citizens, philanthropic foundations, corporate and governments can support a wide range of causes while also enabling Muslims to fulfill religious obligations like *zakat* (almsgiving) and to give to faith-aligned initiatives such as *waqf* (endowments), and other verified campaigns through one-time or recurring donations.

How does it work ?

Starting as a conventional crowdfunding platform connecting retail donors to individual campaigns, Kitabisa has evolved into a hybrid holding structure offering an integrated suite of services targeting different stakeholders in the ecosystem, from fundraising facilitation and social impact marketing to CSR consulting and solidarity-based insurance products.

¹The Gini coefficient is a measure of income or wealth inequality within a population, ranging from 0 (perfect equality) to 1 (maximum inequality, where a single individual holds all the resources). In 2013, Indonesia's Gini coefficient reached a record high of 0.413.

²Health and disaster relief account for the largest share of donations due to the emotional urgency of these causes and the gaps in Indonesia's universal health insurance coverage.

Making fundraising inclusive and trustworthy

Kitabisa operates as a donation-based crowdfunding platform that enables individuals, communities, nonprofits, and social businesses to launch fundraising campaigns without any minimum target³. Connecting campaigns to a donor network of over 12 million people across Indonesia, Kitabisa facilitates micro-donations starting from just Rp 1,000 (less than USD 0.10). To shift giving from a one-time emotional response to a sustained habit, Kitabisa has introduced features like *Donasi Otomatis*, an automated recurring donation system via its built-in digital wallet, which now accounts for nearly 70% of total donations. To finance its operations, the platform applies a 5% administrative fee on donations to standard campaigns, excluding those related to almsgiving (*zakat*) and disaster relief.

Kitabisa supports fundraising for both religious and secular causes, serving as a vital platform for non-Muslim organizations, which often face greater challenges in securing public support for social initiatives, as well as for Muslim philanthropic organizations seeking to diversify their funding sources and reach a broader beneficiary base, given that *zakat* funds are limited to eligible Muslim recipients. More than just a digital fundraising tool, Kitabisa serves as a catalyst for philanthropic inclusion, playing a key role in the democratization of

giving by enabling “grassroots fundraisers and donors to collectively decide on the types of social programs to support and the beneficiaries to assist through crowdfunding⁴”.

Bridging Bottom-Up Giving with Strategic Investment for Impact

As COVID-19 accelerated the growth of digital crowdfunding and pushed Kitabisa to a record 32 million transactions annually, the founders realized that reactive, project-based donations from individual donors were not enough to address all funding needs alone or create lasting, systemic impact. Public micro-giving needed to evolve into a lever for mobilizing and channeling institutional capital, transforming individual generosity into larger, blended financing structures.

This was the underlying trigger for the establishment of [Kitabisa.org](https://kitabisa.org), the nonprofit and grant-giving arm of the company, aimed at fostering a more strategic, long-term approach to social financing by encouraging “4P” models, standing public-private-people-philanthropy collaboration. [Kitabisa.org](https://kitabisa.org) offers end-to-end support to both institutional donors and grassroots actors, from CSR advisory services to design high-impact programs and connect with trusted local partners, to social marketing to build compelling campaigns and boost outreach through digital media and influencer networks. The organisation partners today with 3,000+ NGOs nationwide,

pairing fundraising with organizational capacity support to strengthen governance, program design, and sustainability.

To enable blended funding approaches, [Kitabisa.org](https://kitabisa.org) supports programs and financing strategies that combine public donations, corporate CSR, philanthropic grants, and religious-based giving. It is also now increasingly bridging retail donations with institutional funding to bring scale and financial resilience to fundraising organizations, but also ensures public ownership, transparency, and grassroots validation, elements that institutional donors alone may lack.

In partnership with foundations and certified waqf managers, [Kitabisa.org](https://kitabisa.org) has pioneered several thematic enduring endowment funds (*waqf*), perpetual funds in which the principal is preserved and all returns are reinvested in priority areas. “We want to create an ecosystem where every impact theme can have its own sustainable funding mechanism” explains Edo Irfandi, VP of Sustainability and Partnerships at Kitabisa.

Over the past several years, [Kitabisa.org](https://kitabisa.org) has taken on multiple roles to implement this approach. It has acted at times as an endowment fund activator or co-manager, and at others as an orchestrator, facilitating matching fund mechanisms, such as combining public and institutional contributions for



³Anyone can register as a campaigner, provided they comply with Kitabisa's verification and ethical standards, which include identity validation, campaign purpose transparency, and compliance with national laws and platform policies

⁴Anoraga, B. (2024). A decade of charitable crowdfunding and its impacts on the social justice trajectory of Islamic philanthropy in Indonesia. *Advances in Southeast Asian Studies*, 17(1), 5–24.

the reconstruction of schools in East Java following the 2024 earthquake. It has also taken the lead in major campaigns, such as the *Oxygen for Indonesia* initiative during COVID-19, which raised \$4.3 million from individuals, 60 companies, and influencers to deliver medical supplies to hospitals nationwide.

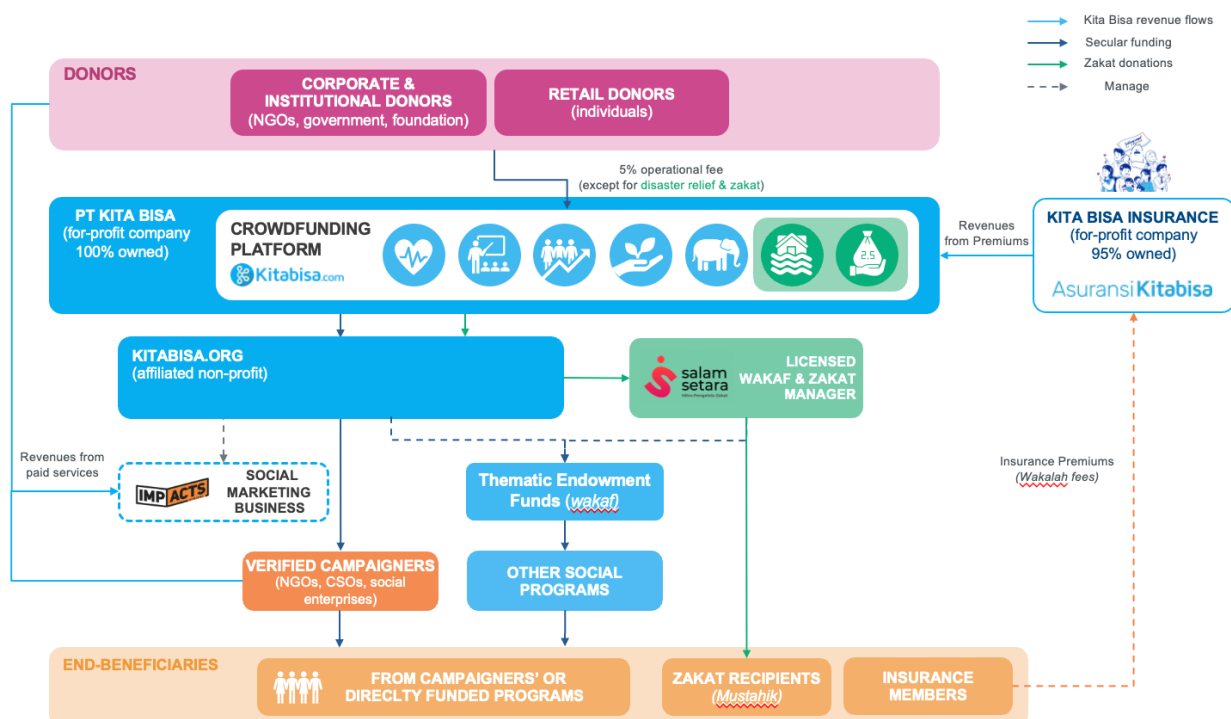
From Crowding Remedial Giving to Pooling Preventive Solidarity

More recently, Kitabisa expanded its ecosystem by entering the insurance market as a way to promote more preventive, solidarity-based funding models. Drawing inspiration from the mutual aid principle at the heart of *Takaful* (Islamic mutual insurance), Kitabisa launched the *Saling Jaga* pilot program in 2018, “*mutual care*” in Bahasa Indonesia. Participants contributed to a mutual fund as little as IDR 10,000 (approx. USD 0.65), entitling them to receiving up to IDR 100 million (around USD 6,400) in financial assistance in the event of serious illness or emergency. *“We realized that the intention is similar between contributions in Shariah-aligned insurance and donations in crowdfunding, both driven by a shared commitment to contribute to the public good.”* Within just a few months, the fund attracted 650,000 members, ultimately distributing nearly USD 130,000 to around 500 beneficiaries affected by COVID-19 or severe illness.

Building on this initial success, Kitabisa raised funds to acquire a dedicated insurance subsidiary and launched in 2024 *Saling Jaga Keluarga*, a Sharia-compliant mutual aid life insurance product, with monthly premiums range from IDR 5,000 to 61,500 (USD 0.32–3.93) and offering coverage of up to IDR 2 billion (USD 127,844). Since its launch, the insurance has attracted over 730,000 subscribers, with promising potential to scale across Kitabisa’s 10 million monthly active users. In the long term, Kitabisa hopes to eliminate platform fees on all donations by reinvesting profits from its mutual aid insurance business.

This move enables Kitabisa to build a more holistic ecosystem, blending emergency relief with long-term protection, while fostering a culture of mutual responsibility. Kitabisa positions itself now as a citizen-led Domestic Resource Mobilization (DRM) mechanism, aggregating millions of small contributions into a reliable social finance pool that cushions vulnerable communities against external shocks, such as during the COVID-19.

Graph: Overview of KitaBisa Ecosystem



Source: Author's own elaboration

Impact at glance

- ◆ Through its entire ecosystem, Kitabisa contributes to **15 SDGs across 43 indicators**
- ◆ **IDR+5 trillion in donation** fundraised over the past 10 years
- ◆ **+12 million** lifetime donors and **> 400 companies** involved
- ◆ **> 31 million** transactions/year
- ◆ **+400,000** campaign launched
- ◆ **USD 49 million** (IDR 786billion) in 2024 through KitaBisa platform, facilitating 8000 campaigns throughout Indonesia

Enabling factors & Lesson Learned



Relentless trust-building and risk management

Trust is Kitabisa's foundational asset. In a model that mobilizes millions of individual donors and thousands of fundraisers, maintaining credibility is non-negotiable. Kitabisa has institutionalized trust through robust internal governance, including dedicated risk management, campaign verification teams, and field operations capable of investigating and resolving issues on the ground. This long-term investment in operational integrity has helped Kitabisa achieve a level of public accountability that has been central to its longevity.



Building bridges within existing ecosystems

Kitabisa has embraced its role as a nimble funding intermediary - channeling small, flexible contributions that can unlock larger partnerships. These funds often serve as co-financing, proof-of-concept capital, or pilot support for broader programs with institutional donors, government agencies, or religious philanthropic organizations. By enabling donors like zakat institutions to diversify their outreach and allowing NGOs to tap into grassroots momentum, Kitabisa positions itself not just as a fundraiser, but as a catalyst for more inclusive and collaborative development financing.



Adapting Messaging and Outreach

A major enabler of Kitabisa's success has been its ability to align fundraising strategies with a mobile-first society. With 95% of the Indonesian population accessing online content via smartphones, Kitabisa recognized early that giving would increasingly happen online, and worked with influencers and public figures for amplifying reach. This approach helped normalize digital giving, especially among younger donors. By 2022, 69% of Indonesians aged 26–40 reported donating more than 2.5% of their income online, largely through platforms like Kitabisa.

Challenges and Way Forward

As Kitabisa integrates more digital and automated systems, a key challenge lies in shifting public trust from traditional, human-centered storytelling toward technology-enabled models, including using Artificial Intelligence. While these innovations hold transformative potential, the transition represents an important threat and reputational to Kitabisa personal engagement and public appeal if adopted too fast, which works to ensure incremental integration of such tools in its operations while maintaining the relational aspects that have earned public trust.

Kitabisa's ambition to evolve from a crowdfunding platform into a grant-giving organization and endowment or pooled fund manager, presents another challenge, as collaborating with global institutional financiers and corporate requires higher levels of institutional readiness and programmatic capacity. This is why [Kitabisa.org](https://kitabisa.org) is progressively consolidating its experience and exposure to larger institutional partners through blended funding initiatives.

Transferability

Kitabisa's model of transparent, tech-enabled, and emotionally resonant crowdfunding has influenced similar initiatives both within Indonesia and across the region. In Malaysia, platforms like Kitafund, focused on medical fundraising, and GlobalSadaqah, which blends Islamic social finance with digital giving, also merge public donations, CSR, and religious philanthropy. However, Kitabisa remains a standout in the region for its scale, open-access model, and ability to integrate grassroots giving with institutional partnerships, positioning it as a regional pioneer in shaping inclusive and resilient digital philanthropy.



Case study

Fideicomiso de la Tierra del Caño Martín Peña : Land as a Commons for Urban Resilience

Primary category

📍 Commons-based Financing

Subcategories

📍 Participatory Financing

📍 Circularity of Capital

Geography

Puerto Rico

Priority development areas

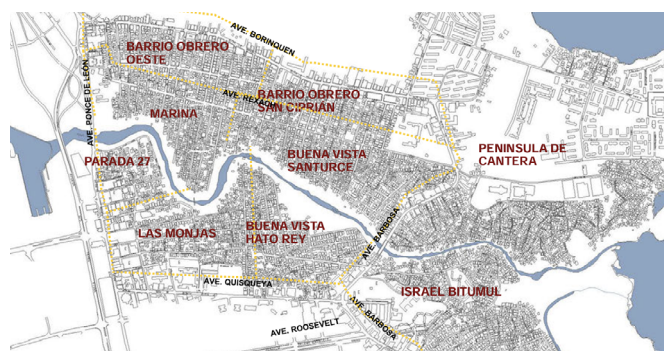
- SDG11: Sustainable Cities & Communities
- SDG13: Climate Action
- SDG6: Clean Water & Sanitation
- SDG8: Decent Work & Economic Growth

In San Juan, Puerto Rico's capital and largest city, residents turned land into a collective good through a **Community Land Trust (CLT)**, pooling 110 hectares under shared ownership. Rooted in the principles of the SSE, the trust safeguards tenure, counters speculation, and channels environmental restoration into collective wellbeing.

Background & Context

In the first half of the 20th century, economic shifts in Puerto Rico with the decline of the sugar economy and other agricultural sectors in the 1930s set off waves of domestic rural migrants to San Juan, Puerto Rico's capital city¹, in search of work in port-related industries and factories and better living conditions. With limited affordable housing available, many newcomers settled on the wetlands along the Caño Martín Peña, a 3.75-mile canal linking San Juan Bay to the San José Lagoon, often building their homes informally without legal property titles.

Over the decades, the area grew into eight working-class communities [see graph], but also became increasingly burdened by land pressures and environmental degradation. The canal's natural flow was constricted by sediment, debris, and unregulated construction, leading to chronic flooding and sanitation problems. In 2002, 39% of households reported experiencing between one and twenty floods in the previous year, and by 2012 this figure had climbed to as high as 70% in some sectors².



Meanwhile, the canal's central location and waterfront potential attracted developers, and as restoration projects advanced, the prospect of gentrification and rising real estate values placed residents without formal land titles at risk of displacement. As a response, the eight communities - known collectively as the "G-8" - came together in the early 2000's to secure their collective future. They developed a Comprehensive Development and Land Use Plan for the area, approved by Puerto Rico's Planning Board, and established the Fideicomiso de la Tierra, the first Community Land Trust (CLT) in Latin America. Unlike earlier CLTs in the Global North, however, the Fideicomiso de la Tierra was designed to regularize already consolidated informal settlements, pooling ownership and management of land across the community to place more than 110 hectares under collective stewardship and guaranteed secure tenure for around 2000 households³.

Vision and mission

Initially, two communities, Tokyo and Fanguito, were excluded from the area to make way for luxury resorts and gas plants⁴. This history has contributed to the strengthening of the communities' sense of belonging and has enabled the establishment of the ENLACE project.

The strength of the Martín Peña Canal community project lies in its ability to transform a simple ecological rehabilitation project (dredging and restoration of the local flora



¹Grupo de las Ocho Comunidades Aledañas al Caño Martín Peña, History of our communities, <https://g8pr.org/conocenos/la-empresa/>

²Plan Desarrollo Integral (Integral Development Plan)

³Key figures, Fideicomiso de la Tierra website

⁴UN Habitat, Urban Agenda Platform, Case study, 2017

and fauna) into a sustainable social and economic project for the local communities and the natural environment. This project should not only prevent gentrification of the area, but also improve living conditions for local communities. The creation of 3 partner structures is designed to facilitate public/private partnerships between entities, each with a specific mission, based on a governance structure that gives local communities a significant role (at least 45% of votes on the Enlace Project Corporation Board, and the majority of votes in the other two entities: G-8 and Community land trust).

The project was developed under government supervision by Act No. 489 of September 24 2004, amended in 2009. This legal document enshrines the existence and operation of the project in its entirety. The existence of such a document ensures the presence of the communities in all decision-making processes, as well as reaffirming the project's civic dimension.

Each structure has its own financial system and maintains its independence in management and funding sources. However, the public company is primarily financed by public investment. The community land trust may also be financed by public funds, but owns a certain amount of land and housing in the area, which guarantees a degree of financial independence. The G-8, representing the interests and citizen projects of the eight communities living around the canal, is mainly financed by public generosity.

How does it work ?

A trust to maintain housing and a decent life for the communities



The CLT model was first developed in the United States in the late 1960s, inspired by cooperative landholding experiments in India, and gained popularity across Europe from the early 2000s onward, primarily as a tool for creating affordable housing from scratch. The CLT, in this particular case, is an instrument of the overall project to rehabilitate the Martín Peña Canal and its surroundings. Local communities are spread throughout the area around the canal and have been living there for over a century, with some still maintaining an informal presence today. The trust's mission is to develop part of the Comprehensive Development and Land Utilization Plan for the Caño Martín Peña Special Planning District, with a particular focus on new housing projects and the rehabilitation of existing housing. It is managed by a board of Trustees comprised of residents, technical and professional advisors, a member of the public corporation, and representatives of the Government of Puerto Rico and the city of San Juan. The Puerto Rican government has transferred over 80 hectares of public land to the CLT. This has enabled the trust to carry out public development projects in

collaboration with the public company.

In short, the CLT model transfers the management of individual property titles to a third-party organization run by residents, whose interests are protected by the model. Under this governance model, public or acquired land is voted on democratically to determine its use for the benefit of the community. As an example, three former schools have become the property of the CLT and will be converted into community centers or housing. This model thus helps to finance community projects, maintain local community ownership, and preserve their historical roots.

The environmental mission carried by the Project Corporation



The public company's mission is to cover all or part of the following investments:

- ◆ Housing;
- ◆ Urban Development;
- ◆ Infrastructure;
- ◆ Socio-economic development areas;
- ◆ Dredging and canalization of the body of water;
- ◆ Development of community initiatives promoting social, economic, and cultural development.

⁵As defined in Act No. 489, Section 4

According to Act No. 489, the governance of the public company is based on 12 principles⁶:

1. Community self-management
2. Alliance between communities, public, non-profit, and private sectors
3. Promote the integration of communities in the urban, economic, and social development of the San Juan Metropolitan Area
4. Promote a culture of conservation, sensitivity, and respect toward ecological resources
5. Maximize the possibility of relocating within the district
6. Long-term minimization of involuntary community displacement
7. Ensure that the economic opportunities generated by public investments lead to more community empowerment and improvement of economic and quality of life
8. Provide for resident participation in the increase of land value
9. Foster the development of communities' social capital
10. Capitalize on the potential of public investment for the creation of job sources and entrepreneurial activities
11. Make certain that the interventions of corporations, public agencies, and private businesses are directed toward maintaining community cohesion
12. Integrated approach toward the poverty problem



As an example, the public company created *Hencho En El Cano Martin Pena* (Made in Cano Martin Pena). The organisation promotes local initiatives and supports projects on their economic development. To this day, *Hench En El Cano Martin Pena* is a digital platform gathering jobs offers, local businesses. An incubator was also created to support local entrepreneurs in developing their projects and to provide them with coworking spaces.

Dredging the channel should generate⁷:

- ◆ 4,275 direct and indirect jobs in construction.

- ◆ \$23.95 million in government revenue derived from construction.
- ◆ \$97.72 million in wages associated with the works.
- ◆ An estimated annual economic benefit of \$6.72 million from the project's new recreational facilities.

The G-8 : a community-based organization for its leadership on the land



The G-8 community association aims to support citizen projects initiated by residents and communities. It also promotes their history and their ability to take action within their environment. Since its inception, the organization has encouraged community participation in all projects undertaken by the three entities: G-8, Project ENLACE, and Land Trust. It has notably supported projects such as Universidad del Barrio, which organizes workshops and training sessions for residents. It has also facilitated the emergence of the micro-enterprise *BiciCano* based on a tourist offer. A group of citizens from the area decided to create a project where tourists could take bike tours through the canal while going through the history of the region. A project like *BiciCano* demonstrates how communities can organize themselves to create an economic and attractive offer, thereby developing their independence while preserving their historical and environmental background. Finally, it publishes a local newspaper (*Raices del Cano*), highlighting news about the canal and regional projects.

The G-8 also allowed some crucial political victories, such as repealing the 2009 amendment that stripped the CLT of certain pieces of land. The community pressure gathered by the CLT and G-8 led to the 2013 amendment and the return of the land to the CLT.

⁶Act No. 489 of September 24 2004, Section 3

⁷Community Economic Development Area of the ENLACE Project

Graph: Overview of KitaBisa Ecosystem



Source: Author's own elaboration

Impact at glance - UN-Habitat World Habitat Award

In 2015, the Cano Martin Pena community land trust (Fideicomiso Martin Pena) was awarded the United Nations World Habitat Award for Community Participation. This Award grants “innovative, outstanding and sometimes revolutionary housing ideas, projects and programmes from across the world”.

This award highlighted the project at the international level and enabled the CLT to secure grants from new funding sources.

In 2017, the CLT won the Dubai International Award for Best Practices, also delivered by UN-Habitat, which recognized the project as a replicable and innovative model.

Success factors



Governmental supervision for a limited time

The legal instrument established by Act No. 489 has been instrumental in the success of the ENLACE project and its CLT. With this piece of law, the government made the ENLACE project independent from any political changes and thus guaranteed its durability. However, the public corporation in charge of the ENLACE project implementation has a 20-year limited lifespan, which is supposed to end in 2029 (most likely 2034, or more). This specific mention was made to ensure that G-8 and the CLT can assume the tasks of the corporation in case Puerto Rico's precarious fiscal situation jeopardizes its funding¹⁰. If the Puerto Rican or the United States government decides to take over the land from the communities, it would have to pay decent compensation to them or the CLT.



Real community side-organization

One of the key success factors of the project is to have designed two distinct organizations with two missions: the CLT, with its juridical personality, is protected from changing administrations and carries the mission of owning the land for the benefit of the communities. Then, the G-8 is supposed to create a space which is designed to strengthen the community's participation in the area, to enable entrepreneurship towards local inhabitants, and to train those who need to be taken on board in the process, especially the youngest citizens.



The power of planification

The academic world can't stop arguing about the absolute necessity to plan the future, especially when it comes to the environment. The ENLACE project is maybe one of the most operational instances of how urban planning, through at least 2 or 3 decades, can preserve both the land and the people who live on it. However, planning has no future without a public-private partnership, as exemplified by the ENLACE project's organization. It highlights the importance of designing the governing process through a juridical document. But mostly, it shows how great the outcome can be when people and stakeholders from different spaces and horizons are set at the table together, allowing them to disagree beforehand.

KEY FIGURES



More than 2000 families

were accompanied by the CLT



Around 80 hectares of

land are owned by the CLT (200 cuerdas de terreno)



253 members of the CLT to date⁸



The public company contributed

to the creation of **41** companies, currently 9 in process. 15 remain active so far.



120 active community leaders in the community



The G-8 edited **23** community newspaper RAICES DEL CAÑO⁹

⁸Updated figures from Fideicomiso de la Tierra's website

⁹Community Economic Development Area of the ENLACE Project

¹⁰UN Habitat, Urban Agenda Platform, Case study, 201

Challenges and Lessons Learned

Prevent gentrification

For the Caño Martín Peña Community Land Trust (CLT) and its partners ENLACE and G-8, preventing gentrification is a constant challenge. The CLT safeguards land from speculation by holding it in collective ownership, but market pressures in San Juan remain strong. Infrastructure improvements and environmental restoration increase land value, attracting outside investors and wealthier residents. Without strict protections, long-term community members could face displacement more frequently than they have in the past. The challenge is to maintain affordable housing, guarantee inheritance rights for families, and ensure that improvements benefit residents rather than pricing them out, all while resisting external political and economic pressures.

Balancing the economic activities

The consortium aims to carefully manage development to prevent it from becoming dominated by tourism. While tourism can generate income and visibility, excessive reliance on it risks transforming the area into a commodified space that serves visitors rather than residents. This could displace local enterprises, raise costs, and erode the community's identity. The challenge is therefore to foster sustainable livelihoods, supporting small, locally owned businesses and services, while allowing some tourism that benefits the community (e.g. BiciCano). This balance ensures that economic growth strengthens residents' resilience instead of undermining their long-term stability.

Self-finance as a goal for the G-8 and the CLT

The anticipated termination of the public corporation in 2029 (although this could be postponed by 5 or 10 years) encourages the other two organizations to diversify their funding sources as quickly as possible and thus rethink their business models.

Indeed, the CLT currently operates thanks to 80% grants (local, federal, especially following IRMA disasters in 2017, and international) and 20% of its income from rents paid on the properties it owns. Moreover, the CLT will have to take on a large part of the public corporation's missions and must therefore develop the relevant skills (which is already helped by certain employees of the public corporation made available to the CLT as an in-kind participation).

Transferability

The success of the institutional framework of ENLACE, CLT, and G-8 inspired other initiatives in Puerto Rico and beyond.

The CLT was specially studied by the John F. Kennedy School of Government at Harvard University. The CLT occidental model was adapted to informal settlements to prevent gentrification and formalize most of the inhabitants' living situation in the area. The case studies explain that this replicable model can help many other informal communities around the world to find their way out of poverty and toward housing safety. The team was invited to present the project in various countries, including Mexico, Peru, Spain, South Africa, and Brazil, as well as in different US states. Three other CLTs were created in Puerto Rico following the Fideicomiso de la Tierra's success.

Case study

Drugs for Neglected Diseases initiative (DNDi): Reclaiming health R&D as a global commons

Primary category

📍 Commons-based Financing

Subcategories

📍 Social Market Infrastructure

📍 Circularity of Capital

Geography

Global

Priority development areas

- SDG3: Good Health & Well-Being
- SDG9: Industry, Innovation & Infrastructure
- SDG16: Peace, Justice & Strong Institutions

Drugs for Neglected Diseases Initiative (DNDi) challenges the patent-driven pharmaceutical model by **treating medicines as public goods and health knowledge as a global commons**. Through public-interest financing and collaborative R&D, it now works with over 180 partners in more than 40 countries, developing treatments for neglected diseases and ensuring community voices guide every stage of research and access.

Background & Context

The global pharmaceutical system has long been marked by imbalance. Of the 1,393 new chemical entities approved between 1975 and 1999, only 1.1% of the 1,393 new drugs developed targeted neglected diseases, despite these illnesses accounting for 12% of the global disease burden¹. This meant that millions of patients suffering from diseases such as Chagas, leishmaniasis, and sleeping sickness faced treatments that were outdated, toxic, or simply unavailable.

In 1999, after being awarded the Nobel Peace Prize, Médecins Sans Frontières (MSF) chose to invest part of the prize funds in exploring alternatives to this failure of innovation. Clinicians within MSF, confronted daily with the absence of effective medicines for their patients, joined forces with public research institutions in Brazil, India, Kenya, Malaysia, and France, together with the WHO's Special Programme for Research and Training in Tropical Diseases (WHO/TDR), to test a not-for-profit model of pharmaceutical R&D.

This effort led to the creation of the Drugs for Neglected Diseases initiative (DNDi) in 2003. Conceived as an “experiment in innovation,” DNDi adopts a virtual, collaborative approach to drug development, treating medicines for neglected diseases as public goods and placing patient needs above commercial returns. From

these beginnings, DNDi has grown into a globally networked organization, now partnering with more than 200 institutions in over 40 countries, with a strong presence in low- and middle-income contexts².

Vision and Mission

DNDi was founded on the conviction that medicines for neglected diseases must be developed as global public goods, and that intellectual property should be managed to guarantee affordability and facilitate generic production, rather than to secure monopolies. This vision is grounded in the universal right to health, enshrined in the Universal Declaration of Human Rights, which requires action across governments, healthcare professionals, and private companies.

DNDi approach is anchored in six principles: being needs-driven, independent, collaborative, and transparent, globally networked, access-oriented, and transformative³. Its mission goes beyond delivering new treatments, as it also aims to build sustainable research capacity in countries where neglected diseases are endemic and to demonstrate that alternative, patient-centered models of pharmaceutical innovation are feasible.

In practice, DNDi operates through partnerships with industry, academia, and independent laboratories to cover development, clinical testing,

¹Trouiller, P., Olliaro, P., Torreele, E., Orbinski, J., Laing, R., & Ford, N. (2002). Drug development for neglected diseases: a deficient market and a public-health policy failure. *The Lancet*, 359(9324), 2188–2194. [https://doi.org/10.1016/S0140-6736\(02\)09096-7](https://doi.org/10.1016/S0140-6736(02)09096-7)

²DNDi. (2023). Annual Report 2022. Drugs for Neglected Diseases initiative. <https://dndi.org/reports/2022-annual-report/>

³DNDi. 15 YEARS OF NEEDS-DRIVEN INNOVATION FOR ACCESS. Key lessons, challenges, and opportunities for the future. Model Report. (2019).

and manufacturing⁴. These collaborations make it possible to deliver new treatments while illustrating that areas abandoned by conventional business models can be revitalized through a collective, public-interest approach to R&D.

How Does it Work?

Intellectual property managed as commons

In DNDi's approach, Intellectual property is managed not to maximize profits but to guarantee affordability, enable generic production, and secure equitable access. Licensing agreements are structured to prevent monopolies and encourage widespread distribution, ensuring that new treatments remain accessible to the patients who need them most. This approach redefines the role of IP from an exclusionary asset to a shared tool serving collective health needs. It also represents a revolution in a sector that is heavily dependent on a patent-based model. The table below summarizes DNDi's principles regarding intellectual property :

DNDi's principles regarding intellectual property⁵

Policy component	DNDi's approach
Mission-driven approach	IP decisions made case by case, prioritizing patient needs, equitable access, and public good over commercial gain.
Public domain preference	Research outputs kept in public domain whenever possible; patenting used only to safeguard access or development.
No reliance on IP revenue	IP is not a funding source; used to enable affordable access and further research.
Acquisition & management	May acquire/manage IP to secure rights, ensure freedom to operate, and negotiate favorable terms; avoids projects where IP blocks access or follow-up research.
Licensing & transfer	Licensing terms must preserve affordability, support ongoing research, and ensure timely application; can be exclusive or limited; DNDi monitors licensee performance.
Community involvement	If IP comes from community work (e.g., traditional medicine), all benefits are shared with that community.

Funding through state and private grants

DNDi relies on a balanced mix of public (58%) and private (42%) funding, with strict safeguards to maintain independence and a focus on the needs of neglected patients. No single donor contributes more than 25% of its budget, preventing dependence on any single funder and protecting DNDi's research agenda from market pressures or restrictive IP practices. The organization also relies on in-kind contributions and collaborative funding from partners; for example, in 2024, it secured EUR 9.5 million in such contributions. In 2018-2028 plan, DNDi claims that it will develop 25 treatments in 25 years for a EUR 612 million investment⁶.

⁴DNDi. Business Plan 2011-2018. Figure 7. p 20

⁵DNDi. 2004. Intellectual Property Policy

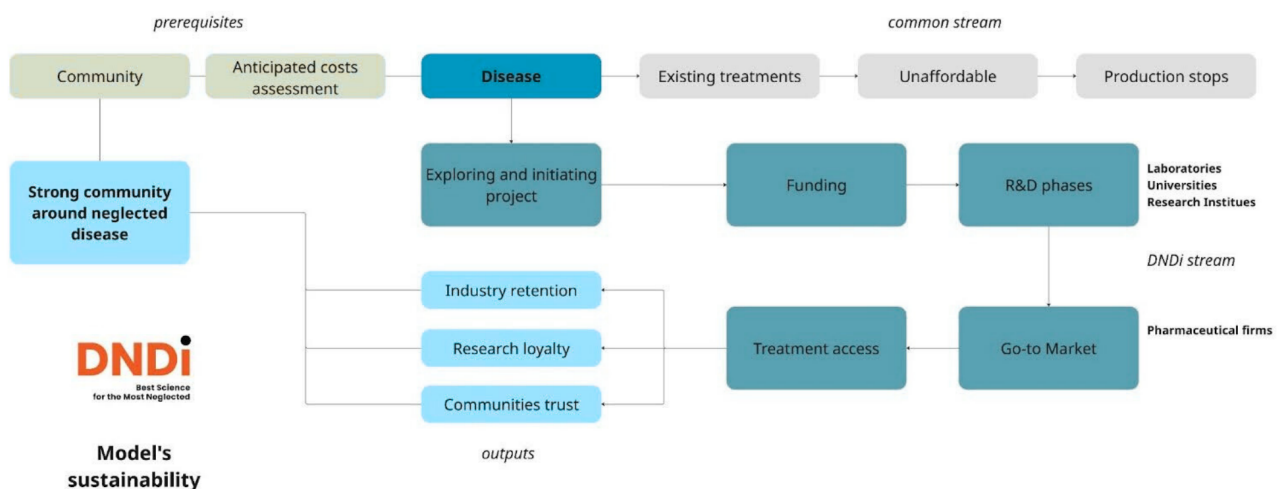
⁶ DNDi. 2021. Strategic Plan 2021-2028

Community engagement as a cornerstone

Community engagement is at the heart of DNDi's operational model, shaping decisions from early drug discovery to treatment delivery. In 2024, DNDi launched regional Community Advisory Committees, starting in India, to ensure that patients and affected communities have a central voice in setting research priorities, designing trials, and developing access strategies. Partnerships with universities, national research institutes, and laboratories across Africa, Asia, and Latin America. This participatory approach ensures that clinical trials are both culturally and ethically appropriate, while embedding community perspectives at every stage of the R&D process, reinforcing public trust, and supporting collaborative local innovation ecosystems.

A key example of DNDi's collaborative doctrine is the creation of disease-specific clinical research platforms, such as the Chagas Clinical Research Platform established in 2009. This network of over 450 members from 150 institutions works to strengthen clinical research capacity, advocate for increased access to diagnosis and treatment, and coordinate research priorities for Chagas disease. The platform has played a pivotal role in mobilizing political commitment, as demonstrated by the "Santa Cruz Letter"⁸ and the establishment of World Chagas Day. This explains the power of advocacy of such a project.

DNDi's operational logic



Source: Author's own elaboration

DNDi's Business plan

DNDi's 2015–2023 Business Plan has introduced a dynamic portfolio approach⁹ enabling DNDi to maintain its core focus on the most neglected diseases (such as human African trypanosomiasis, leishmaniasis, and Chagas disease) while retaining flexibility to address new or urgent health threats like hepatitis C, HIV, and antimicrobial resistance. The plan introduced a structured decision-making process for generating ideas, assessing feasibility, and selecting tailored operational models, ranging DNDi from light advisory roles to full R&D leadership.

⁸Santa Cruz Letter. November 15, 2018. Signed by 95 institutions representing 12 countries

⁹DNDi, Business Plan 2015–2023. Between 2003 and 2015, DNDi raised over EUR 350 million, almost equally split between public and private sources, and its 2015–2023 Business Plan projected a total investment of EUR 650 million to deliver 16–18 new treatments.

Impact at glance - New treatments

The organisation has delivered several breakthrough treatments that have transformed care for some of the neglected diseases. The all-oral treatment for sleeping sickness eliminated the need for painful injections and long hospital stays, therefore improving patient comfort. For visceral leishmaniasis, DNDi developed a therapy that reduces treatment duration, decreases toxicity, and improves outcomes. In pediatric malaria, DNDi introduced child-friendly formulations that simplify dosing and increase compliance.

Enabling factors



A strong advocacy for access to treatment

DNDi places advocacy at the core of its model, ensuring that new medicines do not remain confined to clinical trials but reach patients who need them most. Its efforts helped secure accelerated approval and donations of fexinidazole, the first all-oral treatment for sleeping sickness, making it accessible to remote African communities. DNDi also collaborates with ministries of health and the WHO to embed treatments in national programs, guaranteeing long-term access. Beyond neglected tropical diseases, DNDi's advocacy has contributed to lowering hepatitis C drug prices by promoting generic alternatives, showing its capacity to influence global health markets.



R&D financed by public funds and industry partnerships

DNDi's hybrid funding model combines public investment with industry collaboration to address market failures in neglected disease research. Independence is safeguarded by strict caps on single-donor contributions, while diversified funding broadens resilience. Partnerships such as the EU-backed development of visceral leishmaniasis therapies demonstrate how public funds can de-risk early-stage R&D, while pharmaceutical partners bring manufacturing and distribution capacity. Beyond direct financing, many partners also contribute in kind, through laboratory facilities, scientific expertise, or trial infrastructure, expanding DNDi's reach while keeping costs down.



Innovation through collaborative R&D platforms

DNDi drives innovation by creating collaborative R&D platforms that unite researchers, governments, and health providers in endemic regions. The Leishmaniasis East Africa Platform (LEAP) is a strong example: it brings together institutions from Ethiopia, Kenya, Sudan, and Uganda to conduct clinical trials and adapt

KEY FIGURES



DNDi's Annual expenditure (2024) is around EUR **65.7 million** (including in-kind participations EUR 9.5 million)



DNDi planned to work on **25** treatments, of which 13 have already been delivered



32 active projects, of which 14 in access phase



9 medical areas



221 partner institutions in 47 countries



6,200 researchers clinicians & advocates trained in the community in Africa, Asia, and Latin America



47 peer reviewed scientific papers published (98% open access)

treatments to local realities. This collaboration led to improved combination therapies for visceral leishmaniasis, reducing treatment duration and side effects. By pooling expertise and resources, DNDi ensures that innovations and treatments are fairly accessible and unpatented.

Challenges and Lessons Learned

Building Long-Term Commitments in a Short-Term System

Tackling neglected diseases has meant working against both the slow timelines of drug development and the lack of incentives in traditional pharmaceutical R&D. Developing a treatment can take more than a decade, yet these diseases attract little sustained interest from industry or donors. DNDi therefore concentrated on building durable, multi-actor partnerships, rather than relying on one-off commitments, to ensure continuity across such long cycles.

Anticipating Costs to Secure Continuity

Pharmaceutical R&D is not only uncertain but also highly capital-intensive. To avoid derailment and funding gaps, DNDi developed a forward-looking cost assessment methodology that forecasts required investments over a 10-year horizon. This tool has enabled the organization to mobilize funders early, make a stronger case in advocacy, and prevent projects from stalling due to fragmented financing¹⁰. It has proven particularly critical for diseases such as Chagas, where slow and incremental progress might otherwise deter traditional funders.

Navigating Fragmented Regulatory Systems

Another challenge has been navigating the regulatory patchwork across endemic countries: requirements for clinical trials and approvals vary widely, while health systems are often fragile and under-resourced. To address this, DNDi created disease-specific clinical research platforms that convene regulators, ministries of health, and researchers, helping to harmonize protocols and accelerate approvals. This collaborative infrastructure proved decisive, for instance for the approval of fexinidazole in the Democratic Republic of Congo in 2018, the first all-oral treatment for sleeping sickness, which reached patients faster thanks to coordinated regulatory engagement¹¹.

Transferability

The DNDi model demonstrates that aligning private-sector capabilities with public health goals can overcome market failures that leave critical needs unmet. Its principles of shared risk, transparent governance, and reinvestment into the common good provide a framework that can be adapted to other sectors where innovation is stifled by weak commercial incentives.

For affordable housing, a similar approach could bring together private developers, social enterprises, and public agencies to create sustainable housing projects. Models like social impact bonds or shared equity agreements would allow partners to generate ROI while ensuring long-term affordability and community benefits. A good example of collaboration on this issue is that of CLTs, as described in the Case study on the Martin Pena CLT.

Another promising area is digital education technologies, in which partnerships could focus on developing low-cost learning tools, combining private sector agility with nonprofit expertise and public sector reach. In this area, the best models of sharing are platforms whose data and communities are managed openly and on an open-source basis (e.g., wiki-style platforms, Creative Commons licenses). These examples illustrate how DNDi's collaborative, mission-driven framework, characterized by shared risk, transparent governance, and reinvestment into the common good, can be adapted to drive inclusive innovation. Requirements for implementing these projects include: a resource to be shared, a community willing to commit to maintaining this resource, and rules for managing this resource established by the community.

¹⁰DNDi. 2018. 2018–2023 Business Plan. <https://dndi.org/publications/2018/business-plan-2018-2023/>

¹¹DNDi. 2023. Annual Report 2023. <https://dndi.org/annualreport/2023/>

A smiling man with a beard, wearing a green patterned shirt, stands in front of a green door. The door has several posters on it, including one for the 'Sarafu Network' and another for 'Community Projects'. The background is a textured wall.

Case study

The Sarafu Network : Turning Community-backed Pledges Into Circulating Value

Primary category

📍 People-based Valuation

Subcategories

📍 Commons-based Financing

📍 Circularity of Capital

Geography

Kenya

Priority development areas

- SDG11: Sustainable Cities & Communities
- SDG16: Peace, Justice & Strong Institutions
- SDG9: Industry, Innovation & Infrastructure
- SDG8: Decent Work & Economic Growth

What if you could pay your university fees by promising a few hours of work at the local grocery store? Or secure a home repair loan backed by your neighbor's upcoming tomato harvest? In Kenya's underserved regions, the **Sarafu Network** makes this possible through **Commitment Pooling**, enabling communities to turn their contributions, future labor, and local production into trackable vouchers, **secured by blockchain-secured networks** connecting tens of thousands.

Background & Context

In Kenya, as in much of Africa, lack of access to liquidity remains a core obstacle to economic participation, especially in rural areas, where most of the country's nearly 8 million unbanked adults live. Despite underlying demand, labor, and goods to be traded, limited access to official currency and the formal banking system that supply it restricts people's ability to save, invest, or exchange the everyday value they hold¹.

It was in response to this systemic failure that the Grassroots Economics Foundation, founded in 2010 by development economist William Ruddick, began rethinking how communities could reclaim economic agency. Rather than depending on scarce national currency or external cash transfers, the Foundation worked with marginalized communities to design Community Inclusion Currencies (CICs) - later called Community Asset Vouchers (CAVs), initially introduced as paper-based vouchers acting as promissory notes backed by commitments of future production or services. These vouchers would enable community members and local businesses to trade within closed networks and circulate value even in the absence of national currency, fostering economic resilience from within.

As these networks expanded, some limitations of paper-based systems appeared, being more costly to manage (e.g., printing and distribution), harder to scale, and less able to connect across communities. The Foundation therefore transitioned from physical vouchers to mobile-based digital vouchers (or "tokens"), giving rise to the Sarafu Network², which adopted blockchain technology in 2019³ to enable thousands of users to issue, borrow, and redeem community-backed promises more efficiently, transparently, and securely - all while preserving local control over valuation and exchange principles.

Vision and Mission

At the core of Grassroots Economics Foundation's model lies the belief that communities already possess inherent wealth - whether in the form of labour, skills, goods, or services, but lack a medium of exchange due to centralized money issuance systems. The Foundation seeks to transform how communities access and circulate value by enabling them to issue and manage their own local vouchers, or "tokens," backed by collective pledges against their productive assets. Underpinning this model is the idea that centralizing money issuance has reduced its role to a mere medium of financial exchange and store of value, disconnecting it from its origins in principles of "commitment and reciprocity" that "*drive effective cooperation and collective action*"⁴.

¹FinAccess. (2024). 2024 FinAccess Household Survey: Main report. Central Bank of Kenya. <https://www.centralbank.go.ke/wp-content/uploads/2024/12/2024-FINACCESS-HOUSEHOLD-SURVEY-MAIN-REPORT.pdf>

²Sarafu is the Swahili term for 'currency'.

³A blockchain is a secure, shared digital record of transactions, maintained by a decentralized network of computers. Transactions are recorded into "blocks" that are linked together and can't be changed once added. In a permissioned blockchain, only approved members can join the network and share the data.

⁴Ruddick, W. O. (2025). Grassroots Economics: Reflections & Practice. Grassroots Economics Foundation

Grassroots Economics draws on long-standing cultural practices in Kenya, such as rotational labor (*mweria*), shared stewardship, and reciprocal exchange, traditions that have sustained local ecosystems for generations and whose underlying conventions echo practices that can be found in many community systems around the world. The Sarafu Network translates those ancestral practices into a blockchain-enabled network, allowing different community-based exchange systems to trade with each other assets they mutually value.

How does it work ?

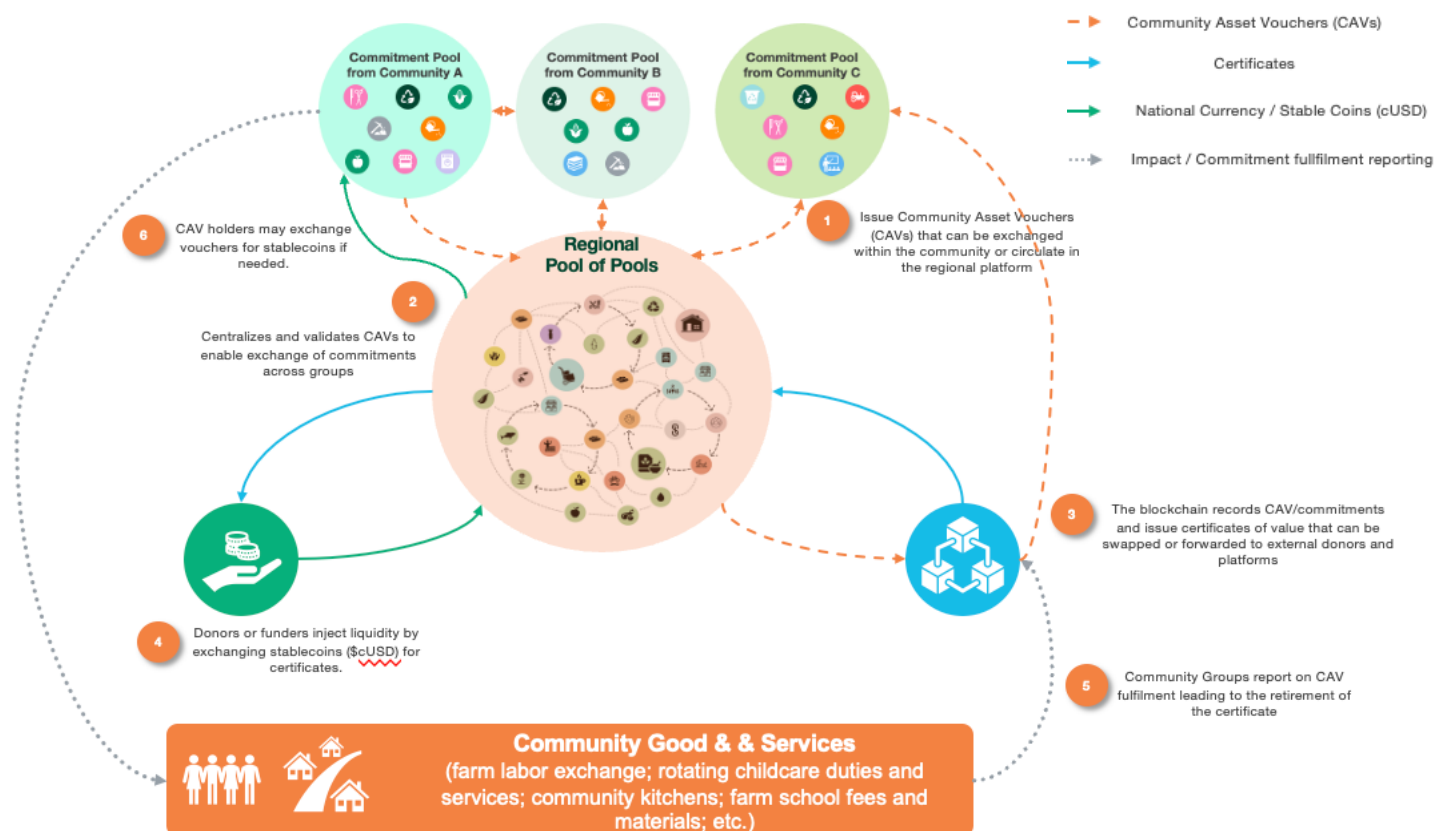
A Credit System Based on Community-Backed Commitments

In the Sarafu Network, the starting point is not money, but a 'commitment', or a future promise from a community member to provide goods or services, such as helping a farmer harvest wheat or corn for a day. Similar to traditional rotational labor systems, Rotating Savings and Credit Associations (ROSCAs), or other mutual credit systems, these individual commitments, called in Sarafu ecosystem "Community Asset

Vouchers" (CAVs), are not traded directly. Instead, they are aggregated into shared "Commitment Pools", acting as a common treasury or community memory representing future production.

These pools form the base for community-backed credit, where communities can define what types of assets they want to contribute and exchange in the pool (asset "curation"), how much can be traded (credit "limitation"), and how assets are valued against each other (asset "valuation"), rather than relying on uniform systems tied to national or «hard» currencies⁵.

Graph N°1: End-to-end Operational Flow of the Sarafu Network



Source: adapted from Grassroots Economics

⁵In Sarafu Network, the value of each token is dynamic and locally defined, emerging through supply, demand, and community consensus, allowing value to reflect factors like time, scarcity, seasonal needs, and social agreements.

Once pooled, Community Asset Vouchers (CAVs) can be borrowed and used by other members to access goods or services within the network, backed by the issuer's original promise. The CAV is eventually redeemed when a member holding the voucher calls on it, with the original issuer expected to deliver the agreed-upon good or service (e.g., harvesting labor, food, or repairs). At this point, the debt is settled, and the CAV returns to the issuer, who can choose to reseed it into the pool or retire it. Rather than functioning as payments in the conventional sense, these redemptions represent the fulfillment of trusted, community-defined commitments.

Sarafu Network merely projects this logic into the digital realm, where CAVs are represented by digital tokens that represent a promise of future value - such as a bag of maize, a day's labor, or carpentry work. Community members access the system via mobile phones using secure PINs, enabling direct participation without intermediaries.

Blockchain Technology as a Tool to Scale Trust-Based Local Economies

While traditional systems were built on proximity and peer-enforced trust, how can such trust-based ecosystems scale to large, dispersed groups where people may never meet? The Sarafu Network doesn't replace interpersonal trust with technology, but uses blockchain as a tool to protect and extend it, enabling different trust-based communities to interact and trade with one another. Blockchain, in this context, functions like a digital community notebook: it records who owes what, what has been traded, and what commitments have been made. But unlike a physical registry, it is accessible to all, tamper-proof, and updated in real time.

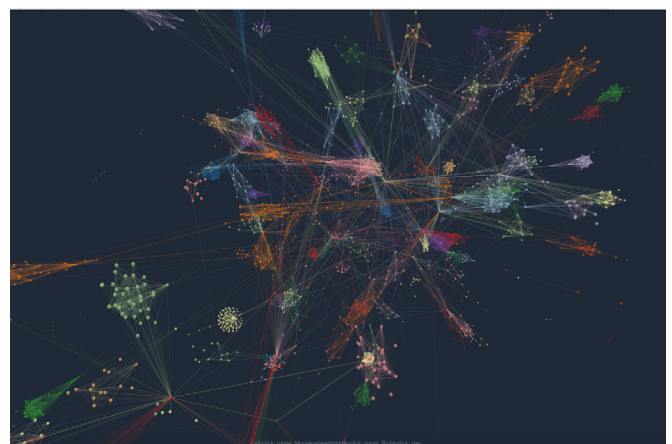
To interact with one another, communities can either use network-level tokens acting as a reserve and "bridge asset" across pools and their vouchers, or issue a local Commitment Pool. Local tokens are approved for swapping against other tokens in the pools ensuring interoperability. This means, for instance, that a community health group in Nairobi could use its local token to source vegetables from a farming cooperative in Kilifi, with the network of pools and vouchers

facilitating the exchange between two otherwise separate community economies.

While technology isn't strictly necessary to enable such ecosystems, blockchain brings four key advantages to the Sarafu Network. First, it ensures network-wide transparency, providing real-time monitoring of all commitments and transactions linked to publicly available data [see Graph 2]. Second, it strengthens security and privacy by recording transactions immutably on a decentralized ledger, while enabling users to manage their commitments securely via mobile phones. Third, it enables auditable and programmable governance through smart contracts, self-executing digital agreements that define and enforce rules on participation, token circulation, expiration, and consequences for non-compliance. Finally, it enhances interoperability and risk mitigation by allowing community tokens to interact via shared protocols, while a multi-collateral design spreads risk and supports liquidity across the network, even when individual tokens come under strain. If one node or pool fails, the rest of the network continues to function seamlessly.

*"Decentralized ledgers have provided us with what can be called an agreement space, or "consensus layer, which includes a memory system, authentication, and verifiable execution of agreements."*⁶

Graph N°2: Visualisation of Sarafu Network Transactions across and within Pools



Source: Sarafu Network Website (<https://viz.sarafu.network/>).

⁶Ruddick, W. O. (2025). Grassroots Economics: Reflections & Practice. Grassroots Economics Foundation.

Impact at glance

- ◆ In 2025, 95% of users surveyed said Sarafu was vital to household economy and 78% said Sarafu enabled purchases they couldn't otherwise make⁷
- ◆ 84% report income gains from participation and 74% said it helped them increase savings in Kenyan Shillings
- ◆ Since 2023, Sarafu Network has supported the formation of 55 commitment pools and 561 unique vouchers, facilitating more than 250,000 peer-to-peer transactions between 4476 users

Enabling factors & Lesson Learned



Building on existing trusted social structures

Sarafu didn't invent new practices, but built on ancestral traditions and existing social structures like *chamas* (local savings groups), which often serve as trusted intermediaries to steward commitment pools or issue vouchers on behalf of community members. These groups offer natural entry points for circulation and coordination, grounding the system in familiar, resilient community dynamics.



Community stewardship before technology

Sarafu's success relies not on advanced tools, but on local ownership, trust, and clarity. The Grassroots Economics Foundation recognizes that not all practices need to be digitized. While blockchain and mobile apps can enhance the recording, pooling, and widen the exchange network, not all communities need to manage digital infrastructure. For smaller pools, paper-based ledgers and communal record-keeping can be just as effective. What matters is community control rather than technological sophistication.



User-first approach

Sarafu prioritizes accessibility and usability, continually refining the user experience through mobile-friendly interfaces, QR codes, local agents to facilitate online-offline conversion, and simplified transaction processes. Communities are empowered to choose the tools that best suit their needs—whether high-tech or low-tech—without compromising functionality or inclusion.

⁷Grassroots Economics Foundation. (2025). Sarafu Network Survey. Community Impact Report. July 2025. <https://grassecon.substack.com/p/2025-sarafu-network-study-results?/>

Challenges and Lessons Learned

One of the main barriers to scaling Sarafu is the difficulty of onboarding (converting fiat currency into crypto) and offboarding (cashing crypto out into fiat currency), which often involve high fees - sometimes up to 5%, charged by intermediaries, making participation prohibitively expensive for many users, especially in low-income communities. Although some crypto-native capital has been successfully endowed and lent within the network to trusted service providers, and a few family offices have experimented with pooling funds across their grantees to create internal lending mechanisms, these remain localized experiments that are difficult to scale. Unlocking scalability lies in building more accessible financial bridges, such as partnering with banks or regulated financial institutions that can offer affordable, seamless fiat-crypto conversion, and introducing competition among intermediaries to reduce fees and make digital currencies truly accessible at the community level. According to Will Ruddick,

“There is a big opportunity for banks to become major nodes in these commitment pooling networks, and rightfully benefit from those activities. They don't have to do it all themselves ; it's about investing liquidity in spaces where different types of local debts and assets can be exchanged”

Another caution is that while Sarafu's promise lies in translating centralized financial systems through decentralized technologies, such platforms can still become recentralized and extractive. This highlights the importance of tech sovereignty, or the capacity of communities to shape and govern the technologies they depend on. Features like demurrage, which reduce the value of hoarded tokens over time, help keep value circulating and prevent accumulation by a few. But lasting equity also requires training local stewards to operate, adapt, and protect the system from capture.

Transferability

Beyond Kenya's informal settlements, the Sarafu Network has proven highly transferable, with communities spanning urban slums, rural cooperatives, and conservation groups have adopted its model across multiple African countries. In USA, Ukraine, Italy, Uganda, Cameroon and South Africa, local cooperatives have replicated Sarafu-style vouchers and commitment pools with support from Grassroots Economics⁸. Ecosystem restoration projects in Kenya now also issue environmental vouchers in Sarafu's commitment pools to reward participants planting trees, regenerating biomass, and stewarding common landscapes. This illustrates how the system can support non-monetary contributions by turning promised commitments into verified, tradeable value. Its open-source and modular design means any community can define their own asset-backed pledge system, whether for health, ecology, or social care, and launch their own token network without requiring legacy financial systems.

“Let people collateralize their own debt with labour. That is real solidarity”

⁸<https://treasuryxl.com/blog/sarafu-crypto-currency-for-rural-communities/>



Case study

Plastic Bank : Integrating Informal Waste Work into Circular Economy Valuation Systems

Primary category

📍 People-based Valuation

Subcategories

📍 Participatory Financing

📍 Inclusive Financial Intermediation

Geography

Multi-country
(Brazil, Cameroon, Egypt, Indonesia,
The Philippines, Thailand)

Priority development areas

- SDG13: Climate Action
- SDG1: No Poverty

Across much of the Global South, informal workers collect most of the plastic that is recycled, yet their labour remains invisible and undervalued. **Plastic Bank** attempts to reverse this imbalance, creating a system where discarded plastic generates both income and social benefits for waste pickers while entering global markets as “**Social Plastic**.”

Background & Context

Each year, an estimated 11 million tonnes of plastic leak into the oceans, a figure projected to nearly triple by 2040 without significant intervention¹. But plastic pollution is not only an environmental crisis; it is also a profound social one. In many developing countries, the backbone of waste management systems is provided not by municipalities or contracted service providers, but by the informal sector, which accounts for 80–90% of waste collection and recycling primarily in the Global South². Globally, this means nearly 20 million people make their living as waste pickers. Yet, this livelihood remains precarious, poorly paid, and largely excluded from labour protections, social security schemes and stable incomes.

Despite their indispensable role in reducing pollution and sustaining local circular economies, waste pickers remain invisible in most policy frameworks and undervalued in corporate supply chains. This paradox means that some of the world’s most marginalised workers deliver essential environmental services, yet the economic value of their contribution is neither recognised nor compensated. Regular collection programmes and CSR initiatives have done little to change this reality, often being short-term, donor-dependent, and fragmented, unable to provide lasting economic security.

It is against this backdrop that Plastic Bank, a Canadian-based social enterprise, was founded in 2013. Conceived at a time of mounting global concern over ocean plastic, it sought to shift the perception of waste from a budgetary burden to a traceable and tradeable asset. Beyond providing cash payments, the model was designed to enable waste pickers to access social benefits ranging from health insurance to grocery vouchers. Leveraging blockchain technology, Plastic Bank created a token system to directly reward waste pickers for their contributions. Its first operations began in the Philippines, a country responsible for over 30% of the plastic waste entering the world’s oceans.

Vision and Mission

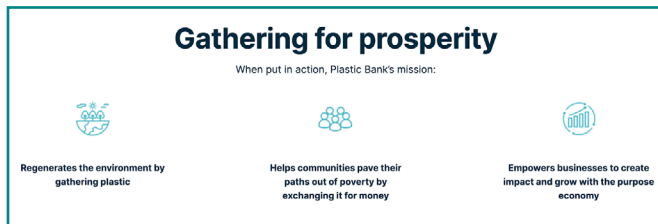
Plastic Bank’s mission is to revalue what conventional markets overlook: plastic waste and the informal work that collects and recycles it. The enterprise transforms discarded plastic into a tradeable asset that generates income and social benefits for vulnerable communities, while reducing the flow of waste into oceans and waterways.

This approach is not limited to recycling; it seeks to reconfigure how value is created and shared in a circular economy, ensuring that benefits reach both people and ecosystems. Under the mantra “Business for Good,” Plastic Bank applies familiar economic mechanisms to a collective challenge,

¹United Nations Environment Programme (UNEP). 2022. Turning off the Tap: How the world can end plastic pollution and create a circular economy. Nairobi: UNEP. <https://www.unep.org/resources/turning-off-tap>

²International Labour Organization (ILO). (2018). World Employment and Social Outlook 2018: Greening with Jobs. Geneva: ILO. https://www.ilo.org/global/publications/books/WCMS_628654/lang-en/index.htm ; Women in Informal Employment: Globalizing and Organizing (WIEGO). (2020). Waste Pickers in the Informal Economy. Manchester: WIEGO. <https://www.wiego.org/informal-economy/occupational-groups/waste-pickers>

aligning environmental protection with livelihood security.



Plastic Bank's model is showcased on the official website as above³.

How Does it Work?

Plastic Bank operates through a model that turns discarded plastic into Social Plastic, a traceable commodity reintroduced into global supply chains and marketed to corporations seeking to reduce or offset their plastic footprint, using blockchain technology to ensure traceability and transparency. The model is built around three interconnected pillars:

Partnering with local collection networks

Plastic Bank establishes collection branches within 50 kilometers of coastlines and waterways, where the risk of plastic leakage into the ocean is highest. These branches are typically managed in partnership with NGOs, municipalities, or local entrepreneurs. Community members bring in discarded plastic, which is weighed, recorded, and then prepared for recycling.

Collected plastic is exchanged at branches for income and a portfolio of social benefits adapted to local contexts. Depending on the country, these benefits may include health and life insurance, grocery or meal vouchers, school supplies, digital connectivity, or access to zero-interest loans. Blockchain-secured rewarding system

This plastic-for-value exchange is managed through the Plastic Bank app. The app records every transaction on a blockchain-secured platform, ensuring traceability, preventing fraud, and verifying the social and environmental impact of each kilogram collected. For waste pickers, it

guarantees secure and timely payments while creating a digital financial history that can unlock pathways to savings, microloans, or other financial services.

For waste pickers, it provides secure and timely payments while simultaneously building a digital financial history that can open access to savings, microloans, and other financial services. In contexts where many lack formal identity documents⁴, the blockchain-based system also offers a secure way to store personal data and reduce transaction costs, creating new opportunities for financial inclusion among underserved populations.

Market integration and corporate partnerships

Collected material is recycled into Social Plastic® and integrated by companies into their packaging or products, creating a closed loop between local communities and global markets. For corporations, this provides not only a tangible way to reduce their plastic footprint but also a verifiable impact story for CSR and sustainability commitments, aligned with Extended Producer Responsibility (EPR) principles⁵. To maintain credibility, Plastic Bank works with third-party auditors and certification agencies. Beyond recycled plastic sales, the organization has also developed financial products enabling businesses and individuals to invest in offsetting their plastic or carbon footprint.

Extended Producer Responsibility (EPR) is a policy approach that makes producers responsible, financially or physically, for the collection and recycling of the products and packaging they put on the market. EPR concepts and policies varies from a legal system to another:

In **Europe**, EPR is highly regulated: the EU Packaging Waste Regulation forces companies to fund national recycling schemes and meet strict recycling targets (e.g. France's CITEO system with «eco-organisms»).

In **Asia**, EPR frameworks are newer and vary widely: for example, the **Philippines EPR Act**

³<https://plasticbank.com/about/>

⁴The International Institute for Sustainable Development. 2019. Report on Impact Tokens and Good Practices

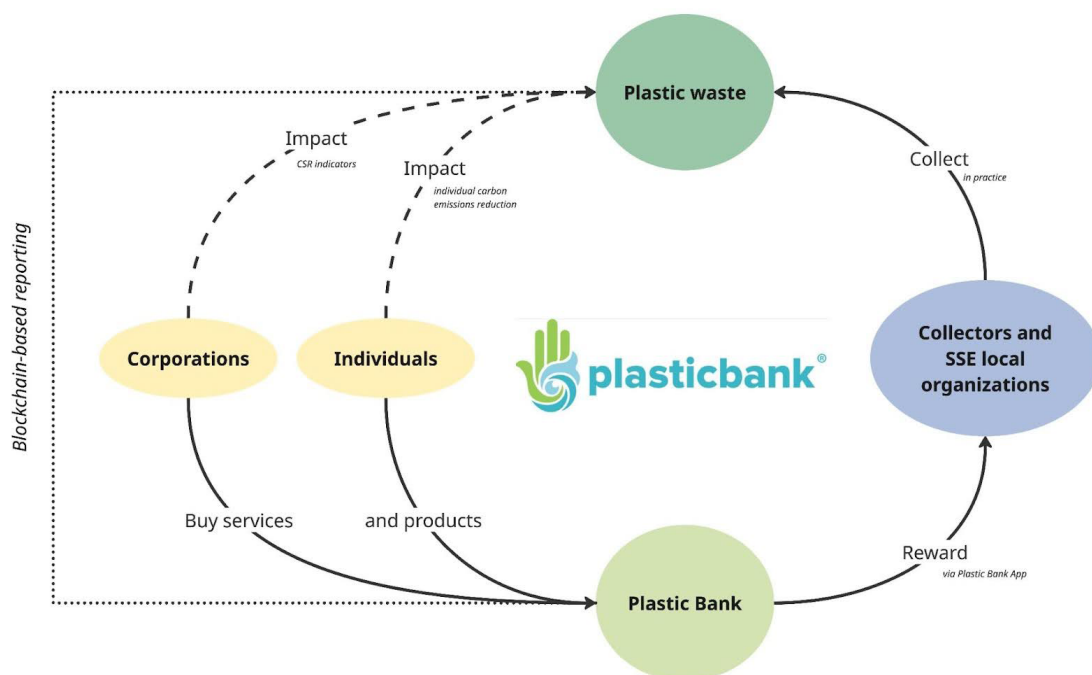
⁵ Plastic Bank. 2024. Annual Report

(2022) requires companies to recover 80% of their plastic packaging by 2028, while in countries like **Indonesia**, compliance is still voluntary and enforcement weaker, often relying on partnerships with NGOs and informal waste collectors (aim to recover 30% of their plastic packaging by 2029).⁶

Anyone can contribute by subscribing to Plastic Bank's Impact Membership, which offsets their plastic footprint by directly funding the collection of ocean-bound plastic through local communities.

Another way is by choosing products made with plastic collected by Plastic Bank collectors. They are made with remanufactured materials integrated into packaging by partner brands, ensuring that each purchase supports both recycling and community livelihoods.

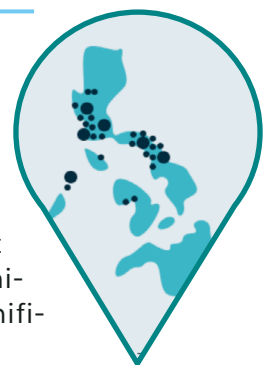
Plastic Bank circular finance model



Source: adapted from Grassroots Economics

Impact at glance⁷

Plastic Bank is establishing plastic collection branches in each of the countries where it operates (Indonesia, the Philippines, Brazil, Egypt, Thailand, and Cameroon), with six networks currently active. Each network is composed of multiple collection communities, which bring together individual collectors, organizations that recover and process plastic, local sponsors, and community-based groups. In the Philippines alone, more than 700 collection communities are active and contribute significantly to Plastic Bank's impact.



⁶Regulation (EU) 2025/40 of the European Parliament and of the Council of 19 December 2024 on packaging and packaging waste./Extended Producer Responsibility Act of 2022. Republic of Philippines. (2022)./Extended producer responsibility guideline on plastic products and packaging for industries in Indonesia. Plastic Smart Cities. (2022).

⁷Plastic Bank website

Success factors



Responding to the need to assess and enhance corporate impact

First, it has tapped into a growing demand from companies to prove that they are not only reducing their footprint but also creating real value for society. Today, brands need more than glossy sustainability reports; they need traceable, verifiable proof of impact. Plastic Bank's blockchain platform provides partners with transparent data they can confidently share with stakeholders and consumers.

This mechanism also ensures the financing of the collector reward system. Without investment from private companies, Plastic Bank would not be able to generate profits to reinvest in its economic activities. This cycle is the organization's main innovation, allowing it to sidestep the need for public funding—a common requirement for projects of this nature.

Finally, alignment with the UN Sustainable Development Goals (SDGs) has given Plastic Bank a clear global framework that is reliable for companies.



Engaged field teams

Trust and fairness are at the heart of the model. Collectors know they will be paid reliably and receive benefits that genuinely improve their lives. This builds strong engagement at the community level, which in turn strengthens the entire supply chain. Without this foundation of trust, the model of rewarding collectors could not work.

In the Philippines in particular, Plastic Bank has built partnerships that bridge local and global needs. On the ground, it works with NGOs and municipalities to establish branches and support communities. Their work also helps sustain grassroots partnerships with cooperatives and churches to keep people engaged in collecting plastic waste. Moreover, Plastic Bank's field teams work to improve the situation of collectors, advocating for greater recognition of their rights. By carefully monitoring transactions, providing accurate reporting, and fostering trust within local communities, these teams safeguard the fairness and inclusivity of the recycling ecosystem.

KEY FIGURES



In 2024, **43,501,619 kg** of plastic were collected globally, equivalent to 2.17 billion bottles (among 8.32 billion collected since PB creation)



30,251 waste pickers are involved in

Plastic Bank's collection system across six countries (Philippines, Indonesia, Brazil, Egypt, Thailand, Cameroon)



In 2024, Plastic Bank paid **USD 2,184,587** as

bonuses to its waste collectors community



Plastic Bank created social programs (including financial inclusion & tools of trade programs) for the benefit of **21,819** individuals (food & nutrition: 71%, health & safety: 24%, education: 5%).⁸

⁸Plastic Bank Annual Repopr. (2024).

Challenges and Lessons Learned

Like many innovative models, Plastic Bank has faced challenges along the way.



Enhance digital inclusion and collectors' trust

Digital access remains one of the most pressing issues. Not all collectors own smartphones or have stable internet access, and some struggle with literacy. This makes it harder for them to use the app and fully benefit from digital payments. In response, Plastic Bank has introduced training programs and experimented with voice messages and visual content to make the system more inclusive. Maintaining trust is another constant challenge. Collectors depend on timely payments and benefits, and any delays can quickly erode confidence in the system. To address this, the organization has worked on improving payment processes and introducing system upgrades to make transactions faster and more reliable.



Expand into new countries while improving the reliability of digital tools

Scaling into new countries requires careful preparation. Each context is different, and success depends on finding the right local partners, setting up reliable waste management infrastructure, and ensuring compliance with ethical and environmental standards. Plastic Bank has learned to pilot carefully before rolling out larger operations.

Finally, one of the biggest lessons is that technology alone is not enough. While blockchain brings transparency, the human side, listening to communities, adapting to their realities, and ensuring inclusivity, is what makes the model truly work. The journey of Plastic Bank shows that solving global problems like plastic pollution requires not just innovation and partnerships, but also empathy, patience, and a deep commitment to dignity and fairness.



Market volatility in recycled plastic pricing

Market volatility in recycled plastic pricing poses a significant challenge to ensuring stable and fair livelihoods for collectors and communities engaged with Plastic Bank. Many factors are taken into account for price assessment: fluctuating global demand, shifting oil prices, and changes in local recycling markets directly impact the value of collected materials, creating uncertainty for those who depend on recycling as a source of income. In the Philippines, where many families rely on consistent earnings from plastic recovery, such instability can threaten both financial security and community trust. Plastic Bank field teams work to reduce these effects by establishing transparent pricing mechanisms and supporting inclusive supply chains that prioritize people over profit.

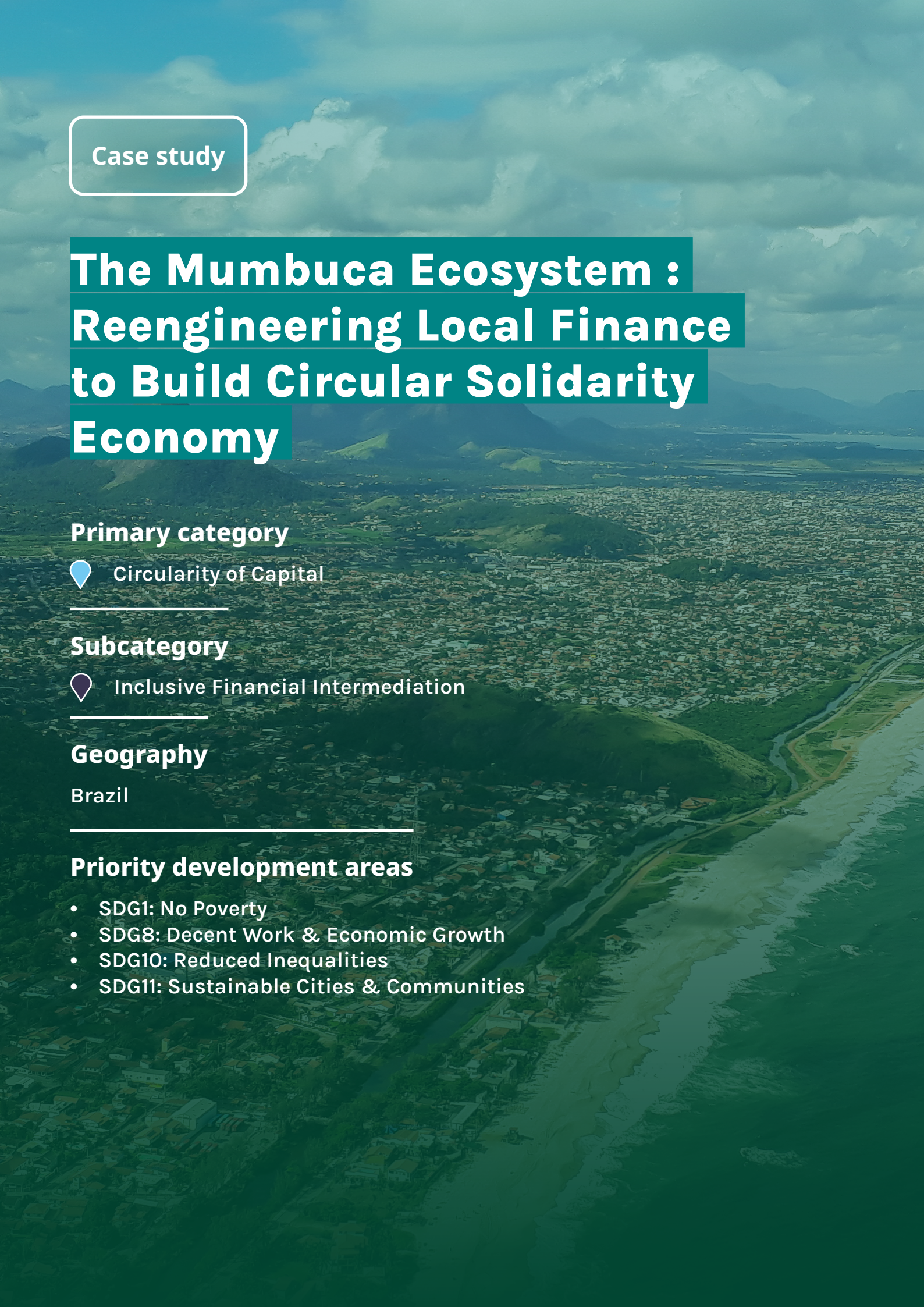
Transferability

The potential for replicability of the Plastic Bank project is worth mentioning for three reasons:

- ◆ First, the project is based on a technological product (Plastic Bank App and associated blockchain tech) that is accessible to a large number of people (taking into account the current level of global digitalization, even if digital inclusion still needs to be worked on). Digital language is standard, as evident in social media and banking apps. The tool developed by Plastic Bank uses the codes of these digital tools and adapts them to an activity that has a significant environmental impact
- ◆ Next, PB shows us that despite the development of a digital tool, a presence on the ground is an essential factor in the activity. Indeed, without the loyalty and mobilization of local actors, collectors could not reach them, and the plastic collected could not enter PB's processing field to be collected and recycled. The strength of the project lies in combining a global development activity via a digital tool with strong potential for replication (with translation and adaptation resources) and a local development activity to adapt to the realities on the ground, which vary depending on the country and region (specific legislation, grassroots organizations involved, etc.);
- ◆ Finally, Plastic Bank's economic model allows us to imagine other financial activities related to assets or resources that are important for the planet and for humanity (wood, water, oil, gas, textile waste, and even foodstuffs). These economic activities can be supported by the commercial sector, which has a dual interest in investing: maintaining a resource it needs to function (i) and reducing its carbon footprint (ii). The Plastic Bank model reinvents **extended producer responsibility**⁹ by making producers active participants in a responsible supply chain. This is because they have an interest that goes beyond their obligation to meet specific legal standards or to obtain some certifications or labels.



⁹Plastic Bank Annual Report. (2024).



Case study

The Mumbuca Ecosystem : Reengineering Local Finance to Build Circular Solidarity Economy

Primary category

 Circularity of Capital

Subcategory

 Inclusive Financial Intermediation

Geography

Brazil

Priority development areas

- SDG1: No Poverty
- SDG8: Decent Work & Economic Growth
- SDG10: Reduced Inequalities
- SDG11: Sustainable Cities & Communities

Over the past 15 years, Maricá, a city of 200,000 inhabitants in Brazil, has reshaped a local economy grounded in equity and solidarity, powered by a pioneering **Community Development Bank (CDB)** that today administers **Latin America's largest basic income program**. At its core: a social digital currency embedded in a circular ecosystem that reinvest and retain public wealth into community well-being and local development.

Background & Context

Maricá, a coastal municipality on the outskirts of Rio de Janeiro, has long served as a commuter town, with its residents earning income in neighboring urban centers of Rio and Niterói, but spending much of it outside the local economy. This persistent economic leakage, combined with limited employment and investment opportunities, has for long constrained Maricá's potential for self-sustaining development.

That began to change in 2013, when Maricá started receiving revenue from offshore oil production, thanks to its coastline being located near reserves that account for 60% of Brazil's national output¹. Rather than treating this windfall as a source of short-term income, the municipal government has developed a long-term and integrated development strategy aimed at redistributing oil wealth locally, including targeted cash transfers to poorest households and expansion of public services.

However, the city recognized that structural change required more than social safety net programs and investment in public services. Without mechanisms to retain and circulate financial, social, and economic capital locally, the "leakage" will persist without long-term gains for local development. To address this, the municipal government designed a pioneering program, formalised through the enactment of a Solidarity Economy Law in 2013 which introduced a digital local currency, the *mumbuca*, named after a small river that crosses the town's center. The

mumbuca would be distributed through direct transfers, including a basic income program and other public stipends financed by revenue from oil but denominated in this currency that would only be accepted in local establishments.

Vision and mission

The vision behind Maricá's initiative was rooted in a long-standing ambition of the municipal government to build a more egalitarian and self-reliant society. This vision included guaranteeing universal access to a basic income, but also aimed to embed income support within a broader local development model that valued collective assets, local solidarity, and community-based public goods. Rather than allowing resources to flow outward, the program sought to stimulate a localized multiplier effect, channeling spending into local businesses and fostering a shared sense of belonging around territorial "commons" and inclusive economic development.

Maricá's approach did not emerge in a vacuum. It was shaped by decades of Brazilian experience with both solidarity-based policies and community banking. In 2004, Brazil became the first country to implement a nationwide conditional cash transfer program, called Bolsa Família, which by 2013 had already demonstrated its impact in reducing poverty and inequality [see box page 52]. Equally important was Brazil's tradition of community development banking (CDB), which emerged in the late 1990s to support marginalized populations, often through microcredit and local currencies². This inspired Maricá's local

¹Maricá is the country's largest recipient of royalties from hydrocarbon production, effectively getting billions of reais from the different legal arrangements that distribute the nation's commodity wealth.

²Brazil has a well-established tradition of community development banking, with over 160 such banks created since the late 1990s. These community-led, self-managed institutions, often operating in marginalized urban and rural areas, aim to democratize access to credit, encourage entrepreneurship, and promote economic solidarity

government to establish a city-owned CDB, Banco Mumbuca, as a platform for distributing its digital social currency³. Yet Maricá went further: it institutionalized both the community bank and the basic income program by recognizing them in the local legislation, ensuring not only public ownership and long-term sustainability, but also enabled the emergence of a closed-loop, circular economy at the municipal level.

Bolsa Família : the world's largest conditional cash transfer program

Launched in 2004 under President Lula, Bolsa Família unified several fragmented social programs into a single national initiative to address chronic poverty in Brazil by providing direct small conditional cash transfers to qualifying low-income families, conditional on compliance with basic health and education health checkups and children's school attendance.

With early support from both the Brazilian government and the World Bank, the program began with 6 million beneficiaries and was gradually expanded to reach a peak of over 20 million families by 2023 (19% of all Brazilian households), with around 70% of the program's resources reaching the poorest 20% of the population⁴ - establishing Bolsa Família as the largest conditional cash transfer program ever implemented worldwide.

While the broader macroeconomic effects of cash transfer programs continue to be debated, numerous studies on Bolsa Família have highlighted its wider economic impact, including on job creation, greater use of financial services, and higher tax revenues. Some economists have recently estimated that each dollar distributed through the Bolsa Família program generated approximately \$1.50 in local economic activity⁵. Additional research has also identified indirect benefits in health, education, and nutrition outcomes.

How Does it Work?

Starting with a cash transfer program tied to a local currency system, Maricá has progressively refined its financing model into a more sophisticated, self-sustaining, and circular approach, increasingly incorporating a broader range of citizens and initiatives.

A Local Currency Model for Territorial Redistribution and Economic Anchoring

To implement the Basic Citizenship Income Program (RBC, Renda Básica de Cidadania in Portuguese), the local government established provisions that enabled the creation of Banco Mumbuca, a community development bank with its own governance structure, serving as the delivery mechanism for a local basic income scheme.

Each eligible individual in low-income households receives a monthly transfer of 200 Mumbuca (≈ US\$79, close to the poverty threshold⁶), credited into a Benefit Account at Banco Mumbuca. This account includes access to a digital debit card and, since 2017, has been integrated with the E-Dinheiro platform⁷, which expanded the account's functionality to include payments, transfers, bill settlements, mobile top-ups, and small loans at low transaction fees. Eligibility is based on residency (minimum

³The Bank and the digital currency are co-managed with the civil society organization Instituto Banco Palmas through a service agreement with the municipality, which enables income-transfer policies to be implemented through the local digital currency while preserving their community-led character.

⁴De Souza, P. H. G. F., R. Osorio, L. H. Paiva, and S. Soares. S. (2019). "Os Efeitos do Programa Bolsa Família sobre a Pobreza e a Desigualdade: Um Balanço dos Primeiros Quinze Anos." Texto para Discussão, No. 2499. Rio de Janeiro: Instituto de Pesquisa Econômica Aplicada

⁵Gerard F., Naritomi J., Silva J. (2024). Cash Transfers and the Local Economy: Evidence from Brazil. Tax Dex Working Paper, Institute for Fiscal Studies. <https://www.taxdev.org/research-publications/cash-transfers-and-local-economy-evidence-brazil>

⁶The amount has been recalibrated several times, temporarily rising to 300 during the COVID-19 pandemic.

⁷In 2018, the Mumbuca Bank joined the Edinheiro digital banking platform, allowing since then Maricá residents with an account to use the local currency also via mobile app.

three years in Maricá), income (below three minimum wages), and enrollment in the national social registry (*Cadastro Único*). The Mumbuca currency is pegged one-to-one with the Brazilian but cannot be withdrawn as cash by recipients, though it can be exchanged for reais by registered businesses.

Over time, additional mumbuca-denominated welfare programs were added, such as *Auxílio Cuidar*, providing monthly stipends to caregivers of people with disabilities; *Jovem Solidário* (Youth Solidarity Grant) for vulnerable youth; or the Workers' Support Program (PAT) to provide emergency support during the COVID-19 pandemic for informal workers and microentrepreneurs previously outside the RBC framework. Banco Mumbuca staff and some municipal employees also receive part or all of their wages in Mumbuca, therefore injecting additional liquidity into the local economy.

Towards a City-Wide Mumbuca Economy

Over the years, the Bank has expanded its products and banking services to serve a growing number of beneficiaries and to reach market segments beyond low-income households, while always maintaining a logic of solidarity and circularity.

Alongside Benefit Accounts exclusively for RBC-beneficiaries, the bank introduced Prepaid Digital Accounts available to any Maricá resident, regardless of eligibility for social benefits⁸, and a third type of account is tailored for business use, enabling enterprises to participate in the Mumbuca economy. Residents can hold multiple accounts depending on their roles and needs (e.g., one for social benefits, one for personal spending, and one for business operations⁹), but only business and individual account holders can exchange mumbucas among themselves and convert mumbucas into reais. The more residents who receive and use Mumbuca, the more businesses are incentivized to accept it, creating a positive feedback loop that expands both its utility and reach.

The bank also developed a range of microcredit lines also denominated in mumbuca, tailored to both individuals and small solidarity-based businesses. Individual loans are designed for specific household needs (e.g., home renovations, furniture or appliance purchases, and debt consolidation), while business lines support working capital, equipment, or small business expansion¹⁰. Notably, access to these credit lines requires

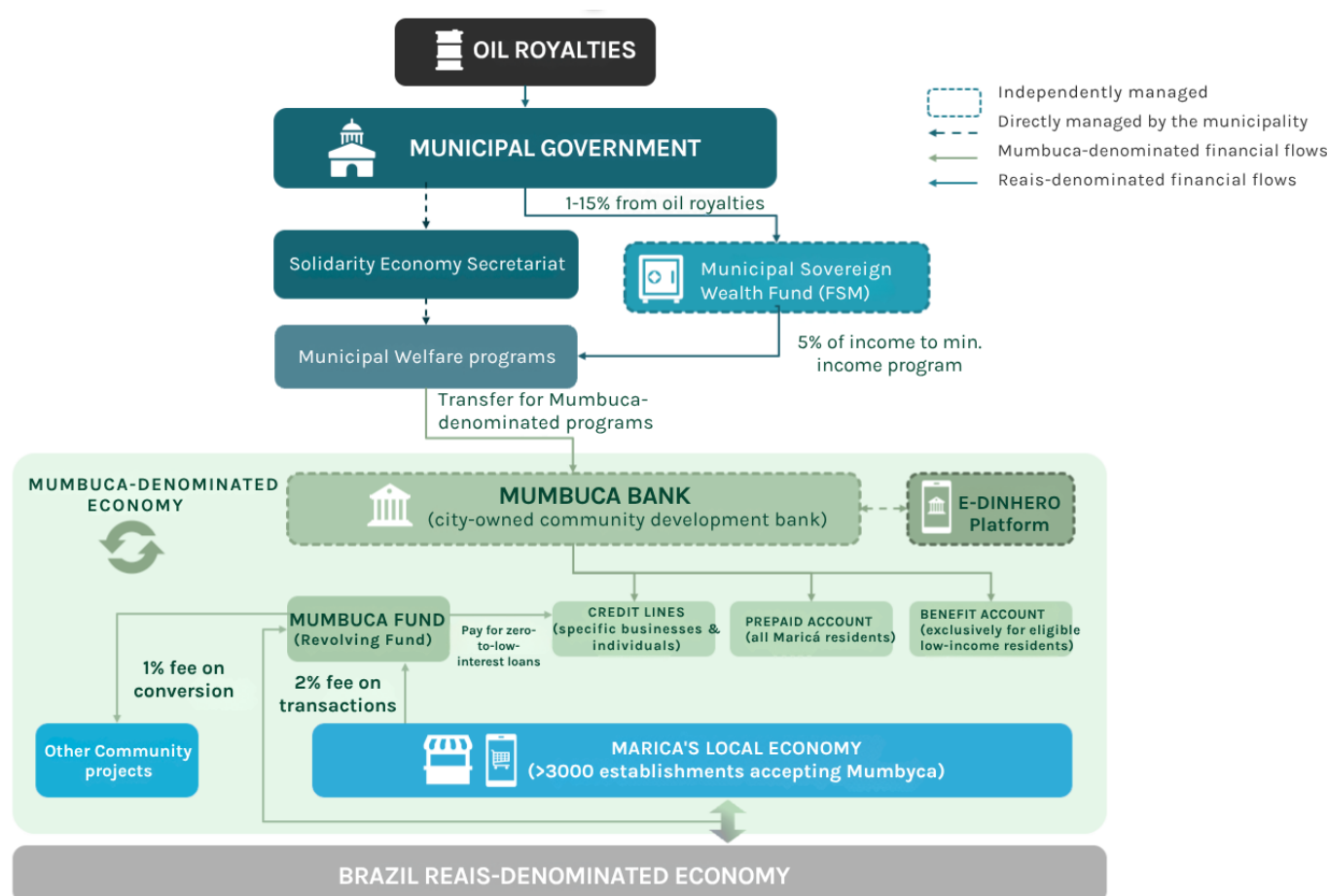
⁸Many of these users joined through the PAT program, but others include Mumbuca Bank employees, municipal staff who receive bonuses in Mumbuca, microcredit recipients, and residents who voluntarily enrol to support the local economy.

⁹Many Maricá residents have more than one account. Those who receive both the Citizens' Basic Income and the Workers Support Program have one account for each benefit. Business owners can have a separate account for their businesses and their own cash-transfer benefits.

¹⁰Individual microloans can go up to US\$300 per individual, while amounts for business lines range between US\$300 and US\$1,300.

applicants to form ‘solidarity groups’ of 3 to 10 members who jointly guarantee one another’s loans. This collective guarantee mechanism not only expands credit access for traditionally underserved populations, but also fosters community trust and mutual accountability - core principles that set Banco Mumbuca apart from many other community banking models in Brazil.

Graph: Value Flows in Maricá’s Mumbuca-Based Economy



Source: Author's own elaboration.

Building Self-Sustaining Local Currency Model

The expansion of the Mumbuca economy is anchored in a model of circular reinvestment. While the RBC and other programs are primarily funded by Maricá's share of oil royalties, the system has gradually incorporated several self-financing mechanisms to support long-term sustainability. Every transaction between businesses and individual accounts incurs a 2% fee, which feeds into a revolving fund (the Mumbuca Bank Fund) used to finance zero- to low-interest microcredit lines and support community initiatives such as vocational training, sports scholarships, and arts programs. Loan repayments, along with transaction and conversion fees (1% for certain users converting Mumbuca into reais), are also reinvested into the system. These flows channel back into community services and credit offerings, reinforcing the fund's sustainability and creating a closed loop of local value.

To safeguard the long-term viability of its model, especially in anticipation of declining oil revenues, Maricá established the Fundo Soberano de Maricá (FSM), a municipal sovereign wealth fund, in 2017. Structured as a public savings mechanism, the FSM was created to shield the city's social programs from the volatility of oil-based income, serving “*not only as an intergenerational savings tool, but also as*

a *catalyzer of regional development*”¹¹. Up to 30% of the FSM’s revenues can be allocated to strategic social and economic initiatives, including microcredit and entrepreneurial support. The fund aims to strengthen Maricá’s fiscal autonomy while enabling targeted reinvestment in the city’s social and productive infrastructure. As of the end of 2024, the FSM had accumulated R\$2.6 billion (approximately US\$320 million), making it the largest municipal sovereign wealth fund in Brazil.

Impact at glance

- ◆ In 2025, **91,487 residents received benefits** through the RBC program (47% of Maricá’s population), with total monthly transfers of R\$ 18 million (≈US\$3,2 million)
- ◆ The Mumbuca ecosystem now comprises **130,000 account holders**, including both benefit RBC recipients and businesses.
- ◆ More than **25% of Maricá’s population engages with Mumbuca** in some form.
- ◆ Local business participation in Mumbuca spending more than doubled between 2019 and 2020, moving from approximately 2% to 5% of total transaction volume.
- ◆ Roughly 20% of Maricá’s local economy now operates via the Mumbuca currency, with total circulation of Mumbuca exceeding R\$ 3 billion (≈US\$550 million) between 2018 and 2024.

Enabling factors & Lesson Learned

Maricá’s success with the Mumbuca program cannot be attributed solely to oil revenues. Rather, it stems from a deliberate combination of strategic resource planning, a continuous cycle of innovation and institutionalization, a supportive national and cultural context, and strong local leadership committed to long-term transformation. As Leandro Ferreira, head of the Brazilian Basic Income Network (RBRB) observed, “*Money alone is not enough. Free cash transfers require a great deal of political ability and leadership*”¹². Success factors that can be highlighted include:



Strategic and Incremental Resource Planning

Maricá’s access to oil royalties provided a crucial financial foundation, but what distinguished its approach was how those funds were used, and how programs were developed through a pragmatic, learning-by-doing process. The city balanced individual redistribution with investments in public goods that generate lasting collective value. This approach is evident in the evolution of the Mumbuca program as well as in other social policies, such as the reallocation of funds previously spent on municipal employee transport vouchers, to finance a fare-free bus system, launched through a pilot and gradually expanded into a citywide public mobility network¹³.

¹¹Magalhães, L. (2023, July 24). “Brazil’s oil-rich cities are revolutionizing its public wealth management”. Bloomberg. <https://www.bloomberg.com/opinion/articles/2023-07-24/brazil-s-oil-rich-cities-are-revolutionizing-its-public-wealth-management>

¹²Ferreira, L. (2024, October 25). *Can cities do what national governments won't on basic income?* openDemocracy, <https://www.opendemocracy.net/en/beyond-trafficking-and-slavery/can-cities-do-what-national-governments-wont-on-basic-income/>

¹³After analyzing the high cost of transportation vouchers (vale-transporte) for municipal employees, Maricá City Hall realized that these funds could be reallocated to finance a free public transportation system. In 2014, legislation was passed to create a Public Transport Company and guarantee the “right to mobility” to all citizens. What began as a pilot program with nine free buses has since expanded citywide, now operating 135 buses across 39 routes.



Supportive National Environment and Cultural Legacy

Maricá's innovations built on Brazil's broader legacy of solidarity-based policy and community finance. Since 2004, the country has enshrined the right to a basic income in national law, while Bolsa Família demonstrated that cash transfers could reduce poverty without undermining labor participation. The existing network of community development banks had also already embedded a culture of solidarity finance, especially in marginalized regions. Maricá scaled and adapted these foundations into a municipally governed, publicly funded platform. The National Secretariat of Solidarity Economy (Senaes) also provided technical assistance and partnerships between community banks and local governments.



Institutionalization and Committed Local Leadership

What set Maricá's model apart was the program's integration into the city's legal and institutional framework. From the beginning, initiatives like the Mumbuca were not treated as temporary experiments but recognized in law as legitimate tools of public policy. The 2013 Solidarity Economy Law (Law 2,448) acknowledged the existence of both the community development bank and the social currency, giving them political recognition and providing the legal space for their operation. This formalization ensured that Mumbuca was more than a pilot or discretionary scheme, embedding it as a lasting feature of Maricá's economic landscape and anchoring solidarity finance at the heart of municipal governance.

Challenges and Way Forward

If Maricá achieved to increase the reach of its basic income program from 10% to nearly half of its residents, its Solidarity Economy Law sets the goal of achieving universal basic income for all inhabitants, which will require difficult fiscal trade-offs and understanding of economic and social effect.

A second challenge, recognized early by the municipality, is the RBC program's heavy reliance on oil royalties, which are both volatile and finite. The creation of the Municipal Sovereign Fund (FSM) in 2017 was a direct response to safeguard social programs and diversify revenue sources. Recent legislation expanded the fund's mandate, allowing assets to be directed toward infrastructure, innovation, housing, mobility, investment funds, regional development, and public-private partnerships (PPPs). While promising, this shift requires strong oversight and transparency to stay true to the fund's mission of long-term stability and social investment.

A third challenge comes from the rising competition from investor-driven fintech platforms and digital banks, using aggressive marketing and fast onboarding but often lack the long-term benefits and social commitments of community-owned, democratically managed banks like Banco Mumbuca.

Transferability

The success of Maricá's integrated approach has inspired similar initiatives in other Brazilian municipalities. Cities like Niterói and Itaboraí have launched or proposed local currencies modeled directly on the Mumbuca, often alongside the creation of municipal community banks to distribute digital stipends and manage local economic flows - many with direct technical or institutional support from Banco Mumbuca and its partners.

Beyond local currencies, the creation of Maricá's Sovereign Wealth Fund, the first of its kind at the municipal level in Brazil, has also drawn national attention. Neighboring cities such as Niterói and Ilhabela, as well as the state of Espírito Santo, have since established similar funds and co-founded the Brazilian Forum of Sovereign Funds (FBSB) in 2021. Today, this network includes eight subnational sovereign funds managing over R\$7 billion, underscoring how Maricá's innovations are helping shape a broader movement toward locally rooted, socially oriented financial governance in Brazil.





Case study

JAIDA : Leveraging Microfinance to Empower the Social and Solidarity Economy

Primary category

📍 Inclusive Financial Intermediation

Subcategories

📍 Commons-based Financing

📍 Circularity of Capital

Geography

Morocco

Priority development areas

- SDG10: Reduced Inequalities
- SDG8: Decent Work & Economic Growth
- SDG5: Gender Equality
- SDG17: Partnerships for the Goals

Since its founding in 2007, **JAÏDA** has established itself as a key **national platform and co-financier for microfinance institutions (MFIs)**, contributing to strengthen Morocco's microfinance sector and improve MFIs' access to both domestic and global sources of financing. As Morocco prepares its first framework law for the Social and Solidarity Economy (SSE), JAÏDA is revising its strategy to expand its reach to SSE entities, building on nearly two decades of expertise in inclusive finance.

Background & Context

In the early 2000s, Morocco's microfinance sector was at a critical juncture. After several years of spectacular growth, the sector was hit by a severe crisis triggered by a surge in loan defaults due to slowing economic growth, compounded by unchecked lending practices and limited internal control systems within microfinance institutions (MFIs).

It was in this context that JAÏDA was created in 2007 as a long-term response to support the professionalization and stabilization of Morocco's microfinance ecosystem, out of a cooperation between Morocco's Caisse de Dépôt et de Gestion (CDG) as lead shareholder, together with other development finance institutions: Germany's Kreditanstalt für Wiederaufbau (KfW), France's Caisse des Dépôts et Consignations, the Agence Française de Développement (AFD)¹.

Over the years, JAÏDA has established itself as a reliable partner to microfinance institutions (MFIs), effectively mobilising private capital, aligning donor contributions, and reinforcing public-private cooperation. From an initial share capital of 100 million MAD, JAÏDA has tripled its equity to 328 million MAD (≈ USD 35.1 million), securing financing from major regional development banks such as the African Development Bank (AfDB) and the European Investment Bank (EIB). This growth has enabled JAÏDA to channel funding through MFIs to reach 1.8 million end beneficiaries - over half of them in rural areas.

Impact at glance

- ◆ 83,673 end beneficiaries reached in 2023
- ◆ Over 1,800,000 end beneficiaries since inception
- ◆ 52% of the portfolio allocated to the rural sector
- ◆ 45% of income-generating activities financed for women

Vision and Mission

From Consolidating Microfinance...

From the outset, JAÏDA's mission has been to support the microfinance sector in Morocco in a logic of promoting financial inclusion and social development, by serving as a national platform for attracting new private capital to the micro-credit sector, improving donor coordination, and strengthening public-private partnerships.

While microfinance does not necessarily involve solidarity finance, microfinance institutions in Morocco are mostly non-profit associations², many of them having explicit social mandate and provides solidarity products like collateral-free solidarity loans. Over the years, JAÏDA's financial and technical support allowed Morocco's microfinance sector to become more competitive and access refinancing from Moroccan banks as well as from leading international development actors, including development agencies, investment banks, and multilateral institutions.

¹Barid Al Maghrib, the Moroccan national postal service, joining later as a minority shareholder.

²It is only recently in 2021 that Morocco enacted a new Law (No.50-20) to modernize the microfinance sector and allowed Microfinance associations or to officially register as joint-stock companies and recognized credit institutions, with a regulatory framework moving closer to conventional banking supervision.

...To Financing SSE Entities

The evolution of the microfinance sector has led JAÏDA to adapt its strategy in order to expand its social impact and respond to the emerging opportunities within the SSE, building on its 18 years of specialized experience in microfinance to expand its services to a wider range of underserved social actors. JAÏDA ambitions is now to build national champions in the SSE space that can attract interest and financing from external financiers.

“With our structuring mission now largely fulfilled — a success proven by our reducing market share to around 10% in favour of domestic banks and international funders — we are looking to replicate this model across other actors in the SSE, such as cooperatives, aggregators, and social enterprises.”

This strategic repositioning comes as the Government of Morocco's is preparing a new Framework Law for the SSE, which should formalize the recognition and regulation of SSE entities.

How does it work?

Steward ownership model

While JAÏDA is formally registered as a joint-stock company (SA), it has never distributed dividends to its shareholders. Instead, shareholders have consistently prioritised strengthening the company's equity base and advancing its mission to support the microcredit sector. This blend of a recognised corporate structure and a public steward ownership model has enabled JAÏDA to maintain robust governance, attract both local and international capital, and stay focused on its mission without the pressures of short-term profitability. As Ahmed Laasri puts it: *“At every board meeting, impact takes priority over profitability.”*

Competitiveness through affordability

This hybrid model, which combines public funds with concessional and market-rate refinancing, enables JAÏDA to offer microfinance institutions (MFIs) more affordable financial products. Its non-profit approach and ability to mobilise

concessional and patient public resources allow it to offer competitive rates. This has supported MFIs' access to finance while also exerting downward pressure on commercial bank lending rates. Since JAÏDA began operating, effective bank interest rates for MFIs have decreased from 12% to 3.5–7%, a reduction that directly benefits low-income client populations.

JAÏDA focuses on medium to long-term loans (3 to 10 years) often with grace periods (2–5 years), to ensure effective fund rotation by microfinance institutions and maximise outreach. However, its approach goes beyond scale, as it also provides refinancing, technical assistance, and a diversified product offering to ensure MFIs do not fall into the «missing middle» trap until they become eligible for international or domestic bank financing.

Tailored and flexible offering

In addition to its pricing policy, JAÏDA's flexibility has been essential - and will remain so as it engages more broadly with the diverse SSE ecosystem. JAÏDA does not require collateral, and its product range is uncapped, with amounts ranging from MAD 3–5 million to MAD 250 million or more, to support for MFIs as their financing needs evolve.

Crucially, JAÏDA has developed a range of specialised financial products tailored to specific regional characteristics or customer segments, such as women and rural farmers. This includes pilot loans designed to support product innovation in areas where conventional banking institutions may be reluctant to take on risk. *“We are aiming for agility. We will learn by testing”* says Ahmed Laasri.

But product innovation and customization will have limited effect without the provision of technical assistance to build microfinance institutional capacities and credibility in risk and portfolio management. *“Technical assistance, whether provided upstream or in parallel, acts as a de facto guarantee - and it is in our best interest, since JAÏDA does not require collateral”*. For that JAÏDA works with specialised third-party partners to deliver tailored technical advice and capacity building, with the long-term goal of internalising this support function as it increasingly serves SSE entities directly.

Adapting to Serve SSE Organisations Directly

JAÏDA's experience in managing financial flexibility while building robust institutional capacity is critical to serving SSE organisations. SSE actors, such as cooperatives, often have seasonal cash flows, limited financial diversification, and can hold collectively owned assets all of which require significant adaptation, earmarked financing and leveraging MFI networks to ensure territorial coverage. MFIs, which typically rely on fixed repayment structures, are rarely well equipped to meet these specific needs.

JAÏDA's move towards the SSE space did not happen overnight however, and requires careful portfolio rebalancing considering the more diverse and complex client base. These initiatives were supported by extensive market studies conducted in partnership with development actors to better understand the distinct needs of cooperatives and how they differ from traditional MFI clients.

Regional Fund for Territorialized SSE Finance

Partnership is essential for financial intermediaries to maintain their relevance and embed their operations within territorial ecosystems. *"The reality is that we cannot finance the SSE alone. We need to work with partners to address value chain frictions and build integrated ecosystems"* notes Ahmed.

To this end, JAÏDA is working on setting up regional funds in partnership with Moroccan regions, which already manage SSE-designated budgets that can be used more effectively by supporting structured financing mechanisms rather than disbursing one-off grants. This approach also enables the mobilisation and pooling of external resources aligned with local development strategies, helping to anchor these models institutionally.

The regional SSE fund model delegates project sourcing to local entities, while JAÏDA contributes expertise in monitoring, technical support, and impact measurement, and directly manages larger-scale operations when necessary. A first agreement has been signed to launch a pilot fund, capitalised by the region but structured to operate independently. The long-term vision is to establish twelve regional funds (one per Moroccan region) with a shared mission and harmonised governance, yet flexible enough to adapt to local financial product needs, budgets, and strategic priorities.

Success factors



Public Development Finance Institutions as Anchor Financiers

The long-term commitment of public development finance institutions was key for JAÏDA to operate without pressure for short-term returns, offer affordable refinancing, absorb higher operational costs, and pilot new products with underserved client groups. It laid the groundwork for experimentation to design financing tools for SSE entities and serve as a model for structuring regional SSE funds requiring patient capital, coordination, and risk tolerance.



Favourable Political and Regulatory Context

A supportive political environment—driven by Morocco's National Strategy for Financial Inclusion, which recognises regulated microcredit as a key tool, and the progressive integration of SSE into national policy - created the right conditions for JAÏDA to expand

its mission. This alignment strengthened JAĪDA's strategic direction, enabling it to build partnerships with regional authorities and evolve from a wholesale lender to a direct financier of collective economic actors across both rural and urban contexts.



Strategic Diversification of Refinancing Sources

JAĪDA's strategic diversification of its funding sources through loans, bond issuances, and earmarked public funding, has been key to its ability to scale while remaining mission driven. With reduced dependence on public funds and improved access to longer, it can provide flexible maturities tailored to the financing needs of MFIs and SSE actors, sustain multi-year initiatives, and co-finance regional SSE vehicles - all while maintaining balance sheet strength and credibility with capital markets.

Challenges and Lesson Learned

Building a Culture of Impact Measurement

One of the key challenges JAĪDA faces as it enters a new strategic phase is the need for robust and autonomous impact measurement, which will be even more critical as JAĪDA engages more in SSE and mobilizes earmarked financing. While support to the microfinance sector has indirectly reached over 2 million people, the depth and nature of that impact remain difficult to quantify, relying primarily on the information systems of microfinance institutions that are mostly designed for credit risk management - not for capturing social value or development outcomes. To address this, JAĪDA is placing impact data at the core of its next strategy. New thematic indicators (e.g., specific sectors, gender) are being introduced through thematic programmes, and a centralised impact information system is under development to design practical, scalable measurement framework that can be used even by resource-constrained partners. Access to finance should also come with tools for data generation, learning, and performance tracking. Crowdfunding platforms offer a useful example: they provide capital and generate valuable data on project types, outcomes, and community response. Such insights are largely missing today and are critical for building a learning-driven, results-oriented ecosystem.

Reframing the Role of Grants in SSE Finance

A key challenge in SSE finance remains the dominance of grants. While critical for early-stage or highly vulnerable initiatives, over-reliance on grants can hinder scalability, innovation, and accountability. Many promising projects fail to evolve because they remain locked in a grant-dependent model. *"The conversation must shift toward clearer segmentation of financial instruments. Not every project requires a loan - but not all should rely on grants either. Blended models that combine catalytic grant funding with reimbursable capital need to be more systematically structured"* concludes Ahmed Laasri remarks.



Case study

FTAE : Optimizing public funding through guarantees to unlock patient capital for agro-ecological transitions

Primary category

 Inclusive Financial Intermediation

Subcategories

 Commons-based Financing

 Circularity of Capital

Geography

West Africa (Burkina Faso, Mali, Togo, Ivory Coast, Benin)

Priority development areas

- SDG15: Life on Land
- SDG13: Climate Action
- SDG8: Decent Work & Economic Growth
- SDG12: Responsible Consumption & Production
- SDG10: Reduced Inequalities

The **Agroecological Transition Fund** offers a compelling example of how a **guarantee mechanism rooted in the SSE** and anchored in fair trade contract markets can optimize and effectively recycle development finance to support just and sustainable transitions in agricultural value chains.

Background & Context

In the cocoa-producing regions of West Africa, particularly in Côte d'Ivoire, Togo and Ghana, smallholder farmers organized in cooperatives face intensifying economic and environmental pressures. Despite their integration into fair trade supply chains, most cooperatives remain dependent on monoculture cocoa systems, which are increasingly undermined by soil degradation, plant disease, and deforestation. In Côte d'Ivoire, the region's dominant producer, these ecological limits have become starkly visible, with rising production costs pushing farmers to clear new land illegally, further accelerating environmental decline.

The Equité Program, funded by the AFD and the Fonds Français pour l'Environnement Mondial (FFEM), and implemented by Commerce Équitable France and Agronomists and Veterinarians Without Borders (AVSF), was launched in 2016 to support cooperatives in strengthening fair trade practices and experimenting with agroecological approaches.

A first phase of the program (2016-2019) confirmed the long-term benefits of transitioning to diversified agroforestry systems, bringing significant yield improvements and new income streams for farmers. Yet, the

upfront costs of such transitions, estimated at three times higher than those for conventional cocoa plots, proved unaffordable for most cooperatives. At the same time, strict regulation of cooperative margins, coupled with chronic liquidity shortages, prevented cooperatives from offering advance payments to their members, placing them at a structural disadvantage compared to private traders who operate informally and pay in cash, often at inflated or illegal prices. As a result, cooperatives suffered from volume losses, eroded internal governance, and mounting financial risk - all of which weakened the foundations of the fair trade model.

Faced with intertwined produc-

"Financing challenges are often addressed from a macroeconomic perspective, but very few people consider the granular realities of something like how to sustainably plant a tree."

tion and financing constraints, Phase 1 made it clear that the agroecological transition could not move forward without a financial structure tailored to the realities of smallholder cooperatives. What was needed wasn't just more funding, but a mechanism that could both de-risk investments in

agroecology and demonstrate its cost-effectiveness, while also strengthening the institutional role of SSE actors. It is from this recognition that the idea of piloting a dedicated financing mechanism emerged in Phase 2.

Vision and Mission

Designed within the second phase of the Equité Program (2019-2024), The Agroecological Transition Fund (*Fonds pour la transition agroécologique*, FTAE) aims to unlock investment for agroecological transition models that are more productive, resilient, and less dependent on chemical inputs, while also contributing to reduced deforestation. Conceived as an "experimental" financial mechanism, it aims to facilitate access to credit from local private financial institutions for individual producers and members of fair-trade certified cooperatives, who are seeking to establish or rehabilitate cocoa plots based on agroforestry. It also aimed to demonstrate the "true cost" of the agroecological transition and position fair trade cooperatives as key intermediaries for channeling funds, supporting and scaling sustainable agricultural practices.

How Does it Work?

Seeded by development partners, the Agroecological Transition Fund was designed as a partial guarantee fund coupled with a Technical Assistance Facility, earmarked for loans to individual cocoa producers and their cooperatives who present viable agroforestry investment plans for replanting or rehabilitating cocoa orchards. Loans are issued to eligible cooperatives by ADVANS Côte d'Ivoire, a local financial partner and branch of a microfinance group with prior experience in agricultural finance. ADVANS is incentivized by the guarantee provided through a risk-sharing agreement with AVSF (the Fund Manager), which covers a defined share of potential losses across a portfolio of loans - acting as a partial guarantee [see graph p.66]. This arrangement reduces the exposure of the financial institution and encourages it to lend to high-impact but riskier clients.

Cooperatives act as intermediaries and guarantors for financing extended to their members, providing security deposits amounting to 10% of its total loan request. Members repay in kind through cocoa deliveries that the cooperative sells to reimburse the lender - made possible by the expected increase in yields and income from the agroforestry investments. Each cooperative may apply for several loans (up to a maximum of five) to finance investments such as orchard renewal, agroforestry diversification, planting equipment, the purchase of bio-inputs, labor costs, and even marketing efforts. Because these cooperatives are embedded in their communities, they hold both the social trust and internal governance mechanisms needed to ensure repayment discipline among their members.

The Technical Assistance Facility complements this structure by helping cooperatives prepare viable projects and cost assessments, indirectly reducing credit risk by improving the quality of loan applications. AVSF, along with national technical agents and external experts when necessary, supports the design of agroecological investment plans and strengthens the management capacities of participating cooperatives.

One of the Fund's distinctive features is its integration into a value chain financing approach built around Fair Trade principles. By linking credit to contractual supply chains, it lowers risk for financial institutions while aligning financial

incentives with environmental and social objectives. The contractual nature of Fair Trade relationships serves as a form of soft collateral, strengthening lenders' confidence in repayment. The Fair Trade certification also binds cooperatives to clear commitments on transparency, member participation, and integrity, which are audited and monitored each year. These ongoing checks contribute to strengthening the governance of certified cooperatives, making them more reliable clients for financial institutions. This setup also reinforces the role of cooperatives as key intermediaries, building their capacity to identify and manage sustainable, community-driven projects. As certified actors, these cooperatives also benefit from Fair Trade Premiums, which are allocated through democratic processes to fund local development initiatives.

Impact at glance

Despite being in its pilot phase, the Agroecological Transition Fund has already demonstrated several tangible impacts on both ecological and socio-economic fronts. On the production side, cooperatives reported significant improvements in yield and plant resilience within just two years of adopting agroforestry systems. Cocoa plant mortality rates fell from 35% in monoculture plots to just 5% under diversified systems. At the same time, food staples and fruit crops were successfully introduced by the third or fourth year, diversifying income and strengthening food security.

These outcomes confirmed not only the economic viability of agroecology but also the importance of accessible financing to unlock its potential. Cooperatives with Fair Trade certification and strong governance structures proved more capable of aligning with international sustainability standards, such as the EU Deforestation Regulation, and mobilizing finance for broader impact. The Fund has also helped reduce inequality in value chains by addressing farmers' unequal capacity to invest and aggregate supply, a common barrier to equitable participation.

KEY FIGURES



EUR 250,000 mobilized, including EUR 150,000 earmarked for a guarantee fund



99% of the guarantee fund preserved and ready for scale-up



33 cocoa producers financed



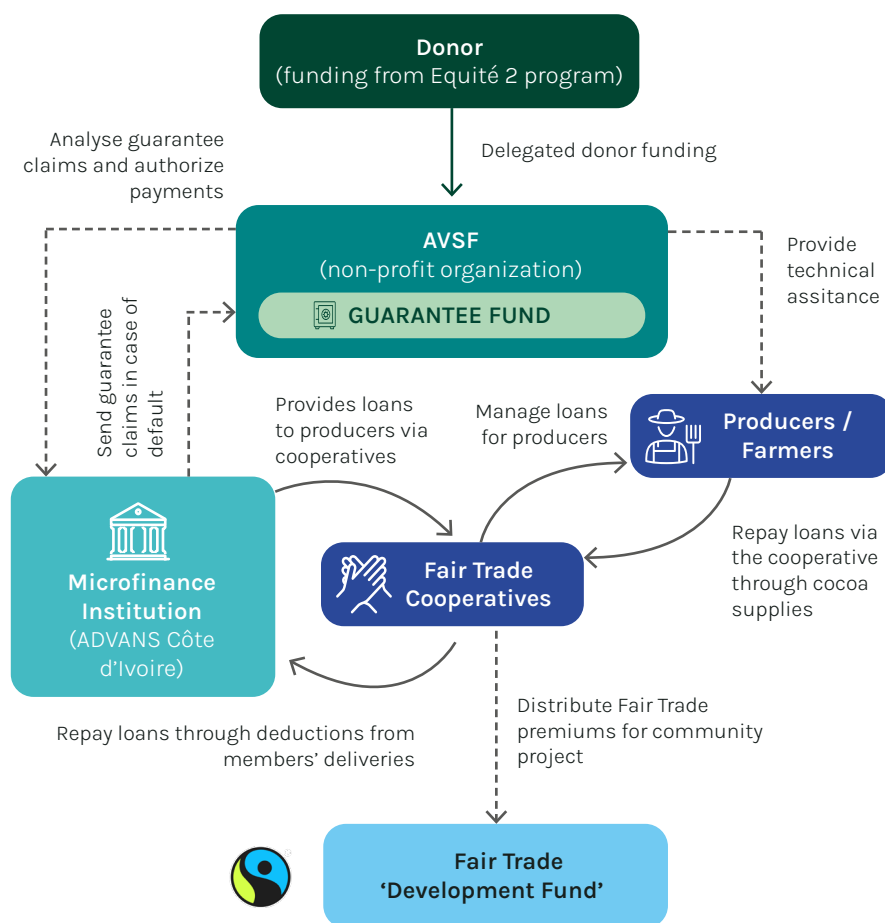
34 hectares of agroforestry plots established



100% repayment of loan principal by cooperatives, with only one delayed payment covered by the guarantee fund

Inclusive Financial Intermediation

Graph: Financing Structure of the Agroecological Transition Fund



Success factors



Precise Measurement of Transition Cost

Precisely estimating the costs borne by farmers and the anticipated returns, particularly through crop diversification, helped make the agroecological transition more predictable and less risky for all stakeholders. Because the shift to agroforestry is technically demanding, access to specialized support from NGOs such as AVSF was essential to ensure that loans were used for their intended purpose and that expected agronomic results were achieved.



Integration into WellGoverned Cooperatives

The inclusion of smallholders in cooperatives with sound governance, reinforced through Fair Trade certification, which audits commitments on transparency, member participation, and integrity, helped professionalize cooperative practices. This strengthened internal accountability and increased lenders' confidence, making cooperatives more attractive to financial institutions.



Participation in Secure, Value-Driven Supply Chains

Linking farmers to stable and remunerative value chains, such as those based on Fair Trade and contractual arrangements, reduced exposure to volatile spot markets and ensured predictable demand. This stability also enhanced the perceived creditworthiness of farmers and their cooperatives, a critical factor in attracting finance.

Challenges and Lesson Learned

Legal and Institutional Anchoring for Long-Term Viability

A core limitation of the current FTAE setup is its lack of legal personality, which constrains its ability to scale or attract co-financing. As the program enters a process improvement phase following the conclusion of Phase, with 99% of the guarantee fund still intact, it now faces the challenge of leveraging the unused guarantee funding and institutionalizing the mechanism. The long-term vision includes transferring management of the fund to a capable Ivorian public or private actor to ensure the continuity of credit guarantees for cooperatives beyond the program's lifespan, and to enable the fund to operate as a fully revolving and self-sustaining financial vehicle. To support this transition, stronger connections must be established with the broader SSE financing ecosystem, as well as with impact investment networks. These partnerships could help “get the engine running” by providing the expertise and capital needed to scale the fund sustainably. Bridging socio-ecological and financial expertise.

Bridging Technical and Financial Expertise

The pilot also revealed a knowledge gap between agroecological technical expertise and financial actors - affecting both implementing partners and cooperatives. As noted in the final assessment report, “the financial culture gap does not only concern producers, but also many actors in the development sector, including those promoting SSE or fair trade.” Bridging this gap is nevertheless essential to translate the long-term ecological benefits and local economic value of practices of “sustainably planting a tree” into financial terms. Incorporating a stronger financial literacy component into technical assistance and/or partnering with professional financial education position cooperative « as leading partners in the development

of financial products” has been identified as a priority for the next phase.

Professionalizing and Embedding Cooperatives in Development Policies

The pilot phase highlighted the value of cooperatives not only as loan intermediaries but as territorial actors delivering essential services in fragile rural contexts. In regions affected by conflict, displacement, or climate stress—such as parts of West Africa—program-supported cooperatives provided education, healthcare, and water access, while also reinforcing social cohesion, making them key actors in local resilience. As Julie Stoll notes,

“Cooperatives are not just NGOs, but economic operators within the SSE - actors that must be professionalized and formally recognized for their territorial service mission.”

However, the legal environment remains a barrier. While the Organization for the Harmonization of Business Law in Africa (OHADA) provides a general legal framework for cooperatives across its member states, it does not verify whether these entities operate according to SSE principles and differ from conventional enterprises. Experience from the Fair Trade Development Fund also shows that the cooperatives manage resources democratically, they tended to prioritize collective goods and social capital, such as education and shared health infrastructure, that would likely be overlooked in individual-based funding models. Embedding their voices in fund governance could sharpen the targeting and effectiveness of future financing, reinforcing the value of participatory governance not just in principle, but as a means to align resources with local priorities and maximize long-term community impact.

Case study

Social Procurement in South Africa : Integrating SSE Actors into Public and Private Value Chains

Primary category

📍 Social Market Infrastructure

Subcategories

📍 Circularity of Capital

Geography

South Africa

Priority development areas

- SDG5: Gender Equality
- SDG8: Decent Work & Economic Growth
- SDG10: Reduced Inequalities

Over the past decade, **public procurement** has become a key lever for redistribution in **South Africa's KwaZulu-Natal province**. Through SSE-focused instruments and capacity-building, local authorities effectively integrated SSE entities into local value chains, sending a signal to catalyse the evolution of national frameworks.

Background & Context

In a context marked by deep inequalities and persistent unemployment, especially among youth, women, and people with disabilities, South Africa has long sought innovative pathways to inclusive development, including through a dynamic social entrepreneurship ecosystem. In late 2020, it was estimated that SSE practitioners represented 8.6% of the South African population aged 16-years and older (ie 3,5 million people).¹

The New Growth Path (2010)² and the following National Development Plan 2030³ both emphasized the social economy, including cooperatives and social enterprises, as key engines for job creation and community-led development, recognizing public procurement as a possible tool to channel state resources toward inclusive economic actors.

Yet despite progressive policy frameworks like the Preferential Procurement Policy Framework Act (PPPFA) and the Broad-Based Black Economic Empowerment (BBBEE) Act, and the New Growth Path explicitly calling for “increasing state procurement from and service delivery through organisations in the social economy”, no concrete mechanisms were put into place to ensure social economy actors were prioritized in procurement tenders.

Against this backdrop, the International Labour Organization (ILO), in partnership with the Government of Flanders, launched in 2012 the

Public and Private Procurement and the Social Economy (PPSE) project to test whether public procurement could support cooperatives and social enterprises, first piloted in the KwaZulu-Natal province where earlier community-level initiatives had already been implemented⁴. The PPSE project worked with government departments to adapt procurement practices, and effectively helped SSE actors to successfully secure government contracts, often for the first time. These results provided the foundation for the development of a national SSE Policy in 2017, led by the Department of Trade, Industry and Competition (DTIC), which officially recognizes public procurement as a mechanism to support marginalized groups, including women, youth, and persons with disabilities.

Vision and mission

The PPSE initiative aimed to reposition public procurement as a proactive driver of social equity and economic inclusion. The project underlines that the government is the biggest buyer of goods and services in the country, and therefore can have the most significant impact in rewiring public spending to include SSE.

The core value proposition of the project lies in facilitating the earmarking of public spending towards SSE actors, by embedding the redistribution of public funding towards underrepresented segments of the local economy. This enables SSE actors to scale their impact through public funding mechanisms, while allowing municipalities

¹Brand South Africa (2021) *Brand South Africa 2020/2021 Annual Performance Report*. https://static.pmg.org.za/1/Brand_South_Africa_2020_-_2021_Annual_Report_-_Final_-_Signed_-_30.09.2021.pdf

²Economic Development Department. (2010, November). *The New Growth Path: Framework*. Republic of South Africa. https://www.gov.za/sites/default/files/NGP%20Framework%20for%20public%20release%20FINAL_1.pdf

³National Planning Commission of South Africa, 2012. “National Development Plan 2030 : Our future - make it work” https://www.gov.za/sites/default/files/gcis_document/201409/ndp-2030-our-future-make-it-work.pdf

⁴In 2010, the KwaZulu-Natal province launched an Educational Trust that used school nutrition contracts to support local cooperatives and micro-enterprises.

to align their public spending with their mandates of advancing decent work, youth employment, and gender equity.

Tackling the issue at a local level first allowed for more targeted measures, aiming at bringing forward targeted procurement policies in KwaZulu-Natal, especially the municipalities of eThekweni (Durban) and uMkhanyakude, in order to then be able to spread good practices and proofs of concept to other geographies.

How does it work ?

Starting with the diagnosis : confirmation of the underutilization of procurement in support of social policy

A first crucial step was conducting research to better understand legal and policy frameworks, as well as institutional attitudes towards SSE and public procurement in the target geography. Producing expertise allowed for a better understanding of the demand side in particular, by evaluating how public procurement was being attributed/ Survey data from the KwaZulu-Natal pilot confirmed the disconnect between procurement

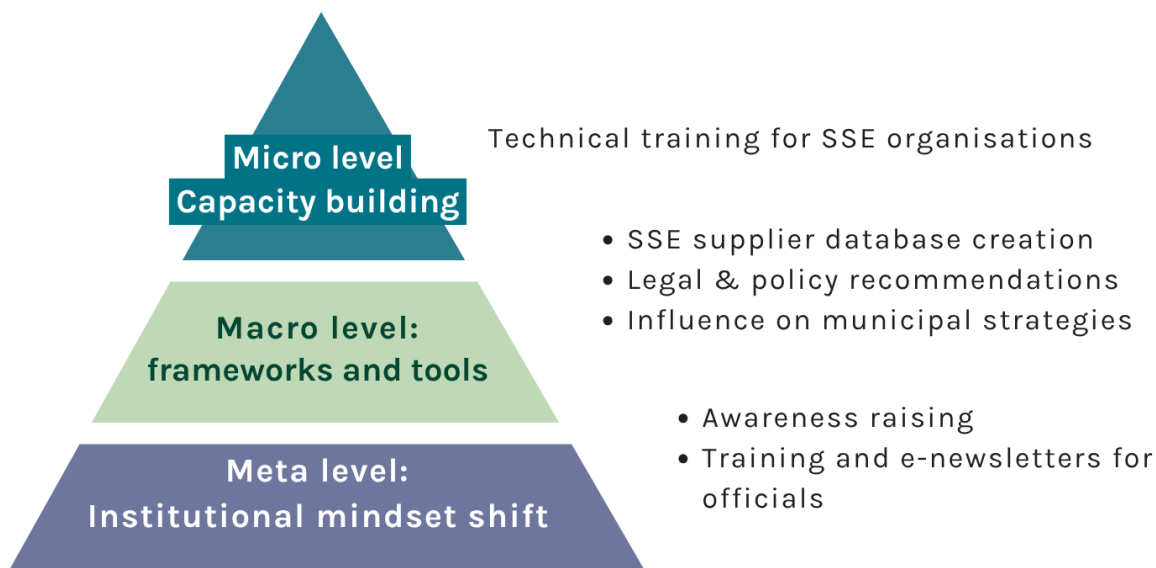
policy and the inclusivity objectives pursued by the municipalities : although over 70% of registered suppliers were small to survivalist enterprises, they received less than 20% of the total procurement spend. Meanwhile, the largest 7% of suppliers captured 80% of expenditure⁵.

A few barriers were identified to the recalibration of this situation, such as the prohibition of set-asides which limited the ability to ring-fence contract for SSE, or requirements such as tax clearance and BBBEE certification to access public procurement that were burdensome for SSE actors who are generally smaller.

A local proof of concept engaging actors across the board

The way forward in addressing these challenges tackled both the demand side (creating greater procurement opportunities, clarifying and influencing the interpretation of procurement regulations) and the supply side (building the capacity of SSE to respond to these opportunities), following a three-level approach [\[see graph below\]](#).

Graph: The three levels of action of the PPSE project pushing social public procurement



Source: Author's own elaboration.

⁵International Labour Organization. (2013). *Potential measures that can be taken to use public procurement to stimulate the social economy in South Africa: Review of legal and policy framework*

At the meta level, awareness raising measures and training was put in place in order to engage with municipal officials in charge of public procurement selection policies. The goal was not only to increase awareness of SSE, but also of the potential it had to advance the municipality's mandate in terms of inclusive development, as well as the specific methods and tools needed to bridge the gap between demand and supply.

The macro level initiative focused mostly on creating the aforementioned tools : a SSE supplier database, proposals for specific municipal strategies and frameworks coherent with the national legal framework... Turnkey tools were produced, in order to enable the municipal officials to apply the training and awareness raising they received at the meta level.

Finally, at a micro level, the project conducted more traditional capacity building among local SSE organizations to improve procurement readiness.

Impact at glance

- ◆ 1,270 social enterprises trained on procurement readiness
- ◆ By the end of the second year of the program, SSE awareness among procurement officials increased from 38% to 77%⁶
- ◆ 123 social enterprises from both eThekweni and UKDM trained on public procurement process and how to access procurement opportunities
- ◆ 65 entrepreneurs have been trained on technical skills to respond to specific public procurement calls⁷

Enabling factors & Lesson Learned

The successful development of sustainable public procurement in South Africa, including specific outreach towards SSE, was underpinned by a combination of strategic, operational, and relational enablers.



Alignment with Development Priorities and Local Context

SSE entities operate across a wide range of sectors (such as school catering, public space maintenance, and infrastructure services...) making them relevant suppliers for many municipal needs. They often operate in segments where public and private actors alike struggle to answer population needs, such as water access, sanitation and education.

But beyond their sectoral presence, their added value lies in their inclusive business models, which directly contribute to municipalities' broader development and social inclusion objectives (such as job creation, support for township economies, and the advancement of historically disadvantaged individuals).

⁶Livny & Associates, 2014, "Public Procurement and Social Economy-Evaluation: Quantitative Analysis Report"

⁷ International Labour Organization. (2013). Final evaluation report: Promotion of decent work through the social economy in South Africa (SAF/11/01/FRA)



Focus on turnkey operational solutions with scaling potential

Starting at the local level, the PPSE project delivered practical, ready-to-implement tools that could be directly integrated into municipal procurement systems. A standout example was the development of a local SSE registry, which enabled municipalities to easily identify and engage SSE actors as potential suppliers.

These tools served as proofs of concept that could then inspire replication or be scaled to a national level, as was recommended in the 2019 National Social Economy Draft Green Paper. While this Green Paper has not yet been implemented, it shows resonance at a wider scale.



Donor and ecosystem support

The strategic involvement of the Government of Flanders and the International Labour Organization (ILO) provided not only financial backing, but also technical expertise, political legitimacy, and monitoring support over several years.

This consistent multi-stakeholder engagement allowed for sustained experimentation and evaluation, spanning over a decade.

Transferability

Public procurement has become a vector for inclusion and sustainable development goals in several other countries. As public procurement accounts for 12.9% of GDP in OECD countries, it presents significant potential as a transformative financing channel.

A 2024 OECD study reveals that public procurement is increasingly used as a policy lever to achieve social goals, even though SEE-specific procurement is oftentimes hampered by systematic challenges. These challenges include lack of awareness among public buyers, and the challenges of social impact measurement.⁸

However, policy tools such as the ones developed in South Africa can build significant impetus.

In Turkey, this was the case with the Süt Kuzusu (“Milk Lamb”) Project. Initially launched by the Izmir Metropolitan Municipality in 2005, the project began as a local initiative to distribute milk purchased from producer cooperatives to schoolchildren. Its success led to national adoption by the Ministry of National Education in 2012. Designed as a collaboration between local authorities and cooperatives, the program now delivers 8 liters of milk monthly to families with young children. Starting in central Izmir, it gradually expanded to 30 districts, reaching over 157,000 children (including 11,500 refugee children) throughout the province. This success illustrates the potential of local initiatives to scale to a nationwide model for inclusive and cooperative-based public services.

The ILO recently produced suggestions on how to best implement social public procurement, including the importance of focusing on what is local and relying on stakeholder networks. Regarding SSE

⁸OECD. (2023). *Buying social with the social economy. OECD Local Economic and Employment Development (LEED) Papers*

in particular, ILO recommends that all parties involved (buyers, suppliers, and beneficiaries) need to adopt a clear prioritization approach. This includes ensuring that SSE actors are properly informed about procurement procedures and can participate under fair conditions⁹. These suggestions align with the lessons learned in KwaZulu-Natal (among other case studies), demonstrating the transformative power of reallocation of public spending via procurement to serve social policy.

Limits and way forward : persisting difficulties at a national level

The project that was first started in eThekweni and uMkhanyakude municipalities was extended to another province; however, social public procurement still hasn't scaled up to the national level, where significant hurdles remain.

The national public procurement framework in South Africa relies on a dual points system being either 80/20 or 90/10. Here, the 80/20 system holds that 80 points are awarded to the lowest price, and only 20 points are allocated to preferential goals (female- or youth-owned businesses, Black ownership, war veterans...). Conversely, where the 90/10 points system is applied, 90 points are awarded to the bidder with the lowest price and 10 points are allocated in accordance with the municipality's specific goals under the preference points paradigm. This means that while social factors are acknowledged (with respect to the 10 or 20 points), in practice the dominance of price often sidelines the broader objectives of empowerment.

"One major obstacle is the lack of a legal status for social enterprises, forcing them to register either as NGOs or standard companies, or to set up complex hybrid structures that are administration heavy. Furthermore, tender processes have strict rules in place to fight corruption and political favoritism, which adds to the complexity that many smaller organizations struggle to deal with. Smaller organizations struggle to secure funding

and face a paradox: they must achieve scale to win procurement contracts, but cannot scale without access to those contracts. Only about 20 to 30 organizations are currently operating at the compliance and maturity levels necessary to secure meaningful procurement opportunities.

There is a divide between two worlds of social entrepreneurship in South Africa : organizations linked to the international impact ecosystem, with transnational funding, and local and informal initiatives born out of urgent community needs, with little exposure to impact finance tools and language. Many of those social enterprises exist to fill state failures : it would make sense to design public procurement mechanisms specifically targeting these areas of state failure, prioritizing social enterprises able to deliver solutions.

The solution will start with significant efforts in capacity building, as well as the introduction of a definition and legal status for social enterprises."

— Janine Rutsch, Co-Founder The Sparks Impact Fellowship, Co-Founder Accendio

A Public Procurement Act¹⁰ passed in 2024 aims at addressing the prohibition of preferential procurement through set-asides, and introducing empowerment criteria in the awarding system (including contribution to skills development, job creation and economic development, as well as ownership and control by historically disadvantaged individuals and black South Africans). This could contribute to embedding the advancement of sustainable development, job creation, innovation and the development of small enterprises as an objective of public procurement. However, this Act still remains to be implemented as of writing ; implementation will be crucial in evaluating the impact this regulation will have on SSE.

⁹International Labor Organization and Innovation for Development (2021). *Social Procurement Guide: A roadmap for reducing inequalities, involvement of disadvantaged groups in public procurements and supply chains*.

¹⁰ Public Procurement Act No. 28 of 2024 https://www.parliament.gov.za/storage/app/media/Acts/2024/Act_No_28_of_2024_Public_Procurement_Act.pdf

Case study

India's Social Stock Exchange : Socialising capital market infrastructure to finance the SSE

Primary category

📍 Social Market Infrastructure

Subcategories

📍 Participatory Financing

Geography

India

Priority development areas

- SDG1: No Poverty
- SDG3: Good Health & Well-Being
- SDG2: Zero Hunger
- SDG4: Quality Education
- SDG5: Gender Equality
- SDG10: Reduced Inequalities



India's Social Stock Exchange aims to create a consistent and transparent infrastructure for channeling capital to the social sector. By adapting elements of capital markets to support social enterprises (non-profits and for profits), it seeks to standardize impact reporting, improve fund flows, and **help mainstream social finance within a regulated framework.**

Background & Context

With a reservoir of approximately 2 million social enterprises¹ and over 433,500 active NGOs², India possesses one of the most vibrant social economies globally. These organizations operate across critical SDG-aligned sectors such as health, education, and environmental sustainability, with nearly three-quarters working at the grassroots level and directly serving or employing marginalized and underserved communities. As such, they play a vital role in addressing the persistent gaps in social services spending (currently 7.8% of GDP) still falls short of the NITI Aayog's recommended 14% to meet targets by 2030.

Yet despite their importance, both social enterprises and non-profits continue to face significant funding³ constraints. A staggering 92% of NGOs report chronic shortages in core funding, while 57% of social enterprises cite inadequate access to equity or debt as a major barrier to sustainability and long-term impact³. Traditional sources of support, such as philanthropy and Corporate Social Responsibility (CSR) contributions remain fragmented and insufficient to meet the sector's growing needs. Although impact investing is expanding, it still represents only a limited share of the capital required.

In response to these structural and financial challenges, and the urgent need to mobilize broader, more consistent, and sustained capital flows, Hon'ble Finance Minister of India enshrined the vision of creating Social Stock Exchange in 2019. Drawing on international precedents such as South Africa's SASIX (2006) and Jamaica's Social

Stock Exchange (2018), the Indian Social Stock Exchange was formally launched within the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). It is designed as a regulated fundraising platform for both Not-for-Profit Organizations (NPOs) and For-Profit Social Enterprises (FPEs), with the objective of expanding and institutionalizing access to finance for organizations delivering measurable social impact.

Vision and mission

India's Social Stock Exchange was established to mobilize capital for credible SSE actors while enhancing transparency, accountability, and access to funding for organizations committed to generating measurable social impact. It aims to serve as a holistic, one-stop platform where eligible not-for-profit organizations (NPOs) and for-profit social enterprises (FPEs) working in priority development sectors can be registered or listed, raise funds, and report their impact effectively. Building on the 118 million individual investors on the NSE, it aims at democratizing philanthropy, allowing better visibility to social projects across the country and allowing investors to finance the SDGs through adapted instruments.

The Social Stock Exchange aims to streamline diverse social capital flows through a coherent framework that governs funding, utilization, and reporting, by promoting a regulated and traceable funding environment focused on demonstrated outcomes, underpinned by standardized practices in impact measurement and reporting. This integrated approach allows to strengthen the capacity of social enterprises and non-profits

¹World Economic Forum, & Bertelsmann Stiftung. (2024). *The state of social enterprise: A review of global data, 2013–2023* https://www3.weforum.org/docs/WEF_The_State_of_Social_Enterprise_2024.pdf

²<https://ngodarpan.gov.in/#/>

³*Ibid*

⁴British Council. (2016). *Social enterprise in India: Chapter 4 – The survey*. https://www.britishcouncil.org/sites/default/files/bc-report-ch4-india-digital_0.pdf

to access financing through instruments like Zero Coupon Zero Principle (ZCZP), Social / Development Impact Bond (SIB/ DIB), equity, etc., all within a transparent and structured ecosystem.

How Does it Work?

Raising the profile of impact-driven entities through stock market listing

The Social Stock Exchange operates within India's two largest exchanges, National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), conceived as a platform for organizations contributing to the SDGs. However, not all social entities qualify for listing. A core feature of the Social Stock Exchange framework lies in its rigorous eligibility criteria, which legitimizes and elevates those that meet these standards. By doing so, the Social Stock Exchange acts as a credibility-enhancing mechanism.

According to SEBI's 2022 regulatory framework, social enterprises must demonstrate the primacy of social intent through both qualitative and quantitative indicators. Organisations are required to operate in at least one of sixteen approved social domains⁵ (such as education, healthcare, poverty alleviation, or gender equality) and must target underserved or marginalised populations or regions. In addition, to prevent mission drift, at least 67% of the

organisation's revenues or expenditures or target population / beneficiaries over the past three years must be directed towards these social objectives.

Two categories of entities are eligible to list:

For-Profit Social Enterprises (FPEs)

Securities issued by FPEs will be listed and traded on the relevant segment of the stock exchange, with a distinct identifier indicating their status as FPEs. These enterprises must meet the eligibility criteria of the Mainboard, SME platforms, or innovators growth platform, as applicable and will be listed on these platforms. Once listed, the instruments are available for trading in the secondary market on the respective stock exchange platforms⁶. While FPEs are permitted to generate and distribute profits, their activities must remain firmly aligned with their social goals. Being identified as an "FPE" under the SSE framework differentiates them from conventional businesses and positions them to attract impact-oriented capital, particularly from institutional or ethical investors⁷.

Not-for-Profit Organisations (NPOs)

NPOs are entities legally established with the objective of serving public good or social causes, without any provision for distributing profits or surplus to members. To register on

the Social Stock Exchange, the organization needs to submit proof of legal constitution under applicable laws, tax exemption certificates, audited financial statements and annual reports for the past three years, mission and vision statements, governance structure, and evidence of compliance with eligibility criteria.

While NPOs often lack access to traditional capital markets, listing them on the Social Stock Exchange confers them financial visibility and operational credibility, which can be important for long-term sustainability⁸.



A Platform to Mainstream Social Finance Instruments

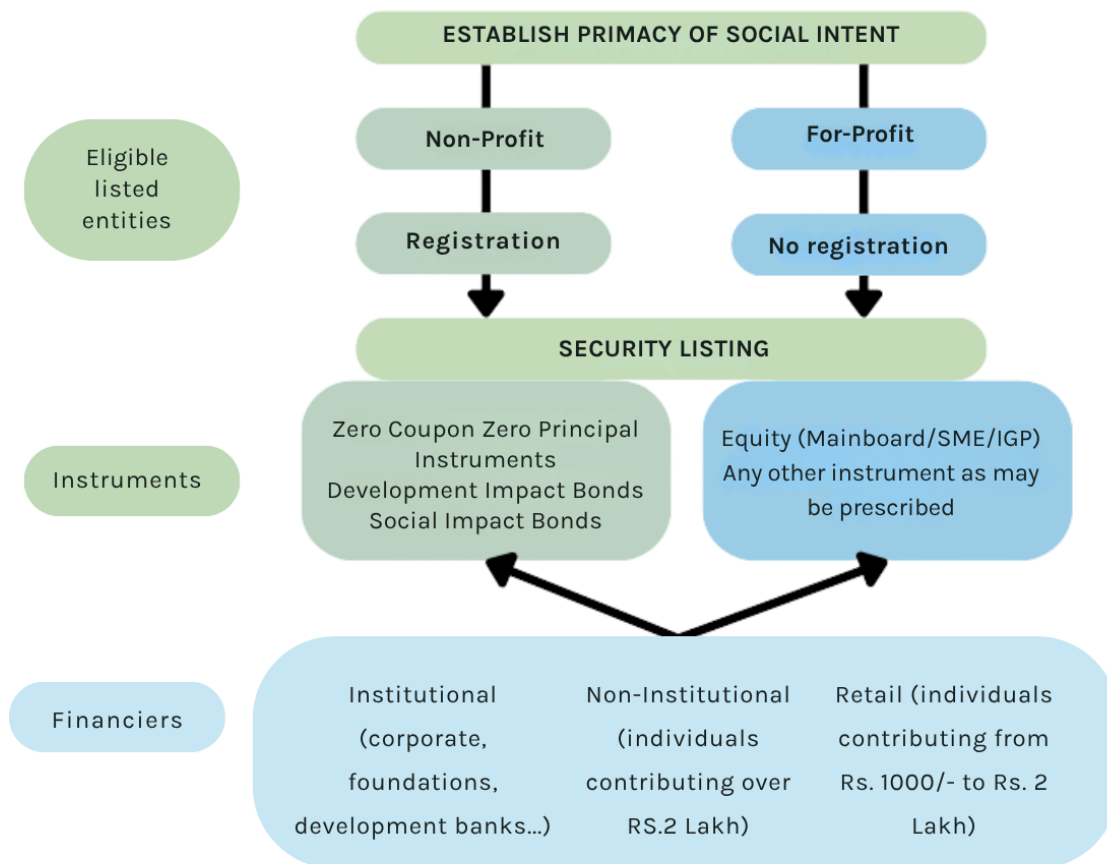
The Social Stock Exchange is integrating both philanthropic and market-based funding tools within a single marketplace. On the one hand, instruments such as ZCZP bonds [see box page 77], grants from Social Venture Funds, and DIBs cater to donors and investors seeking social returns. On the other hand, equity shares and debt securities offer more conventional routes for impact investors aiming for blended returns.

⁵ <https://www.nseindia.com/list-eligibility-criteria>

⁶ English Social Stock Exchange FAQs.pdf

⁷ Centre for Social Impact Studies. (2023). *Prospects and Challenges of Social Stock Exchanges in India*. New Delhi: Internal Policy Brief.

⁸ Mehra, P., & Vij, M. (2023). *Social Stock Exchange: A New Paradigm for Social Enterprises*. Chartered Secretary, May 2023, pp. 92–98.

Graph 1: Architecture of India's Social Stock Exchange Ecosystem

Source: Author's own elaboration.

FOCUS: the Zero Coupon Zero Principal Bond

ZCZP Bonds are exclusive to the Social Stock Exchange and offer no financial return (neither interest nor principal repayment) yet benefit from full listing status, ensuring transparency, traceability, and regulatory compliance. Issued for a fixed term (project tenure), these bonds define the funding amount, targeted social objectives, and expected outcomes (number of beneficiaries or services delivered). At maturity, no repayment is made, but NPOs must publish an impact report, often verified by an independent NISM-certified social impact assessors.

The listing process involves multiple intermediaries: Exchange provides the infrastructure; bankers collect investor funds; registrars manage dematerialization and records; brokers facilitate transactions; and auditors and company secretaries support compliance and documentation.

The very first issuances on the Social Stock Exchange relied more heavily on ZCZPs and traditional donations. While it is important to note that no for-profit social enterprises have registered at the time of writing, the path is already laid out for them and an array of investing instruments are at their disposal.

Fostering trust through rigorous supervision

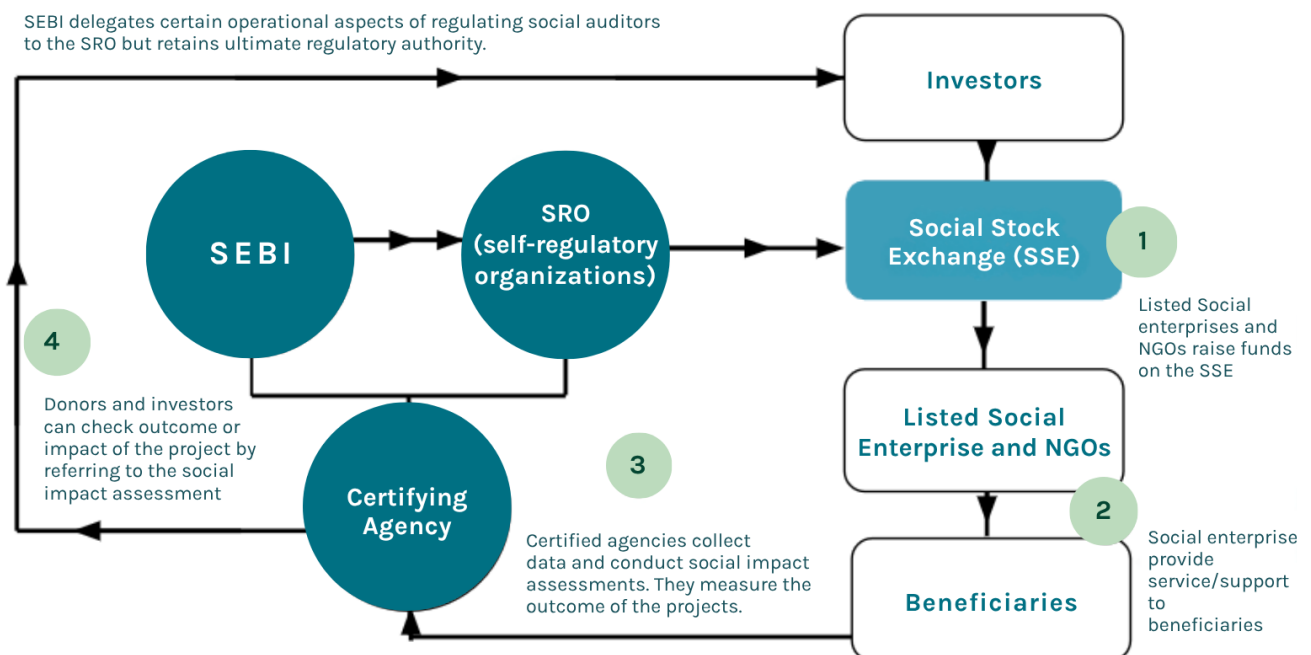
The operational design of India's Social Stock Exchange reflects a deliberate effort to balance funding efficiency with transparency, accountability, and measurable social impact. Graph 2 below illustrates how the SSE connects various actors across the investment and implementation chain to provide a robust governance and supervision framework building trust.

To verify the outcomes of the initiatives financed on the Social Stock Exchange, certified Social Impact Assessors and impact assessment firms play a central role. They are responsible for collecting data from beneficiaries and conducting independent evaluations of the social impact achieved. These assessments are then shared with investors, allowing them to review and validate the effectiveness of their contributions. As a result, the presence of independent evaluators strengthens the credibility of the platform and builds trust, especially among philanthropic or impact-oriented investors.

From a regulatory perspective, oversight is ensured by the SEBI, which retains ultimate authority over the SSE platform. While SEBI establishes the overarching vision and regulatory framework, it delegates specific operational responsibilities—such as accrediting social auditors—to SROs. These also provide technical and procedural support to social enterprises participating in the exchange.

Importantly, Social Stock Exchanges in India are integrated within existing stock market infrastructures, such as the NSE and BSE, thereby facilitating implementation while minimizing administrative duplication. This multi-layered governance model, combining public oversight with delegated responsibility and independent verification, reflects the broader rationale behind the Social Stock Exchange: to formalise and professionalise the field of social finance. In a context where trust is essential to unlock capital for social objectives, such a structure offers a robust framework for scale and long-term impact.

Graph 2: Governance structure of the India's SSE



Source: Author's own elaboration.

Impact at glance

- ◆ As on 31st July 2025, 92 NPOs were registered on the NSE-Social Stock Exchange and 57 on the BSE-Social Stock Exchange
- ◆ over 4M€ of donations raised for 14 projects through the Social Stock Exchange
- ◆ 14 projects are listed as on today with fund raising of over Rs. 43 crore. 2 projects are listed on both the exchanges, whereas NSE-Social Stock Exchange has 12 unique projects. BSE-Social Stock Exchange is yet to have any unique project till date.

Enabling factors



Existing regulatory anchor

Relying on existing infrastructure (NSE and BSE) greatly facilitated the implementation at limited cost. Creating a separate platform would have implied a much higher cost and potentially threatened the sustainability of the initiative.

Furthermore, relying on traditional stock exchange allows to reach the investor base already present on traditional stock exchanges, increasing awareness raising potential.



Institutional support for capacity building

One of the strengths of the Social Stock Exchange is its ability to provide investors with streamlined documentation and reliable impact reporting. However, these documents are often cost and labor intensive for organizations primarily focused on generating positive social impact.

Capacity building through a dedicated fund proved crucial in supporting NPOs (in particular smaller ones) with onboarding, compliance and impact reporting. The ₹100 crore Capacity Building Fund (CBF) housed in NABARD provides essential support to allow NPOs to participate.



Progressive integration of complexity

The Social Stock Exchange has not yet reached its full potential, as for-profit social organizations are still to be onboarded and several instruments still are to be issued.

However the infrastructure for their arrival is already in place. Starting with simpler instruments (ZCZP, SIB / DIB) allow to get the ball rolling without risking crumbling under complexity in a relatively new platform. This allows manageable development of the stock exchange.

Challenges and way forward

One of the key challenges for India's Social Stock Exchange lie in attracting a diverse base of financiers, particularly those not primarily motivated by impact. While donors receive a 50% tax benefit under the current framework, this incentive is relatively modest compared to other philanthropic platforms. However, the SSE stands out through its strong verification and accountability process backed by public authorities, offering a unique registry of credible grassroots organisations and social-driven investors.

In the coming years, another key challenge will be ensuring the long-term financial sustainability of India's Social Stock Exchange. Several Social Stock Exchanges in other countries, such as Brazil, South Africa, the UK, and Portugal, have closed primarily due to their inability to transition into self-sustaining models. In contrast, those still active in Canada, Singapore, and Jamaica have remained operational by implementing revenue-generating mechanisms such as listing and consulting fees, offering potential models for sustainability. While India's Social Stock Exchanges is currently in its early consolidation phase and not actively seeking funds, it is expected to explore similar approaches, such as charging fees to investors and financiers—as it matures.

Transferability

India's Social Stock Exchanges is not the first initiative aiming at building a stock exchange to finance SDGs. However, several earlier attempts in countries such as Brazil and South Africa have failed. Despite this, India's relatively successful implementation has sparked renewed interest globally.

For example, Malaysia is currently exploring the establishment of an *Islamic Social Stock Exchange*⁹ (ISSE), seeking to align social finance instruments with Shariah principles. The initiative draws inspiration from international examples, including India, and responds to rising demand for ESG-aligned investment channels in Southeast Asia.

On the one hand, Malaysia already has a strong foundation in Islamic finance, with Bursa Malaysia's Islamic Capital Market and established frameworks for Shariah-compliant instruments. All of this creates a favorable environment for introducing an Islamic SSE.

On the other hand, the country also faces specific challenges. A key issue was identified: social enterprises will need to comply not only with standard impact criteria but also with strict Shariah requirements. This includes evaluating their sources of income, nature of services and impact on the community. To address this, some reports suggest developing a dedicated Shariah Screening Toolkit¹⁰, inspired by existing frameworks for MSMEs.

⁹Sharifah Nur Asilah Jasmine Binti Syed Mohamed Noor Azmi & Aishath Muneeza (2024), "Harnessing the Power of the Stock Market for Social Good: Establishing an Islamic Social Stock Exchange in Malaysia", *International Journal of Management and Applied Research*, Vol. 11, No. 1, pp. 1-17.

¹⁰Securities Commission Malaysia (2021), *Shariah Screening Assessment Toolkit: For Unlisted Micro, Small and Medium Enterprises*.

Conclusive considerations for ensuring viability of SSE ecosystems

Positioning Funding and Financing as Complementary Pillars, Not Substitutes

While strengthening the economic viability of SSE ecosystems is essential, global evidence shows that non-repayable funding, whether public or philanthropic, remains indispensable. It creates the enabling conditions for SSE entities to demonstrate viability, attract investment, and carry out functions that markets and conventional finance cannot fulfil. In practice, earmarked grants, subsidies and philanthropic contributions support early-stage social innovation [see box p.81], sustain non-market activities such as capacity-building and financial education, and de-risk investment through guarantees and blended-finance instruments. They also compensate for the positive externalities generated by the SSE - including, but not limited to, community cohesion, women's empowerment and environmental stewardship - which markets often fail to value or internalise. Social enterprises and market-based solutions have a role to play, but they are not a panacea for all SSE needs.

Various governments have provided dedicated support earmarked for SSE, ranging from earmarked funding windows, integrated technical assistance, guarantee schemes, subsidised risk-transfer tools, and early-stage track-record building emerge as indispensable complements to repayable finance. The EU's 2021-27 Social Economy Action Plan allocates over €2.5 billion to grants, capacity-building and procurement privileges; South Korea's Social Enterprise Promotion Act provides subsidies and legal status to fill viability gaps; Singapore's *raiSE* incubates and funds social enterprises where markets hesitate; and Québec's government-backed social finance funds have leveraged significant private capital into the SSE.

Growing fiscal pressure should not lead to the substitution of public funding with commercial finance, but rather to its smarter and more strategic use to unlock the diversification of SSE resources and leverage private resources, encourage pooling with institutional and philanthropic funding, and strengthen the resilience and capacity of SSE actors so they can fully contribute to inclusive and sustainable development.

The Innovation Fund for Development (FID) : A Portfolio Approach to Funding Social Innovation

The Innovation Fund for Development (Fonds d'Innovation pour le Développement, FID, in French) is an international funding instrument dedicated to reducing poverty and inequality, with a particular focus on low-income countries. Its mission is to support the emergence of high-impact solutions through flexible grants, tailored to the maturity of each project. FID embraces a broad understanding of innovation, whether technological, social, organisational, financial, environmental, or governance-related, as long as it offers greater cost-effectiveness, feasibility, or speed compared to existing approaches for improving the lives of vulnerable populations.

Its distinctive contribution lies in applying a portfolio approach to social innovation: funding projects at different stages, subjecting them to rigorous evaluation, and scaling up only those that demonstrate measurable effectiveness. This means accepting that not all initiatives will succeed, while ensuring that the most promising can be accelerated to wider adoption and, in some cases, integrated into public policies. As Esther Duflo, Chair of its Scientific Committee, has observed, FID's

grants are “the equivalent of venture capital for social innovation.”

By creating the conditions for experimentation, learning, and evidence-based scaling, the FID acts as an incubator for new solutions and for building the credibility required for broader transformation of public policies.

Designing Hybrid SSE Structures to Safeguard Mission and Build Financial Viability

Building the long-term sustainability of SSE entities requires innovative organisational forms that can overcome structural barriers such as laws restricting non-profits from commercial activities, cooperative statutes limiting equity finance, or banking rules that disadvantage small community organisations. Increasingly, hybrid models are being developed to allow impact-first organisations to blend diverse revenue streams (commercial activities, grants, philanthropy, and community-based resources), while embedding governance mechanisms that ensure commercial activities remain anchored in mission-first structures [see box p.82].

A growing number of SSE actors are now developing holding-type structures, linking revenue-generating arms to parent foundations or community-based organisations to create virtuous cycles of reinvestment. In this casebook, Kitabisa in Indonesia has evolved from a crowdfunding platform into a multi-entity ecosystem with both for-profit and non-profit entities, enabling it to attract diverse funding sources and generate additional revenue streams to reduce fees for individual donors. The multi-entity ecosystem built around the Fideicomiso de la Tierra in Puerto Rico, which connects the community land trust with a public company and a grassroots non-profit, helps mobilize public funding and investment while developing revenue-generating activities that support public services and ecological restoration on community-owned land. Hybridisation also applies in financial structuring, as illustrated by the Agroecological Transition Fund (FTAE) in West Africa, which brings together international donors, local microfinance institutions,

and NGOs to extend credit while coupling it with technical assistance and certification, addressing both liquidity and capacity constraints for small farmers.

For SSE-aligned financial institutions and social enterprises, this logic can take the form of hybrid governance and ownership structures designed to safeguard mission alignment over the long term. These include steward-ownership models, which separate economic rights (profit entitlement) from voting rights (decision-making power), as seen in cooperative banks like Banca Ética Latinoamericana, or majority ownership by institutions with a development mandate, as in the case of JAIDA in Morocco. Across these approaches, control, whether exercised through ownership or governance, is not sold or inherited but entrusted to custodians or stewards responsible for upholding the organisation’s purpose and guiding it into the future.

Blending Capital through Impact Wholesalers to Scale the Social and Solidarity Economy



“GSG Impact is a global non-profit organization focused on accelerating impact investment. It operates in 50+ countries through a network of National Partners (country-level impact investment coalitions or platforms) and Strategic Partners, creating the infrastructure and incentives for capital to flow toward the SDGs and climate goals. GSG Impact plays a catalytic role in accelerating financial system change, in a context where access to adequate, appropriate capital remains a key barrier, especially in Emerging Markets and Developing Economies (EMDEs).

To address this, GSG Impact helps catalyze and replicate local mobilization mechanisms, supporting national players to establish impact wholesalers and other vehicles that strengthen intermediaries and channel finance to high-impact businesses, while also advocating for stronger policy alignment and regulation for impact.

Impact investment wholesalers are a good example of hybrid structures that typically pool resources from public, philanthropic,

and private sources, and then deploy this capital indirectly through local funds, financial institutions, and other intermediaries. BBy aggregating and de-risking capital, wholesalers act as a form of “fund of funds” or national market-building institution, expanding both the reach and the quality of finance available to high-impact enterprises. These models illustrate how locally led, cross-sector partnerships can establish innovative financial structures and governance mechanisms that embed impact at the core of financial system design.

To unlock the full potential of the Social and Solidarity Economy, we need more coordination across actors and borders, embedding impact in financial design and incentive systems, and scaling proven solutions through local ecosystems for systemic transformation.”

Krisztina Tora,
Managing Director of GSG Impact

Empowering fit-for-purpose Guarantors of Trust

Even modern markets rest on an invisible infrastructure of trust. As Nobel laureate Kenneth Arrow observed, “*virtually every commercial transaction has within itself an element of trust (...) and much of the economic backwardness in the world can be explained by the lack of mutual confidence*”¹.

In traditional solidarity economies and local exchange systems, trust and reciprocity form the backbone of transactions. The recurring challenge today is whether such socially embedded conventions can be scaled across wider networks without losing their relational character. In modern market-based economies, this challenge has been addressed through impersonal substitutes for trust: price signals, collateral requirements, credit scoring, and third-party intermediaries such as banks, rating agencies, auditors, notaries, and insurers. While these mechanisms allow strangers to transact, they also commodify trust—what Viviana Zelizer critiqued as the “cash nexus”, the reduction of social relations to monetary considerations².

By contrast, the case studies in this report show how SSE ecosystems preserve trust by empowering context-specific guarantors - whether a local leader, a cooperative, or a technology designed with transparency and accountability protocols. What matters is not the form but the collective recognition of legitimacy: who is entrusted with this role and how that trust is sustained.

In Indonesia, for example, Kitabisa has gained the confidence of millions of small donors and institutional partners by combining strict verification processes with transparent reporting. In Kenya, the Sarafu Network demonstrates how community-level reciprocal trust can be extended across wider networks: its community currency pools past and future commitments, collectively validated, and secures these exchanges through blockchain protocols and accountability mechanisms.

As Elinor Ostrom argued, “*trust and reciprocity increase the probability of achieving outcomes that are ‘better than rational’ from the perspective of individuals narrowly pursuing short-term self-interest*”³. Scaling SSE finance therefore depends on identifying credible guarantors and ensuring that institutions and protocols are fit for purpose to extend or distribute, rather than replace, community-level and interpersonal trust, without collapsing into the impersonal logic of market finance.

¹Arrow, K. J. (1972). *Gifts and exchanges*. *Philosophy & Public Affairs*, 1(4), 343–362.

²Zelizer, V. A. (2005). *The purchase of intimacy*. Princeton University Press.

³Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. Cambridge University Press.

Embedding Public Oversight and Participatory Governance

Democratic and participatory decision-making is not only intrinsic to the identity of the SSE, but also critical to ensuring that finance reflects collective priorities rather than narrow profit motives. Transferring decisions on resource allocation from distant institutions to communities themselves shifts the focus toward long-term, socially embedded needs and strengthens public accountability. Nobel laureate Amartya Sen has emphasized that participation in decision-making is both a “constitutive” and an “instrumental” freedom: it is a right in itself, and it produces better outcomes by aligning policies with lived realities.

The case studies featured in this report illustrate how participatory governance transforms financial flows. Kitabisa’s success in Indonesia lies not only in its crowdfunding model but in its ability to co-design campaigns with grassroots organizations, which makes it attractive to institutional donors seeking legitimacy and community acceptance. In West Africa, the Fonds de transition agroécologique (FTAE) shows how collective decisions on the use of *Fair Trade Premiums* at the cooperative level tend to redirect funds toward social and collective goods such as education, health, or community infrastructure - resources that would most likely otherwise have been used for private consumption [see box p.84]. Similarly, the Caño Martín Peña Community Land Trust in Puerto Rico demonstrates how collective land governance can safeguard both local leadership and ecological resilience, embedding resource allocation in a participatory structure that resists speculative pressures.

The central challenge for SSE finance is to design governance arrangements that embed participation while safeguarding independence - so that professional assessments remain rigorous, information flows are transparent, and decision-making and decision-making is not distorted by bias or conflicting interests. When properly structured, participatory mechanisms are not a procedural add-on but a way to give communities a real voice in how resources are prioritized, to embed transparency in fund allocation, and to ensure that financial decisions reflect local needs and build lasting trust.

Participatory governance as the bottom line for a “human rights economy”



“At SSE International Forum, along with our partner Fair Trade - Max Havelaar France, we believe that fair trade is a driver of the social and solidarity economy and illustrates how participatory governance can reshape value chains to better serve collective needs. Value sharing, the inclusion of local and indigenous communities, and local roots are defining factors of fair-trade supply chains in many cooperatives. In agriculture for example, by pooling resources and decision-making, producers strengthen their bargaining position, invest in long-term community priorities, and build more resilient local ecosystems.

When SSE entities, such as cooperatives, are empowered to decide collectively how to allocate these funds, they often choose investments that generate lasting social benefits. In Guatemala, for instance, the Asobagri cooperative has used Fair Trade premiums to expand training for women and young people in coffee cultivation. This has not only improved the quality of production, but also strengthened livelihoods and working conditions, while supporting greater gender equity and intergenerational inclusion.

This bottom-up, inclusive approach is not just a ‘nice-to-have’, but a critical prerequisite to ensure that projects and investments are anchored in public accountability and long-term visions, fostering what could be described as a genuine ‘human rights economy’”.

Anthony Ratier,
Director of ESS Forum International

Institutionalising the SSE Distinctive Value within long-term Frameworks

Recognising SSE entities and mechanisms within legal, policy and financial frameworks is essential not only to strengthen their visibility and legitimacy in national and regional development agendas, but also to provide the long-term stability needed to consolidate their models and demonstrate their added value and sustained

impact, protecting them against competitive and shifting policy environments

Institutionalisation contributes to a more supportive policy environment by clarifying the scope and legal status of SSE entities, thereby reducing regulatory ambiguity and facilitating their integration within development plans and the frameworks of public and private economic actors, including through SSE-sensitive criteria in public and private procurement⁴. Such recognition is essential to create SSE-friendly markets and to correct the imperfect valuation of the social and environmental benefits provided by SSE entities within conventional market systems. It also encourages development finance institutions to adjust their mandates and develop better-tailored products and non-financial support to serve smaller, community-based actors, and to mobilise capacity-building, technical assistance and training programmes that enhance their managerial and financial capabilities, as demonstrated by the case of JAÏDA in Morocco. Targeted public policies and incentives, such as fiscal and tax benefits or labelling systems, can further influence private financial actors, encouraging banks and investors to design tailored financial instruments adapted to the hybrid social-economic nature of SSE entities.

Evidence from the case studies demonstrates that embedding SSE mechanisms within legal and policy frameworks provides

the stability required for these models to mature and demonstrate impact over time. In Maricá in Brazil, the recognition of the local currency and the Community Development Bank in municipal legislation has been critical to anchor the Mumbuca system within a multianual framework that extends beyond political cycles. In Puerto Rico, specific legislation has underpinned the development and protection of the ENLACE Project and reinforced the authority of the Community Land Trust, securing community ownership of land and ensuring the enforceability of land-use plans aligned with community priorities.

While institutionalisation helps to overcome long-standing policy and financing barriers, excessive mainstreaming can weaken the very principles that define the SSE - such as cooperation, democratic governance, and the primacy of social purpose over profit. Determining the appropriate scale and form of institutionalisation is therefore essential: it must be broad enough to secure recognition and access to diversified sources of finance, yet sufficiently protective to preserve the SSE's distinctive characteristics and local autonomy within wider development systems, prevent distortion through excessive competition, and safeguard its non-profit orientation [see Box p.85]. Public authorities and development finance institutions have a pivotal role in maintaining this balance through principled institutionalisation. One that

embeds SSE objectives within long-term frameworks that empower, rather than assimilate, SSE actors, while enabling their financial diversification and operational sustainability.

Institutionalising the Distinctive Role of the SSE in Financing for Development

“We are living through overlapping crises that test the resilience of our economies and societies. Conflicts, pandemics, disasters, climate shocks, cost-of-living pressures, debt distress and widening inequalities strain public budgets and confidence alike. In these conditions the social and solidarity economy has repeatedly shown that it delivers. It generates jobs, supports social protection, improves conditions of work and life, sustains people and the planet, and helps democratize the economy while making systems of trade, finance, production and consumption fairer and more resilient, inclusive and sustainable. While the ILO has institutionalized the promotion of cooperatives since 1920, the past fifteen years have brought accelerated recognition of the wider SSE. The establishment of the United Nations Inter-Agency Task Force on Social and Solidarity Economy in 2013 was a key turning point. The ILO Resolution concerning

⁴United Nations Task Force on Social and Solidarity Economy (UNTFSSSE) / TWG-FAS, & UNCTAD. (2025). Boosting the contribution of social and solidarity economy entities to sustainable development: A collection of good practices to strengthen their access to finance. <https://unsse.org/wp-content/uploads/2025/09/Boosting-the-contribution-of-SSE-entities-to-sustainable-development-1.pdf>

decent work and the SSE of 2022, and the UN General Assembly resolutions of 2023 and 2024 on promoting the SSE for sustainable development, have further internationalized and institutionalized this agenda. National experience confirms that the adoption of measures is only part of the story. Effective legal, policy, institutional and statistical frameworks are country-led and context-specific, and inclusive participation throughout can be decisive. When governments, employers' and workers' organizations and representative SSE bodies contribute to the design, implementation and monitoring of measures, outcomes and accountability improve. Where participation is thin, delivery falters. Because many official texts defer operational detail, competent bodies and adequate resources are essential to move from recognition to institutionalization and from institutionalization to results and sustainability.

Finance is a central determinant of sustainability, and it is the core concern of this publication. A systemic approach recognizes the need for a system of finance aligned with, or tending towards, SSE values and principles, with a subset of that system consisting of SSE entities mobilizing and providing finance. A genuinely conducive environment recognizes the dual role of the SSE in financing for development, as both recipient and provider of finance. It affirms the contribution of social and solidarity finance, including by cooperative banks, mutual insurers, credit unions and community development finance. It institutionalizes the distinctive contributions of the SSE while anchoring finance in public-interest, democratic and participatory models, and measures what matters for people and the planet.

As the case studies illustrate, the growth of social and solidarity finance enables the SSE to expand without sacrificing its distinct nature and contribution. Multilateral, international and regional financial institutions and development banks have a key role in this regard. During preparation of the 2024 UN Secretary-General's report on implementation of the 2023 UN General Assembly resolution, only a limited number of surveyed institutions explicitly recognized working with SSE entities, even where portfolio reviews showed concrete engagements. Closing this gap between practice and recognition should be a priority for future financing frameworks. International labour standards provide a practical foundation for developing social and solidarity finance in concept, law, policy and practice⁵. Elaborating a framework for social and solidarity finance should be grounded in, and tested against, existing human and labour rights standards and guidance, UN General Assembly resolutions, UN and other multilateral processes, and sub-national, national, and regional frameworks. Using this broad base helps create shared definitions and safeguards, align terminology, concepts and measurement, and keep policies coherent across levels through dialogue and consensus-building among key stakeholders. This approach can build on the ILO's experience in the adoption of the international, tripartite definition of the SSE, raising the chances of reaching widely accepted common ground on social and solidarity finance. This is not about the SSE alone. It is about embedding solidarity and sustainability at the heart of development. The ILO and the United Nations Inter-Agency Task Force on Social and Solidarity Economy stand ready to support this effort.”

Simel Esim

**Head, Cooperative, Social and Solidarity Economy Unit, International Labour Organization
Chair, United Nations Inter-Agency Task Force on Social and Solidarity Economy**

⁵Recommendation No. 193 calls for an autonomous cooperative finance system spanning savings and credit, banking and insurance. Recommendation No. 189 encourages mutual guarantee associations for small and medium-sized enterprises. Convention No. 117 requires protection against usury, including through cooperative credit facilities for appropriate borrowing. Recommendation No. 115 supports measures that stimulate savings and investment by cooperatives for workers' housing. Recommendation No. 67 specifies that unified social insurance administration should remain compatible with separate supplementary schemes, including for members of mutual benefit societies. Taken together, such instruments set a foundation for social and solidarity finance, guiding countries to translate principles into coordinated legal, policy and institutional practice.

fair.

Financer
Accompagner
Impacter
Rassembler

Gsef

Global Forum
for Social and Solidarity
Economy



MINISTÈRE
DE L'EUROPE
ET DES AFFAIRES
ÉTRANGÈRES

Liberté
Égalité
Fraternité