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Economic Development Department
REPUBLIC OF SOUTH AFRICA



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Joint Media Release

Economic Development Department, Government of Flanders, International Labour Organization

To: All Media

Date: 30 January 2017

MINISTER PATEL SIGNS A MEMORANDUM OF UNDERSTANDING WITH THE GOVERNMENT OF FLANDERS AND THE INTERNATIONAL LABOUR ORGANIZATION ON THE DEVELOPMENT OF A SOCIAL ECONOMY POLICY IN SOUTH AFRICA

Economic Development Minister, Ebrahim Patel, today signed a Memorandum of Understanding (MoU) with the Government of Flanders and the International Labour Organization (ILO) to help boost job creation in the social economy in South Africa.

The Government of Flanders committed Euros 1 324 367 (around R19 million) towards the initiative which is aimed at creating and supporting decent jobs in a sustainable and inclusive social economy. EDD's in-kind contribution is R4.8 million, bringing the total project cost to around R23.7 million. The International Labour Organization will give technical support to the Economic Development Department in the implementation of this project.

"The social economy in many parts of the world creates and sustains millions of jobs and helps to offer economic services to marginalized communities and regions. It can bring energy and enterprise to our efforts in South Africa to tackle unemployment and inequality challenge," Minister Patel said today at the signing ceremony.

"We have some successful models of social enterprises locally and we are ready to scale them up. These include cooperatives, union investment vehicles, community work programmes, not-for-profit companies and stokvels. The challenge as we scale these efforts up is to do so in a sustainable manner and support efficient enterprises that generate

surpluses and reinvest these in job creation and social upliftment. This partnership we entered into today will give us the resources and expertise to bring more focus to our efforts,” Minister Patel said.

“The Government of Flanders recognises the role of the social economy in enhancing the socio-economic growth and social inclusion that South Africa needs, in order to tackle the challenges of high unemployment, poverty and inequality. We have been supporting innovative projects in social entrepreneurship and the social economy since 2010, with a multi-actor as well as a multi-level approach. These projects have contributed significantly to understanding different aspects of the social economy, while at the same time highlighting the need for a consistent and coherent national policy to further enable and support its growth and development,” said Dr. Geraldine Reymanants, General Representative – Counsellor of Government of Flanders

This partnership is a culmination of a long period of engagement between EDD, Government of Flanders and the ILO with the seeds of the partnership being sown at the regional academy on the social economy in 2009 under the leadership of Honourable Minister Patel. This project also builds on the pillars of the decent work agenda namely, promotion of fundamental principles and rights at work, employment promotion, social protection coverage and tripartite social dialogue,” added Mr Joni Toko Musabayana (DBL), Director at the International Labour Organisation.

The project will be implemented over the next three financial years from 1 April 2017. The focus will be on providing support to, and developing policy for the social economy; with three key result areas:

1. Providing strategic support for unblocking and implementing practical interventions in the social economy sector;
2. Establishing well-defined institutional mechanisms to drive and guide work in the social economy; and
3. Developing an enabling policy framework to guide actions, investments and job creation in the social economy sector

Work will focus on the economic activities of enterprises and organisations that manage their operations and direct their surpluses in pursuit of social, environmental and community goals. These include cooperatives, mutual societies, voluntary and community organisations, community and union investment vehicles, as well as community trusts.

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