

Working Toward a Worldwide and Solidary Financial System (WSFS)
Summary of the Workshops and Seminar
World Social Forum in Porto Alegre
January 24 and 25, 2003

1. The social bankruptcy of the world financial system

- ✓ The current mechanisms for circulating money make it scarce and destroy the social equilibrium (capitalism, pension funds, fiscal paradises...)
- ✓ More than half of humanity does not have access to the financial system (in Peru, 70% of the economy takes place outside formal boundaries, and in Argentina, 6 million people use complementary currencies)
- ✓ The chasm between the rich and poor is deepening every day.

2. In juxtaposition, a multitude of innovative, complementary, and linked initiatives arise

- ✓ The palliative innovative mechanisms are developed in various directions: solidary finances, participatory budgeting, complementary currency, ethical investments...
- ✓ There are many initiatives in the area of solidary finances on all of the continents and at all territorial scales.
- ✓ National federations have been set up in certain countries (Brazil, Spain, France, Peru, Quebec, ...) and are being drawn up at a continental level.
- ✓ These initiatives have various forms: co-ops of savings and credit, micro-finance institutions, clubs of solidary risk capital, ONGs, banks of the people, solidary and ethical banks, etc. They cover a large variety of needs.
- ✓ The local currency makes it possible to create local groups of trade and markets regulated only by the capacity to produce and consume. They are free of interest and intermediaries.
- ✓ Solidary finances and social currency complement each other.
Example: micro-credit permits to buy products and services that are not available in the local trade group. The reimbursement occurs in local currency, which makes it possible to increase the monetary mass quite a bit.
- ✓ All of the solidary actors that use these innovations are already strongly linked together, thanks to the new means of communication.

3. The need to cooperate in a Worldwide Solidary Financial System

Why cooperate?

- To resist the disastrous evolution of the financing companies and reestablish a healthy and equitable circulation of money.
- To create an identity and legitimacy to the solidary finances and its objectives: the effort of communication and visibility made at a global level benefits all actors in the system.

Why not content ourselves with a reform of the current system?

- The current system is guided purely by profit and does not want to accept reforms.
- A global approach is insufficient, since it is not able to take into account all situations. The change can only occur with concrete practices defined and controlled locally.

- It is necessary to keep alternatives that use the rules of the system and make it evolve from the inside at the core of the system.

Why act at a worldwide level?

- Money and finances are at the hub of the globalization process.
- The current financial system is powerful and integrated, and it is necessary to put ourselves at the same level.
- The great challenges of society are found at a global scale.

What does cooperation bring to the grassroots actors?

- The resources at a local level are insufficient.
- The external resources that are mostly needed are technological and methodological competencies--the financial resources will only come at a later point.
- The cooperation in a system also allows to join efforts to develop new technologies and get to know others.
- The transference of knowledge can occur between North and South, South and South, and even between South and North.

4. The system should be founded upon strong values

- ✓ The WSFS is clearly inserted in a perspective of transformation of society.
- ✓ It is founded more on strong values than on technical tools.
- ✓ It focuses social, environmental, and ethical concerns, giving back to money its meaning.
- ✓ It is based on trust, on relationships and on social cohesion.
- ✓ It seeks to maximize solidarity and not profit, and substitutes the power of money for solidarity.
- ✓ It makes it possible to overcome poverty and redeem self-esteem.
- ✓ It makes it so that all have access to money under acceptable conditions.
- ✓ It values diversity and its own resources and not only profitable resources at a worldwide level.

5. The system should have over it a social control

- ✓ It should allow for a re-appropriation of the monetary and financial flows by the citizens.
- ✓ Contrary to the current system, its structure and control should be decentralized.
- ✓ Its ownership should also not be concentrated.
- ✓ The social control of the system should be exercised by its users, and more particularly, by those who are currently excluded.

6. A local prevalent dimension, and a procedure from bottom to top

- ✓ The solidary finances and the social currencies can only exist if they are strongly linked to local development.
- ✓ They should respect, in an integral way, local conditions and culture.
- ✓ They should arise out of the needs of the beneficiaries.
- ✓ Ethical practices and concrete proof should support the system.

- ✓ It is a result of a participatory process that originates in the actors of solidary finances, and should be self-regulatory.

7. A concrete cooperation in a solidary system that is coherent and not institutional

- ✓ The World Solidary Financial System is a cooperation between actors from all levels that are not supported by an institution.
- ✓ This cooperation seeks to create an international force of citizens that uses the diversity of the actors and makes use of the complement framework from all angles.
- ✓ The WSFS begins by questioning the unified market of single currency and of a system that concentrates all of the wealth in certain places of the world.
- ✓ It presupposes that an educational process has taken place showing that money is not a sufficient condition for development.
- ✓ It rises from the local economic frameworks and of the communities that are present.
- ✓ It presupposes the recreation of plural monetary and financial instruments.
- ✓ It links the local economic frameworks to the global ones.
- ✓ This joining of forces is fundamental to bring about a global cohesion and to balance the financial flows between the countries of the South and the North.
- ✓ The WSFS should interact with the classic financial system and work at making it more socially responsible.
- ✓ The WSFS should quickly work towards building a more active network that translates into practices of active cooperation between the organizations by means of conventions of cooperation, by concrete experiences of co-financing, and even for the creation of financial instruments at an international level.

8. The fragility and the weak position of the solidary system

- ✓ The development of the system will make it possible to identify and progressively strengthen its weak points.
- ✓ Solidary finances still do not carry enough weight in the international financial system.
- ✓ The system is made up of a multitude of very recent initiatives that should find ways to become stronger.
- ✓ This requires human capital, information channels, and funds to build basic capitals, which are still insufficient at the moment.
- ✓ The current legal and administrative frameworks were not designed for solidary finances. They do not take into account the unique characteristics of the organizations of social use.
- ✓ More specifically, it is necessary to build an entire system and institutions that can create a context for informal exchange.
- ✓ At the banking level, the revision of the agreements of Basiléia can be a threat to solidary finances.
- ✓ The governments can support the solidary finances locally, by way of, for example fiscal incentives and by a financial involvement of the local collectivities. At a broader scale, they become impotent against the processes of globalization.

9. A determined mobilization of the actors to create alliances

- ✓ The actors that came together for the World Social Forum in Porto Alegre expressed their desire to create this worldwide cooperation within the context of a World Solidary Financial System.
- ✓ This cooperation must strengthen national, regional, and continental coordinated efforts.
- ✓ It calls for important unified actions with the strength of social transformation from each country, and with the unions, the co-op movement, and the within the universities.
- ✓ It also demands coordinated actions with the governments and public and private institutions.
- ✓ It also undergoes forms of collaboration between South-South, North-South, and South-North.
- ✓ It will also demand a good communication system.
- ✓ It can be supported by the already existing networks at an international level such as INAISE or Alliance 21 (solidary finances and social currency) that have participated in this seminar during the WSF.

10. An initial agenda for a WSFS

- ✓ Some participants of the seminar have already proposed the next meetings:
 - INAISE conference and workshops during May 15 and 16 in Amsterdam.
 - The European Social Forum in Saint-Denis, France, in October 2003.
 - The Meeting of the Asia Pacific Development Center (APDC) in June 2004 in Kuala Lumpur.
 - The Meeting of the European Council in 2004 (date and place to be scheduled).
- ✓ INAISE proposes that a first Platform be created and that its organizational officers establish a list of the organizations interested in participating in the World Solidary Financial System (www.inaise.org and inaise@inaise.org).
- ✓ It was also proposed to elaborate a project for getting together this year.

Balance Statement of the Solidary Finance Networks by Countries and Continents

Argentina

- ✓ Very developed micro-credit system, but still very expensive, of three types: Grameen Bank, parishes, NGO
- ✓ There is no national coordination

Brazil

- ✓ Old credit systems at the level of co-ops, but they are not used
- ✓ New forms, relatively recent, of diversified solidary finances: Institutions of Micro-Finance (IMF), co-ops of savings and credit, informal institutions (banks of the people, parishes, NGO...)
- ✓ Some of these have a national organization (credit co-ops, banks of the people)

Quebec

- ✓ Shifting of the organizations of the traditional social economy to the capitalist economy
- ✓ Renewal, thanks to the unionists, of the creation of worker's funds
- ✓ Linkage with the pension funds
- ✓ Cooperative action with the South

Benelux

- ✓ The credit co-ops in the classic banks have been opened to the common people
- ✓ Recent reintroduction of an ethical base in the banks of social economy, but with commercial purposes
- ✓ Recent creation of some solidary finance associations (savings and credit) that invest locally
- ✓ these initiatives have given rise to two solidary banks (e.g. Triodos), who present a desire for social change

Spain

- ✓ Local, regional, and national timid initiatives and not yet unified
- ✓ Two attempts toward unification at a national level (RUFAS) and in Catalonia
- ✓ Two banks at a national level: Social Bank and Triodos (in the process of being created)

France

- ✓ Shifting of the organizations of the traditional social economy to the capitalist economy.
- ✓ Many various initiatives in terms of origin, area served, bylaws, and products.
- ✓ A national federation, Finansol, brings together the majority of the actors that want to promote solidary finance, and lobby in order to create the legal and administrative conditions that are needed to operate.

Italy

- ✓ Shifting of the organizations of the traditional social economy to the capitalist economy.
- ✓ The creation of new savings and self-managing credit co-ops (during the 80s)
- ✓ Setting up of a specific bylaw for the financial co-ops
- ✓ Rise of Banco Ético (Ethics Bank) in the 90s

- ✓ Pressure upon the traditional banking system to move toward a reintroduction of ethics

Asia

- ✓ Numerous solidary groups (self-help groups) outside the classic system
- ✓ Awareness of the importance of this system and a desire to join it with the classic system
- ✓ Two trends: pre-banking micro-finances (Grameen Bank type) that distributes credit in a centralized way, which can be easily reproduced
- ✓ Solidary micro-finances that give preference to individuals (Credit Union type) and are focused more on the poorer people
- ✓ Institutional networks in the Asia Pacific region
- ✓ A network of reflection, exchange, and of promotion of the solidary finances (Inasia)

Europe

- ✓ A European federation of solidary banks has been recently set up, FEBEA.
- ✓ The European Council has interest in facilitating the creation of a European platform of solidary finances, especially for the countries in transition and for the needs stemming from immigration.

Latin America

- ✓ A continental network, Folades (organizations of micro-finances)

International

- ✓ Some networks for exchanging experiences, information, and for the elaboration of strategic proposals: INAISE (financiers of social economy), building site of solidary finances of Alliance 21 for a responsible and solidary world (citizens), Inades (organization of micro-finances)