Statement by the Intercontinental Network for the Promotion of Social and Solidarity Economy (RIPESS), Intergovernmental Group of Experts on Financing for Development, 9th session, UNCTAD, Geneva, 1-3.12. 2025.

I speak on behalf of RIPESS, an intercontinental network that promotes worldwide the Social and Solidarity Economy (or for short, the SSE).

We have heard from the representative of Kenya that there is no universally agreed definition of blended finance. And we know the dangers of the socialization of risks and privatization of profits. We submitted a written contribution to this session entitled "Financing the Social and Solidarity Economy from the Ground Up: Democratic Intermediaries as Alternatives to Conventional Blended Finance". It presents an alternative, grassroots approach to conventional blended finance, one that is adapted to support the SSE, which the UN General Assembly has acknowledged contributes to the achievement of the multiple dimensions of the SDGs – more effectively than the conventional short-term and profit-oriented private sector. It defines the SSE as encompassing cooperatives, social enterprises, associations and other economic entities that share in common core SSE values and principles that include:

(a) democratic and participatory governance and
(b) the primacy of people and social purpose over capital in the distribution and use of profits, within a long-term sustainable development time frame.

Since 2023, the General Assembly has called on development finance institutions at all levels to support SSE in collaboration with governments, the UN system and other partners – a call that was further reinforced in the *Compromiso de Sevilla* (in paragraphs 21 and 32.h).

Based on lessons learned from past experiences, our proposal aims to offer practical pathways to implementation through an alternative, grassroots-driven and democratic form of blended finance.

Let me explain: SSE entities face even greater obstacles than MSMEs in accessing credit from commercial banks. In addition to high credit risk, inadequate collateral and expectations of high short-term returns from these types of banks, they also face a lack of understanding or reluctance to support economic entities that adhere to core SSE principles.

In response, the SSE movement worldwide has developed its own social and solidarity financing mechanisms (such as credit unions, community development banks, or solidarity-based micro-finance institutions) both as sources and channels of SSE financing and other support. These can include low-cost long-term loans and guarantees, complemented by grants, capacity-building, monitoring and evaluation. But the needs and the potential for scaling out are immensely greater than what can be pooled from local resources alone, especially in developing countries.

Thus, the rationale for developing scalable blended finance structures consisting of intermediary mechanisms that would pool and channel financial and non-financial resources from private SSE savings with multiple partners, including national development banks, MDBs, bilateral donors, NGOs and philanthropy. From our experience, external private investors such as pension funds and so-called “impact investors” could potentially contribute, as long as they respect local priorities and modalities defined through these multi-stakeholder democratic intermediary structures.

This generic approach, which can be adapted to different country contexts, corresponds to a number of recommendations and principles on the design of blended finance highlighted in the Note by the UNCTAD secretariat. It is: anchored to achieving the 2030 Agenda; tailored to the local context; focused on building effective partnerships; and subject to ongoing transparent monitoring to increase its impact (in our case, evaluated in terms of effective and inclusive territorial SSE ecosystem development). Such a mechanism is more likely to take root if SSE is already part of national development plans and priorities – as it is in a growing number of developing countries. The democratic nature of the mechanism is designed, as the UNCTAD note for the session stipulates, to “*ensure that relevant national authorities, civil society organizations, local communities and beneficiaries have vested interests in the outcomes of blended finance projects and programmes and are co-owners in the process.”*

If and when this this mechanism becomes entirely self-sustaining will depend on national circumstances and complementary policies.