

Democratising Ownership for an Inclusive Digital Economy

In search of platform co-operatives in South Africa

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Creative Destruction

Joseph Schumpeter's theory of creative destruction argues that monopolies are good for innovation. But contemporary scholars argue that the prevalence of tech monopolies in the digital economy constrains innovation diversity. They link this to automation and the growth of technological unemployment.

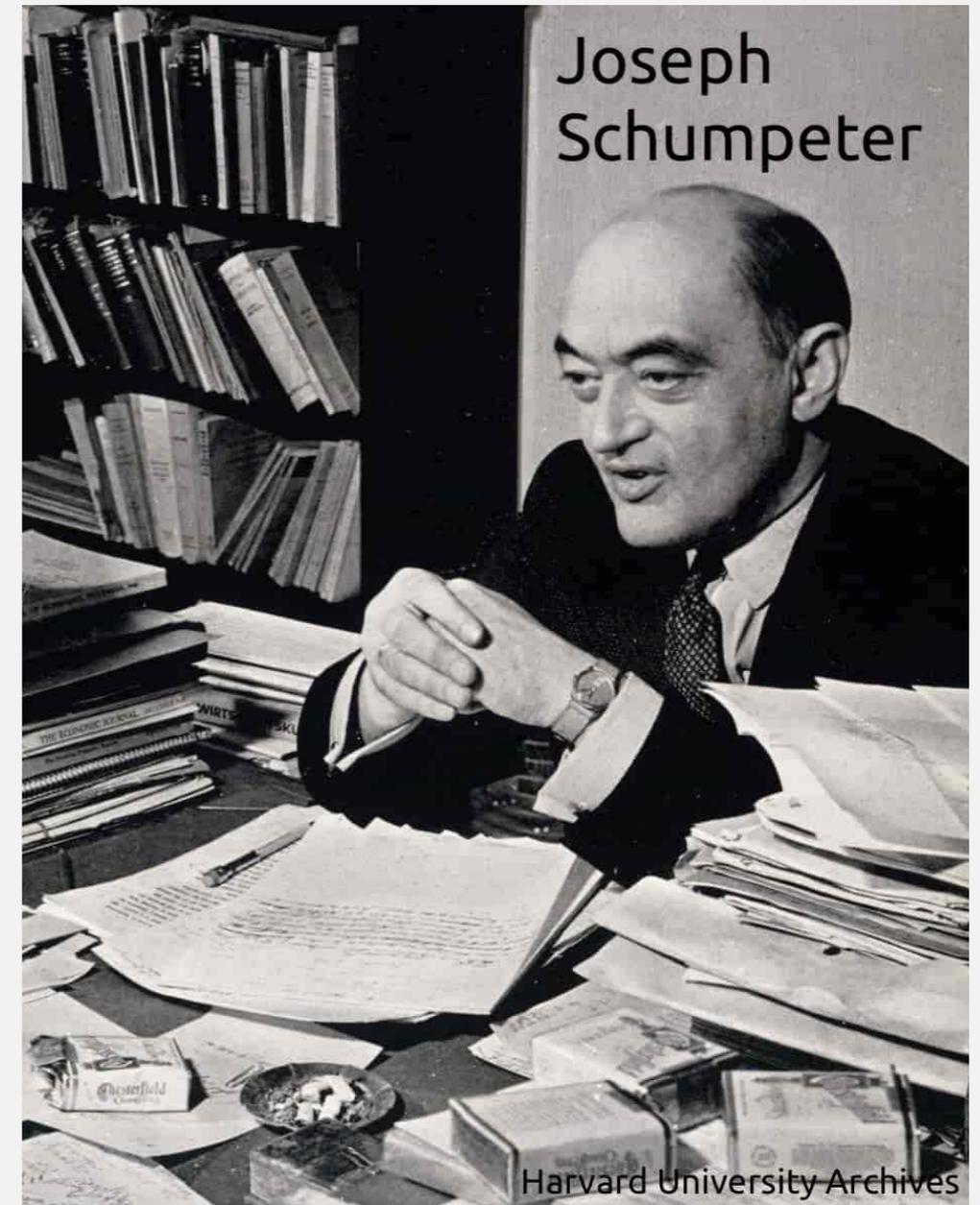


Image: Harvard University Archives/CC

Research Questions

- ▶ Do alternative enterprise development models that foster fairer social outcomes exist in South Africa's platform economy?
- ▶ What kind of institutional and regulatory frameworks support the diversification of the digital economy towards inclusive economic development for fairer social outcomes?

Platform Cooperatives

A platform co-op is a digital platform, either a website or an app, designed to provide a service or sell a product. It is collectively owned and democratically governed by the workforce whose livelihood it sustains.

Examples

- ▶ **Eva:** a ride-sharing app similar to Uber, but in line with co-op members' priorities
- ▶ **Fairmondo:** online marketplace for ethical goods and services and a co-op alternative to Amazon and eBay
- ▶ **Play Fair:** a community owned music network similar to Spotify



Image: United Nations

Dynamic platform co-op regions

The most dynamic regions with enabling environments for the emergence of platform co-ops are in the global north, with one exception.

California, U.S.

Bologna, Italy

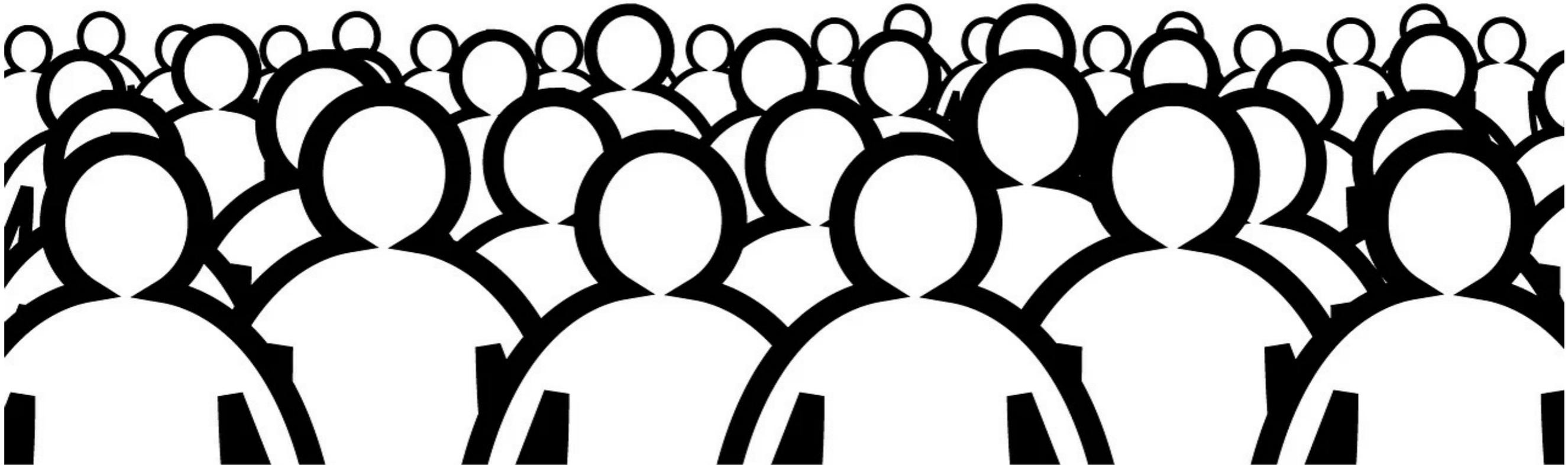
Berlin, Germany

Paris, France

Kerala, India

Barcelona, Spain

Preston, United Kingdom



Enabling environment in SA?

Constrained policy environment for emergence of platform co-ops

Co-operative Act 2005 (amended 2014)

Co-ops development located within National Department of Small Business Development and driven through municipal LED programs.

Problem: conceptualised as localised welfare oriented program - not directed at enterprise development for success in mainstream economy.

Result: Most SA co-ops are survivalist and located in poor black communities. There is an 88% failure rate amongst them. The vast majority of co-ops exist in name only to access the co-op incentive grant scheme.

Start-up Act Position Paper

Emanates from **private sector** - driven by consortium of VC & management consulting firms.

Billed as **omnibus legislation** targeting wide ranging policies/legislation, including National Small Enterprise Act.

Wants **exemption from 'policy constraints'** for companies with an annual turnover less than R100 million.

Calls for **less red tape**, tax incentives and flexible employment regime - dismissals without fear of CCMA penalties.

Platform co-ops in South Africa?

- **Digital Platform Co-operative Project (DPCP)**, created by the Social Law Project (SLP) in the Centre for Transformative Regulation of Work (CENTROW), to support the formation of a domestic workers' platform cooperative.
- **Abalobi**, a marketplace platform that helps fishers to engage directly with buyers, such as restaurateurs, while circumventing traditional intermediaries.
- **Trip Rider SA**, a women and youth owned ride-hailing platform co-op that was launched in August 2020, but currently defunct. The platform was linked to the Democratic Socialists of Africa (DSA).

ABALOBI

“Abalobi is a South African-based, global **social enterprise** seeking to elevate small-scale fishing communities through fisher-owned data and the joint development of Technology For Good.” (Abalobi website)

It is a **two-sided marketplace app** that connects fishers directly to buyers. Hugely successful. Now operating in 10 countries.

App co-founded by small-scale fishers and Dr Serge Raemaekers, formerly of UCT’s Marine and Antarctic Research Centre for Innovation and Sustainability (MARIS).

Origins of Abalobi rooted in the struggles of small-scale fishers for recognition in government policy.



Image: Abalobi

ABALOBI

Institutional arrangements

- ▶ Hybrid non-profit social enterprise supported by a for-profit technology lab.
- ▶ The for-profit company is accountable to the non-profit board.
- ▶ The non-profit board comprises co-founders and other stakeholders.

Diverse funding streams

- ▶ Originally funded by NRF.
- ▶ Currently funded by philanthropic and other foundations.
- ▶ Also supported by income from the for-profit entity, which is also expanding due to a social impact investment loan.

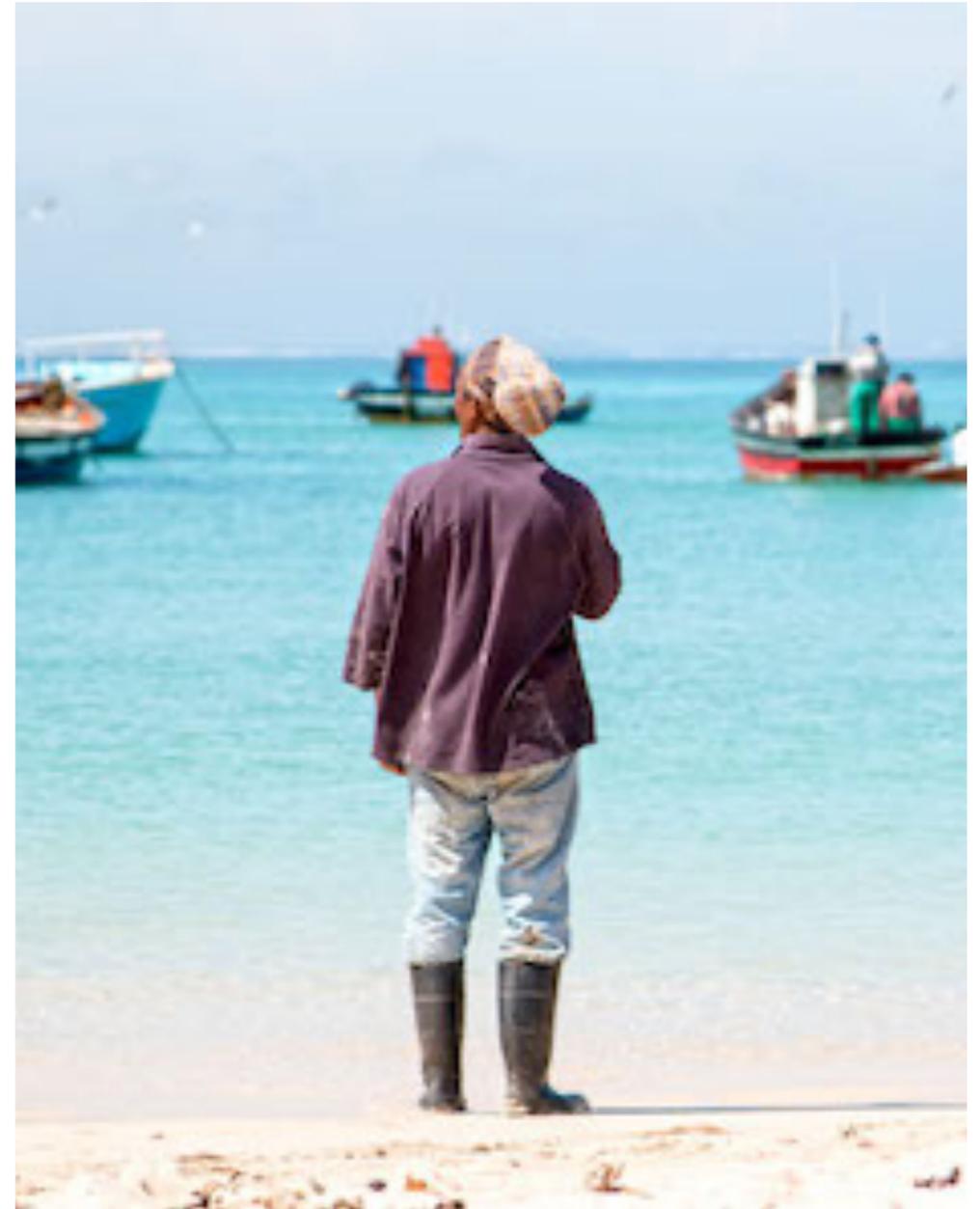


Image: Abalobi

Digital Platform Co-operative Project (DPCP)

Origins of the DPCP

- ▶ Rooted in the struggles of domestic workers. The SLP has a deep understanding of these issues due to years of research as well as providing trade union support.
- ▶ SLP was also involved with defending Uber drivers in the first case of its kind against the tech giant in SA.
- ▶ Due to a combination of the above, the idea of a platform co-op took root in the SLP that wanted to see how tech could be deployed to address the social security needs of domestic workers as well as create an advocacy platform for critical issues.



Image: Alice Morrison/Wikimedia Commons

DPCP Still in launch phase

- ▶ Since the initiation of the project, the SLP has created a core group of domestic workers from JHB and CT.
- ▶ These workers have received training from the SLP.
- ▶ A digital platform/app is being developed.
- ▶ The final decision to go ahead with the launch of the platform will be taken by SLP/CENTROW/the domestic workers.
- ▶ In RIA's engagement with the domestic workers, we found that they extremely were enthusiastic about going ahead with the launch.

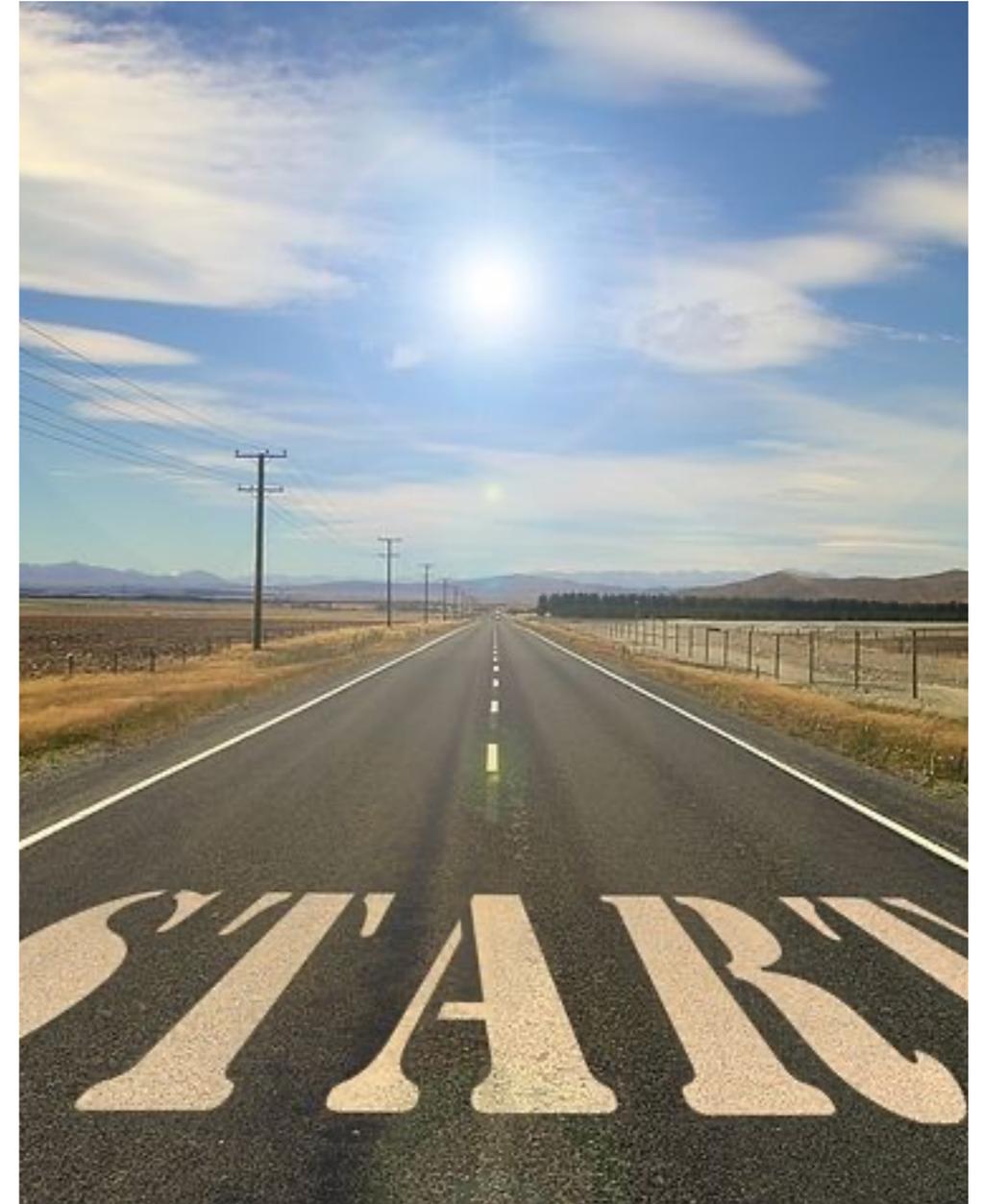


Image: Pixabay

Recommendations

- ▶ Progressive organisations, universities, think tanks, NGOs, etc., need to develop a position paper that will act as a counterargument to the Start-up Act Position emanating from the private sector.
- ▶ Develop proof of concept models for alternatives in the digital economy. These need to be supported with institutional and financial support for new ideas to take hold and become visible.
- ▶ Establish an incubator/s to launch platform co-ops; e.g., the city of Brussels sees a role for municipalities to do this.
- ▶ Lobby to get the issue of distributed ownership models in the digital economy (e.g. platform co-ops) onto political party's digital manifestos, to counter the growth of tech monopolies and problems related to market concentration.

Thank you

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