



Legal and political recognition of social solidarity economy (SEE)

An overview on SSE public policies and guidelines

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of social solidarity economy (RIPRESS)**

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Introduction

This document¹ is a tool for governments, public services, SSE organizations, development organizations, researchers and other people interested in the development of public policies that recognize SSE.

For several years, countries have adopted laws, policies, and various other measures in order to promote the development of solidarity economy, social economy or social solidarity economy. These measures are often accompanied by the modernization of legislation of historical social economy dating back to the 19th century like cooperatives and mutuals.

Most of the following information are a synthesis of documents that we can find on the [RELIESS](#) website, a Resource Centre and International Liaison on public policies in social economy, and also in the section of legislation on the [SOCIOECO](#) website.

We will explore the different types of recognition :

1. Constitutional recognition
2. Framework law or general laws
3. Public policies
4. Specific laws
5. Local authorities

For the purposes of this paper, the concepts of social economy, solidarity economy, social and solidarity economy, or social solidarity economy, have some relationship, but also have some differences within countries and contexts. In general, social economy refers to economic activities by collective enterprises such as cooperatives and mutuals. For its part, solidarity economy, while integrating the social economy notion, includes, in most cases, a political vision of a development model change that is an alternative development model.

N.B. This document is probably incomplete. It is written with the information we have in hand. We are launching an invitation in order to invite you to send us any information that is not already on the SOCIOECO or RELIESS websites.

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¹This document is also available in French and in Spanish.

A-Constitutional Recognition

The most significant public acknowledgment that a country can give to the SSE is to integrate it into its constitution. Only one country has done it so far : Ecuador.

Indeed, the Ecuadorian Constitution of 2008 gives a central place to the popular and solidarity economy (PSE). Section 283 of the Constitution defines a vision that runs through the whole economic and social system based on the Buen Vivir (Spanish) or Sumak Kawsay (in Quechua).

Art 283. Paragraph 2 (our translation) :

The economic system is composed of public forms of economic organization, public, private, mixed, popular and of support, and others that the Constitution determines. The popular and solidarity economy will be regulated by a law that will include the cooperative, associations and community sectors.

In Bolivia, the 2009 Constitution, in Article 306, states that "the Bolivian economic model is plural" and "intended to improve the quality of life and Buen Vivir of all Bolivians". The term SE doesn't appear in the Constitution like public forms, private, community and "social cooperative" (Cary and Martins 2015). In its 2006 Development Plan, the government recognized various concepts related to "Buen Vivir" as complementarity, reciprocity and solidarity. Thus, we can interpret that in Bolivia, the solidarity economy is at the heart of the economy.

Although not carrying directly on the SSE, it is worth mentioning that the constitution of Nepal (the constitution of 1989 and the new constitution of 2015) provides that the forest is managed by user groups of the forest. As this is an important example of the *commons*, this could inspire other countries. The Federation of community forestry users groups (FECOFUN) includes most of these groups, representing approximately 1/3 of the population of the country. The [website](#) (in English and Nepali) provides details.

B- Framework laws or general laws

Ecuador

As provided by Article 283 of the Constitution, the "**Organic Law on Popular and Solidarity Economy and the Popular and Solidarity Financial Sector**" came into force in early 2012. *The objectives of this law are to recognize, encourage and strengthen this sector that generates jobs and income, but which had never been considered to date. In addition, the law establishes a legal framework for those who compose it: cooperatives, associations and communities. It also establishes a system of rights, obligations and benefits for individuals or organizations and implements public institutions that will work for the regulation, control, promotion and support of the well-being and the common good.* [RELIESS](#) website.

A reformulation of the law is currently underway in Ecuador. Among others, it aims the easing of certain procedures as well as to better define the solidarity popular economy (SPE).

Colombia

It was in 1998 that Colombia passed [Law 484](#) (Spanish). This law on solidarity economy, with its 66 articles, defines the principles which guide the sector, specifies the sector's importance to the economy of the country, establishes a National Council of Solidarity Economy (CONES), creates a fund for training, restructures the management of cooperatives, creates the superintendence of the solidarity economy and clarifies the financial activities sector.

Brazil

In Brazil, there is no law on solidarity economy at the federal level. However, in 2011, 9 states out of 27, already had their own laws to promote the sector (Bahia, Pernambuco, Rio Grande do Norte, Santa Catarina, Minas Gerais, Mato Grosso, Rondônia, Mato Grosso do Sul and Acre). [The Brazilian Forum of Solidarity Economy website \(FBES\)](#) indicates this information (in Portuguese).

France

The [Act no. 2014-856](#) of July 31, 2014, on social and solidarity economy (text 2015 in French) has 88 articles. The law defines SSE, creates a High Council for SSE, creates a National Chamber and Regional Chambers. The Act amends or adds numerous provisions on the approval of social economy enterprises, the transmission of enterprises to their employees, makes numerous amendments in the cooperative sector, makes provisions to the law of associations, etc.

Portugal

[Bill 68](#), enacted on March 13, 2013, is a law directed to the whole general area. It is described as the "basic law". It defines in its 14 articles what are social economy entities and the principles that guide them. It defines eight categories ranging from cooperatives, mutuals and foundations, to charity organisations and of social solidarity. It also defines the known principles such as democratic management and the primacy of the individual over capital. The role of the state in relation to social economy is also specified.

Spain

In Spain, the 1978 Constitution, in its Article 129.2: "The public authorities shall promote effectively the various forms of participation in the enterprises and will encourage, by appropriate legislation, cooperative societies. They also facilitate the access of workers to ownership of means of production". In the 5/2011 law adopted on March 29, 2011, Spain adopted a "*framework law to establish a common legal framework for all entities that integrate social economy which it sets out common principles while respecting the specific standards for each family*". [Reference Pour la Solidarité \(European think tank\)](#)

With its ten articles, the law generally defines the main principles of social economy such as the primacy of people and the democratic management and identifies sectors such as cooperatives and mutual societies, as well as any business entity that meets these principles. With this law, the government is committed to promote the sector, including with budgetary resources. You find a translation of this law in French. In Spain, the parliaments of autonomous entities such as Catalonia or the Basque Region also adopted laws.

Luxembourg (Draft Law)

In the [bill](#) passed on June 8, 2015, by the Council of government (Council of Ministers) - ACT CONCERNING THE ESTABLISHMENT OF SOCIETAL IMPACT SOCIETIES- it specifies that these new societies (SIS) will be a significant contribution to the development of social and solidarity economy. It is stipulated that beyond the *Pursuit of a continuous activity of production, distribution or exchange of goods or services*, enterprises must meet the following three conditions: support of people in the situation of fragility, contribute to the social relations and prevent social exclusion, as well as contribute to sustainable development. The Luxembourg law is the only one that specifies, and in fact restricts the scope of SSE to support people in difficulty and the fight against exclusion. The bill will be submitted to the Chamber of Deputies for adoption in the course of 2016.

Mexico

The [law](#) (Spanish version) adopted in 2012 stipulates in its title that "*This law governs the seventh paragraph of Article 25 of the Political Constitution of the Mexican United States on the social sector of the economy*". The law on social and solidarity economy seeks recognition, strengthening and visibility of economic activity in the social sector of the economy. The law establishes the purposes as the integral development of the human being, socio-economic development of the country and participatory democracy. It identifies the activities sectors, creates a National Secretariat and establishes the financing of SSE.

Greece

Greece and its framework law (from the RELIESS Site)

The [4019/2011 Act](#) on social economy and social entrepreneurship is the first legislative act introducing the concept of social economy in Greece. Before the introduction of this law, there was no formal regulation for all categories of SSE.

The law provides a definition of SSE and identifies the different organizations that make up the sector.

The law states in general terms that SSE organizations are characterized by the application of a decision-making democratic system. The law is currently being revised.

Section on laws in states or provinces

Italy

Several regions or municipalities have adopted [laws or regulations](#) on social economy: Trento, Venizia, Roma, Lazio, Liguria, Marche, Emilia Romagna, Val Venosta and Friuli Venizia Guilia. Seven regions have adopted or are currently adopting laws concerning solidarity purchasing groups (GAS). A working group has recently been formed to work on a national law.

Argentina

In October 2014, the Senate and the Chamber of Deputies of the Buenos Aires province passed a [law for the promotion and development of social economy](#). In 2012, the legislature of the province of Entre Ríos adopted the law 10151 on the promotion and development of social economy. For its part, the Mendoza province also passed a similar law in 2012. In 2015, a debate was held on a draft national law.

Quebec

The National Assembly of Quebec (province of Canada), passed the [Social Economy Act](#) on October 10th, 2013. Extracts of the preamble. *This law aims to recognize the contribution of social economy to the socioeconomic development of Quebec and establishes the role of the government in this area. It also aims to promote social economy, supports its development through the development or adaptation of intervention tools and to promote access to measures and programs of the public services for social economy enterprises.*

Unlike other laws, the representative organizations are specified: *The law refers to the Chantier de l'économie sociale and the Quebec Council of Co-operation and Mutuality (CQCM) as the privileged interlocutors of the government in this matter.*

As in other laws, the act defines the definitions and principles. The law requires the government to establish an Action Plan for its implementation. The law has 17 articles.

Some Considerations

Other countries have announced that they wish to adopt similar legislation. Among others, in Africa, Senegal, Mali and Morocco are undertaking it.

In light of existing laws mentioned above, two trends appear :

- The framework laws as a sole objective. The laws of Portugal, Spain, Greece and Quebec are short (around 15 articles). They seek the recognition and promotion of social economy without necessarily changing other laws.
- The framework laws with a general application. In addition to the framework law, the law of France, with its 88 articles, modifies many other legislations of the social economy sector such as cooperatives. To some extent, the laws of Ecuador, Colombia and Mexico are of a similar type by making many other changes to other laws, or establishing rules for

the entire sector such as the organic law in Ecuador, which implements Article 283 of the constitution.

Common content of laws

- Purpose and scope of the law ;
- Definition of what is SSE, including what are SSE enterprises ;
- Principles and values ;
- Implementation measures (ex: announcement of an action plan, a national secretariat, or other measures).

Moreover, although we commonly use the "framework law" adjective to describe these laws, only Spain directly uses this terminology in its law. It should also be recalled that the expression framework law is used to mean two different things. On one hand, it is used "to supervise", to clarify the rules, the sector, and, on the other hand, to supervise the government's action. Some laws do both, while others, like in Quebec, establish the role of the government on social economy. In Quebec, the concept of framework legislation means that the whole government action, which involves all ministries, must be concerned with the inclusion of social economy. It is a cross-principle as well as gender equity or sustainable development.

C-Public Policies

The development of SSE which has been intensified for 15-20 years obviously depends on the vitality of SSE actors themselves because they create a range of economic activities around the world. In many countries, governments have implemented various measures to support SSE, whether on finance, government programs or/and public policies. For example, in Brazil in 2004, the Lula government appointed a Secretary of State on solidarity economy, created a National Secretariat (SENAES) and financially supported the Brazilian Forum on Solidarity Economy (FBES). In France, at the same time, there was a State Secretary for solidarity economy between 2000 and 2002. Various measures have been implemented. In Quebec, the Summit on Economy and Employment in 1996 has led, inter alia, to a strategy for the development of social economy that has been brought since then by various policies and programs (including funding). In addition, the government provides financial support for the Chantier de l'économie sociale, which is a network of social economy networks in Quebec to promote and assist in the implementation of policies.

In Mali, the Council of Ministers adopted in October 2014, a [National Policy to support SSE \(PNESS\)](#) and an [Action Plan](#). The national network, RENAPESS, is a partner in the implementation. The Action Plan plans to progressively amend various laws to adapt them to the needs. It is also envisaged adopting a framework law.

Thus it is important to remember that it is possible to make great progress in SSE through various policies and programs. In this sense, except perhaps for Ecuador's law which is the application of an article of the constitution, laws are the result of a process, a final step of recognition. In short, it precedes the recognition by a framework law.

D- Specific Laws

The legislation concerning capitalist enterprises (shareholders) are relatively similar across the globe. The definition of shareholders, companies owned by stocks, is also relatively similar. It is different for SSE enterprises. The legislations vary a lot. Sometimes they are very basic while in other countries they meet the needs of the sector. Modernizing the legislative framework is crucial in many if not, most countries.

A few examples illustrate the situation. For example, in Japan, successive governments have always refused to have legislation for worker cooperatives. In other countries, the state has the right to appoint one of the Directors (for example the Vice-President of the Labor Bank in Japan), including in the financial cooperatives. In sum, despite their name, they are not genuine cooperatives. In other circumstances, "cooperatives" are created by the state. In other words, in many situations, laws are either totally inadequate or even harmful. Similarly, in many countries who have experienced the so-called communist regimes (as in Eastern Europe), the concept of cooperative is virtually banned or they are disadvantaged. For example, in some Eastern Europe countries, the tax rate on profits is higher for a cooperative than for a private company (40% versus 25%).

Despite these difficulties, legislations have been improved significantly, especially in countries that have adopted framework laws or legislations with a general application concerning SSE.

This text is not able to analyze the situation and even less a list of laws that would be appropriate. There is, however, a document named [Guidelines for cooperative legislation](#) (2012 edition) published by the International Labour Organisation (ILO). It is available in English, French, Spanish and Arabic. The ILO also has a [directory of laws](#) of different countries (in the original languages).

E-Local Authorities

Although the local and regional levels are not the levels of adoption of laws, the recognition of SSE by the municipal and regional levels may be of paramount importance. As the majority of the world population lives in urban areas, they are the closest authorities to the daily lives of people, and like the majority of SSE initiatives originate in urban areas, local authorities are often solicited to support them. As people initiate SSE activities to meet their own needs, or those of their community, they directly concern cities. Initiatives abound whether in housing, urban agriculture, culture and arts, or environment, etc. Since most of the time, SSE initiatives are

based on solidarity and mutual assistance between people, they generate a strong and inclusive social fabric, which contributes to regress notions of individualism and competition, and also to prevent against the harmful products of globalization like racism, fear of the other, etc.

As the activities of SSE are mostly related to the local economy, and are often local activities, they are also a powerful lever to build a economy less dependent on fossil fuels, individual transport, etc. So in order to achieve the 11th objective of the SDG Post -2015. *Making cities and human settlements open to all, safe, resilient and sustainable*, the contribution of SSE is potentially very important.

Local authorities have to be proactive. For example, the [European Network of Cities and Regions for the Social Economy \(REVES\)](#) and the [Network of local authorities for a solidarity economy \(RTES\)](#) of France are based on concrete actions at the local level. Examples abound everywhere on the planet, in Seoul, Montreal, Quezon or Rio de Janeiro. Partnerships between local authorities and local actors have been developed in recent years. The [Global Social Economy Forum \(GSEF\)](#) to be held in Montreal from September 7th to 9th, 2016 addresses this theme.

In Conclusion

There remains considerable work to do. For now, there are no laws or public policy on SSE in Asia and Africa (although it is in the process). No country whose language of use, or international communication is English, has such an act of recognition. This means more than 2/3 of the planet.

This document was not intended to explain the process that led to these various types of recognition. Nevertheless, as we say above, acts of recognition are the result of processes most of the time initiated and pursued by SSE actors themselves. In order to develop the sector, they challenge the elected officials at each level of government to put in place legislation, or other forms of policies, to respond to some needs that neither the state nor private enterprises can provide.

In light of the progress of SSE for 15-20 years, it is also possible to say that in most countries with laws and policies, it is the result of a strong organizational work in local and regional networks. Thus, in most cases, the laws are largely the result of a dialogue with a co-construction vision and participatory democracy. The best results are achieved when governments listen to civil society actors and SSE networks.

Finally, it is very important to state that it is at the national level, or regions of countries, to make this recognition. It is essential that all these initiatives are based on the culture and history of each country. There is no simple recipe. It is very useful to understand and learn from what others have done. While drawing universal principles on the primacy of human beings and democratic

management, each country must build its own tools for the promotion of an economy that meets the needs of the population and the planet.

Elements for a Model Law

NB. The following model consists of many parts of existing laws. The first articles are fairly similar from one country to another and are almost interchangeable, as well as the principles and the sectors.

Article 1 (Quebec) Purpose of the law

This Act aims to recognize the special contribution of social economy in Quebec's socio-economic development in many sectors and in all regions of Quebec.

It also aims to establish the role of government in social economy.

Article 2 (Article 4 of the Colombian law): Principles of Solidarity Economy

1. The good human being, its work and co-operation mechanisms take precedence over the means of production (El ser bueno, su trabajo y mecanismos de cooperación tienen primacía sobre los medios de producción).
2. Spirit of solidarity, co-operation, participation and support (Espíritu de solidaridad, cooperación, participación y ayuda mutua).
3. Democratic, participative, self-managed administration and desire to undertake (Administración democrática, participativa, autogestionaria y emprendedora).
4. Membership is voluntary, responsible and open (Adhesión voluntaria responsable y abierta).
5. Associative and solidarity property on the means of production (Propiedad asociativa y solidaria sobre los medios de producción).
6. Economic participation of the associates in justice and equity (Participación económica de los asociados en equidad y justicia).
7. Training and information for its members, on a permanent, timely and progressive way. (Formación e información para sus miembros de manera permanente, oportuna y progresiva).
8. Autonomy, self-determination and self-government (Autonomía, autodeterminación y autogobierno).
9. Community Service (Servicio a la comunidad).
10. Integration with other organizations in the same sector (Integración con otras organizaciones del mismo sector.)
11. Promotion of ecological culture (Promoción de la cultura ecológica).

Article 3 - The entities (business types) of social economy. Article 4 - Portuguese law

Social economy entities: Incorporate social economy and the following entities, included in the Portuguese legal rules (Entidades da economia social Integram economia as a social seguintes entidades, desde que pelo abrangidas ordenamento jurídico português):

- a. Cooperatives (As cooperativas) ;
- b. Mutuals (As associações Mutualistas) ;
- c. Charity associations (As Misericórdias) ;
- d. Foundations (As fundações) ;

- e. Particular institutions of social solidarity not included in the above paragraphs (As instituições particulares de solidariedade social não abrangidas pelas alíneas anteriores) ;
- f. Associations with altruistic goals that act in the field of culture, recreational, sporting and local development (As associações com fins altruísticos que atuem no âmbito cultural, recreativo, do desporto e do desenvolvimento local) ;
- g. Entities evolving in the community subsectors and selfmanaged, integrated in the Constitution in the cooperative and social sector (As entidades abrangidas pelos subsectores comunitário e autogestionário, integrados nos termos da Constituição no sector cooperativo e social) ;
- h. Other entities with legal personality respecting the principles that guide the social economy described in section 5 of this Act and that are registered in the database of social economy (Outras entidades dotadas de personalidade jurídica que respeitem os princípios orientadores da economia social previstos no artigo 5.º da presente lei e constem da base de dados da economia social).

OTHER ARTICLES

Other items of legislation are quite different from one country to another. They vary by country depending on the specific needs of each country.

LEGISLATION – USEFUL LINKS

Global

- [RELIESS](#) Resource Centre and International Liaison on public policies in social economy. FR-EN-ES
- [SOCIOECO](#)- Site social economy resources and severally section laws FR-EN-ES-PT-IT
- ILO – [Guidelines for cooperative legislation](#) - FR-EN-ES-AR
- ILO - [Directory of cooperative laws](#) - in the original languages

Europe

- Italy - [Provincial legislation and GAS](#) - IT
- France - [Act No. 2014-856 of July 31st, 2014 on social and solidarity economy](#) – FR
- Portugal - [Act 68](#) – PT
- [Analysis of European legislation](#) - FR
- Luxembourg - [Bill](#) – FR
- Greece - [Act 4019/2011](#) - Greek

Americas

- Colombia - [Ley 484](#) – ES
- Brazil - Laws in different states - [Brazilian Forum of Solidarity Economy \(FBES\)](#) – PT
- Mexico - [LEY DE LA ECONOMÍA SOCIAL Y SOLIDARIA](#) - ES
- Argentina - Province of Bueno Aires [Act on SSE](#) – ES
- Québec – [Social Economy Act](#) - FR-EN