
Legislation and Public Policies in support of Social Solidarity Economy (SSE)

First steps and elements of a practical guide

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Abstract

Over 30 countries have adopted, or are in the process, of adopting legislation on SSE. Hundreds of municipalities, in all continents, have adopted policies and programs for developing SSE in their territory. This document presents a brief overview of the steps leading up to these achievements as well as some key elements of the process leading up to the adoption of laws and policies. In a third section, examples of framework laws, other legislation and policies, are presented as examples for inspiration.

This Guide is based on information in the socioeco.org website. This Guide is limited to legislation and public policies related directly to Social Economy, Solidarity Economy or SSE. It does not cover specific legislation about Cooperatives and Mutuals, Microfinance, Fair Trade or Local Economic Development.

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Steps leading to full-scale public policies

The origins of SSE

The roots of what we call today SSE go back to ancient times since communities have always organized to meet collective needs. The direct ancestor of today's SSE can be traced to Europe. Rochdale Equitable Pioneers Society in the United Kingdom (1844) is considered as a first cooperative. In Germany, Friedrich Wilhelm Raiffeisen set up a first credit union in 1864. At the same period in France, social economy became a movement inclusive of cooperatives, mutual insurance organizations and foundations (to help ordinary people).

In more recent times, approximately in the 1970s and early 80s, as globalization brought deregulation of trade and finances, displacement of jobs and economic crises of different types, people all over the world responded by creating their own economic activities based on solidarity and human needs. Consciousness also began to rise that our model of development based on extraction and excessive consumption of natural resources is an impossible model for the future of our civilization. The Club of Rome report published in 1972 clearly showed that we cannot have infinite growth in a finite world. Global warming also became gradually recognized.

In other words, most SSE activities grew both as a response to concrete needs and as a reflection of a clear preference for a type of economic activity based on cooperation and solidarity instead of competition. These two approaches

merged to create a movement for an alternative model of development. Over time, people in all parts of the world who were building alternatives and were resisting neoliberalism, gradually realized that they were building together a fundamentally different model of development. People recognized themselves in being part of a movement which called itself at first *solidarity economy* with a first global meeting in July 1997 in Lima. It evolved to be known as *social solidarity economy* and *social and solidarity economy (SSE)* in the first years of the 21st century.

The Development of SSE

As the sector grew, governments, at different levels, recognized the contribution of this new entity that was often created outside the historic cooperative sector. New cooperative initiatives also contributed to the change. Non-profits or associations set up businesses that eventually became recognized and be eligible for funding and loans from government programs. The fact that these initiatives were very innovative in new sectors meeting unmet needs, in proximity services such as daycare, or in recycling, represented both a challenge and a motivation to support their development.

As is the case for private businesses that are organized in business associations or chambers of commerce to interact with governments, SSE networks grew in many countries. Organizations recognized that if they were isolated, they could not succeed in getting recognized by public authorities. Over time, their networks entered in dialogue with different ministries, and with other sectors of society, including research and social movements. SSE was able to demonstrate

its importance in society, including in the economy. In some countries, full-scale policies were developed, and different laws were adopted. A first law adopted in Colombia in 1998 inspired others to take a similar path in Latin America.

The Recognition of SSE

The 2008 global crisis was a turning point for different reasons. The SSE type of economic activity was in general not affected. And since SSE often grew during previous crisis times, interest and opportunities grew. In part because the financially dominated global economy had no solutions, but also because the SSE sector and movement were better organized, even at the global level.

This set the stage for full-scale recognition by organizations such as UN Agencies. One of the first UN Agencies that got the ball rolling was the International Labor Organization (ILO) with meetings in Geneva and Johannesburg in 2009 and a first SSE Academy in 2010. The conference on SSE organized by UNRISD in 2013 set the stage for the creation of the *United Nations Interagency Taskforce on SSE* in September 2013.

During this very active period, laws on SSE were adopted in many countries, either national legislation, or sub-national parliaments in federations. Many municipalities, mainly in South America and in Europe, adopted similar laws or policies at their level. In some countries, the approach was to adopt a national policy first. Many other countries are in the process of adopting similar laws. More details are provided in a next section.

How did existing public policies come about?

Even if the initiatives somewhat differ when examining the processes three common factors stand out. We can assert that public policies come about when three factors/criteria are combined.

- 1 In a country, a region or a municipality, *people organize and develop SSE type of economic activities to create jobs for themselves, and at the same time answer a social need.* This is a response to the dysfunctions of globalization such as unemployment, exclusion, inequality, and poverty. People are not necessarily aware of their broader impact since they act mainly out of necessity. Once this approach shows that it creates jobs, lifts people out of poverty, and provides many useful services and goods, it becomes recognized.
- 2 Over time, people in the SSE sector recognize that they are indeed a sector, and they gradually create networks to advocate policies and funding programs. The SSE sector gradually makes itself known in society in general, they are mentioned in national and local media, etc. When the situation is ripe, the SSE sector is in a capacity to advocate for legislation such as a framework law for SSE. Strong SSE networks, based on a fundamental transformative approach to the economy, for a people's centered economy, is essential to prevent the risk of institutionalization, or of

being *instrumentalized* by the state to justify privatization and similar neoliberal approaches.

- 3 On the government side, there is an openness to recognize the impact and particularities of SSE through legislation. Sometimes national governments are not ready to adopt laws but these are adopted at the provincial or state level or, in other cases, at the municipal level. Other levels of government are often encouraged to follow suit once the type and usefulness of these policies have been clarified.

The struggle can be difficult. If there is no recognition in different sectors in a society that socio-economic problems such as poverty and exclusion are the result of the prevalent economic development model, and that this must be reformed, then it will be very difficult to go forward. In other countries, people have a wait and see attitude, or worse listen to populist politicians. There must be initiatives from the grassroots up.

There is another difficulty. If the SSE sector is totally disorganized, divided and competing against each other for small hand-outs of governments, the possibility of legislation is weaker. And if there is legislation, chances are that it will not be adapted to the needs of the sector. If there is no willingness in governments, even if the first two criteria are met, there will be no legislation. In such cases, the sector needs to continue advocacy and continue pressure on all political parties.

In other words, the most promising and well adapted legislation and policies are the ones that are *co-constructed with full involvement of the SSE movement.*

The Importance of Public Policies for implementing the UN Agenda 2013

The adoption by the countries of the world of the 17 Sustainable Development Goals (SDGs) at the UN General Assembly in September 2015 creates an important opportunity for extending SSE policies worldwide. As demonstrated by the position papers established by the UN Taskforce on SSE, SSE is at the core of going ahead with at least 65 or the 169 targets of the SDG's. Empowering people to lift themselves out of poverty with producers' cooperatives, engaging women and youth, creating decent jobs, sustainable cities, responsible consumption, are sectors where SSE activity already exists. This approach is key to creating more just and equitable societies, with a human rights approach. SSE is relevant even for goals such as #16- Peace. For example, in Colombia, the peace agreement has a provision for a SSE approach to help ex-guerilla people develop an economic activity.

Examples of Public Policies

Constitutions

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.

National (or sub-national) Laws

In the last years, many countries have adopted laws: *France, Portugal, Ecuador* (to implement the principles in the constitution), *Spain, Mexico, Colombia, Bolivia, Cabo Verde, Luxembourg, and Greece*. Other countries have started the process: *Senegal, Morocco, Tunisia, Côte d'Ivoire, South Africa, and others*.

In different federations, many states and provinces have adopted social or solidarity economy laws: *Quebec, Belgium (4), Brazil (9 States) Argentina and Italy*.

The laws have many similarities. They have the following main common content:

- 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).

The main observed differences are in the type of law. In most cases, the laws are of a framework type. In general, these laws are very general and indicate a clear intention of the concerned parliaments to frame the actions of all the government in support of the sector. In general, these laws are quite concise and have about 20 articles. In other countries, like the 2014 law in *France*, the approach is quite different. The SSE law amends many other laws, often quite in detail. The law has nearly 90 articles.

An example. In 1998 *Colombia* adopted 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.

Policies and Action Plans

In all countries, governments have policies, programs, financial support, for different SSE activities before they adopt

legislation. In most cases, the laws are a result of the development of SSE. After some years, the SSE sector, and the governments, realize that a law is needed to reinforce both the SSE sector and the action of the government in its support role. Often the laws include an article that the government adopts action plans to implement the law.

In the case of *Mali*, the National Policy for the Promotion of SSE, and its Actions Plan, adopted in 2014, stipulates that during the implementation of the Policy, specific legislation will be modernized as deemed necessary. A framework law will be adopted later.

In *Mali*, RENAPESS – the National network for the promotion of SSE, worked with governments to prepare the *National policy for the promotion of SSE*. This was possible because RENAPESS is a national network of over 60 organizations from all sectors of society. The process took two full years to prepare, 2010 and 2012. The 2012 coup d'état retarded adoption. The Council of ministers adopted the Policy and the Action plan on October 9, 2014.

In some cases, the laws specify that the SSE organizations are partners for preparing the Action plans and its implementation. This is the case for the *Quebec Social Economy Act* adopted in 2012. In *Mali*, the National Policy and the Actions plan specify that RENAPESS, the national SSE network, is the partner of the government for implementing the Actions plans.

National policy for the promotion of SSE in Mali – Main axis of the policy:

- The adoption of new legislative and regulatory provisions governing enterprises in the social and solidarity economy.
- Strengthening the capacity of stakeholders;
- The strengthening of information, communication and research in the field of social and solidarity economy;
- Improvement of appropriate financing mechanisms for enterprises in the social and solidarity economy.

Local Authorities

Although the local and regional levels are not the levels of adopting laws, the recognition of SSE by the municipal and regional levels are of paramount importance. As the majority of the world's 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.

Over the last decade, many local authorities have enacted policies or laws. For example, 40 municipalities in *Brazil* have laws. At the Global Social Economy Forum (GSEF) in *Montreal* in September 2017, the *Seoul Social Economy initiative* was presented, as well as over forty examples of partnerships between cities and SSE organizations.

In the latest *United Cities and Local Governments (UCLG)* conference held *Bogota* in October 2016, the Policy Paper *The Role of Local Governments in Territorial Economic Development* identifies SSE as one of the strategies.

In April 2017, *Barcelona* adopted *The Impetus Plan for the Social and Solidarity Economy*. Its aim is to offer a transformative socio-economic vision of the urban reality. It includes an action programme and aims to contribute towards reducing social and territorial inequalities, while promoting an economy at the service of people and of social justice.

The Impetus Plan comprises a diagnosis, the development process and the set of actions desired to be carried out in the city over the coming years. It is structured into the following parts:

- The social and solidarity economy in Barcelona: analyses the reality of the transformative socio-economic fabric of the city and its roll-out across the territory
- The Planning Process: explains the process involved in drafting the Plan and related co-production and co-responsibility dynamics
- Contents of the Plan: describes the general and specific objectives, lines of work, measures and actions to be implemented.
- Development of the Plan: indicates the different agents involved in the Plan's execution and spaces for joint and participatory work.
- Budget, Monitoring and Evaluation: details the budgetary allocations, as well as the impact assessment criteria used.

The *Seoul* metropolitan government initiated 2012 a *Comprehensive Social Economy Support Plan for Creation of a Sustainable Economic Ecosystem*. Since then, in partnership with the network Social Economy Seoul, much progress has been made in implementing the plan. A case study of Social Economy Seoul was published in 2016. The Seoul example has certainly inspired the new government elected earlier in 2017. Inspired by the Seoul initiative, the national government made the following announcement: *On October 18, the Presidential Committee on Job Creation held a meeting chaired by President Moon Jae-in and announced a plan to boost the social economy for the first time. The current government set 'the activation of the social economy' as one of the 100 policy tasks and has looked into measures to develop the social economy sector based on close private-public co-operation by running a task force with the relevant government agencies and private experts.* (From ICOOP Newsletter).

— Main elements of framework laws

Article 1. Purpose of the law (Québec)

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. Principles of Solidarity Economy (Article 4 of the Colombian law)

- The good of the human being, its work and co-operation mechanisms take precedence over the means of production;
- Spirit of solidarity, co-operation, participation and support;

- Democratic, participative, self-managed administration and desire to undertake;
- Membership is voluntary, responsible and open;
- Associative and solidarity property on the means of production;
- Economic participation of the associates in justice and equity;
- Autonomy, self-determination and self-governance;
- Community Service;
- Collaborate with other organizations in the same sector;
- Promotion of an ecological culture.

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

- Social economy entities: Incorporate social economy and the following entities, included in the Portuguese legal rules;
- Cooperatives;
- Mutuels;
- Charities;
- Foundations;
- Particular institutions of social solidarity not included in the above paragraphs;
- Associations with altruistic goals that act in the field of culture, recreational, sports and local development;
- Entities evolving in the community subsectors and self-managed, integrated in the Constitution in the cooperative and social sector.

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. Examples:

- Obligation to adopt an action plan;
- Defining who are the partners for implementing the law;
- Funding mechanisms;
- Changes to other laws, such as creating a new category of cooperatives;
- Creation of a National Secretariat;
- Evaluation and research.

Post-Scriptum by Yvon Poirier - November 2021

This Guide was originally published in 2018. Since then, some progress has been made in adopting public policies. For example, laws have been adopted in Tunisia, in Senegal and in Djibouti. The socioeco.org website has a section devoted to legislations.

Progress has also been made in the process of having the United Nations General Assembly adopt a resolution recognizing SSE. The post pandemic recovery helps advance new approaches, even more so since the UN recognized before the pandemic was not on track to achieve the Goals of Agenda 2022. Such a resolution is a necessity more than even. Hopes are high that this will be adopted in 2022.

For the first time, the UN Secretary General, Antonio Guterres, has included the potential of SSE in a report prepared for the March 2021 meeting of the Commission on Social Development: *"24. Another alternative model of growth, aimed at finding a new balance between economic efficiency and so-*

cial and environmental resilience, is the social and solidarity economy. The social and solidarity economy refers to enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, that pursue economic and social solidarity through

the production of goods, services and knowledge. By empowering individuals through greater control over decision-making processes and resources, the social and solidarity economy fosters economic dynamism, social and environmental protection and sociopolitical empowerment”.

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