

Analysis of solidarity economy organizations in Colombia and their impact on the country

Análisis de las organizaciones de economía solidaria en Colombia y su impacto en el país

Análise das organizações de economia solidária na Colômbia e seu impacto no país

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ABSTRACT

In Colombia, there are several solidarity organizations; however, some of them do not clearly perform the functions that allow them to be considered as solidarity economy organizations. These entities have an economic impact in the region, which has led the government to generate new strategies to protect them and promote their growth. This impact is measured by the Confederation of Cooperatives of Colombia, an organization that shows the performance of these entities. The purpose of this paper is to analyze solidarity economy organizations in Colombia and their impact on the country. For the development of the work, a qualitative methodology was used, and it was appealed to the dialectical-materialistic method and documentary analysis. It starts with a theoretical outline of solidarity economy enterprises and how they are constituted in Colombia. The differences between solidarity economy entities and non-solidarity economy entities, as well as between solidarity development organizations, are presented. Finally, the political, economic and social situation of solidarity economy organizations in the country



is analyzed. It is evident that solidarity economy entities in Colombia have made headway and are getting stronger. They are therefore an important part of the economy, and the government is paying more attention to them and generating greater benefits to support them.

Keywords: solidarity economy; solidarity organizations; Law 454 of 1998; solidarity development organizations

RESUMEN

En Colombia, existen disímiles organizaciones solidarias, sin embargo, algunas no ejercen de manera clara las funciones que le permiten ser consideradas como organizaciones de economía solidaria. Estas entidades tienen un impacto económico en la región, que han conllevado a que el gobierno genere nuevas estrategias para protegerlas e impulsar su crecimiento. Impacto medido por la Confederación de Cooperativas de Colombia, organismo que muestra el desempeño de estas entidades. El presente trabajo tiene como objetivo analizar las organizaciones de economía solidaria en Colombia y su impacto en el país. Para el desarrollo del trabajo, se utilizó la metodología cualitativa y se recurrió al método dialéctico-materialista y al análisis documental. Se parte de un esbozo teórico sobre las empresas de economía solidaria y cómo están constituidas en Colombia. Se presentan las diferencias entre las entidades de economía solidaria y las que no lo son, también frente a las organizaciones solidarias de desarrollo. Finalmente, se analiza la situación política, económica y social de las organizaciones de economía solidaria en el país. Se evidencia que las entidades de economía solidaria en Colombia se han abierto paso y se están fortaleciendo. Constituyen entonces una parte importante en materia económica, por lo tanto, el gobierno les está prestando más atención y está generando mayores beneficios para apoyarlas.

Palabras clave: economía solidaria; organizaciones solidarias; Ley 454 de 1998; organizaciones solidarias de desarrollo

RESUMO

Na Colômbia existem diferentes organizações de solidariedade, mas algumas não exercem claramente as funções que permitem que sejam consideradas como organizações de economia solidária. Essas entidades têm impacto econômico na região, o que tem levado o governo a gerar novas estratégias para protegê-las e impulsionar seu crescimento. Impacto medido pela Confederación de Cooperativas de Colombia, organização que mostra o desempenho dessas entidades. O presente trabalho tem como objetivo analisar as organizações de economia solidária na Colômbia e seu impacto no país. Para o desenvolvimento do trabalho, utilizou-se a metodologia qualitativa e o método dialético-materialista e a análise documental. Inicia com um esboço teórico sobre as empresas de economia solidária e como elas são constituídas na Colômbia. São apresentadas as diferenças entre as entidades de economia solidária e as que não o são, também em comparação com as organizações de desenvolvimento solidário. Por fim, analisa-se a situação política, econômica e social das organizações de economia solidária no país. É evidente que as entidades de economia solidária na Colômbia avançaram e se fortalecem. Eles, portanto, constituem uma parte importante nas questões econômicas, portanto, o governo está dando mais atenção a eles e está gerando maiores benefícios para apoiá-los.

Palavras-chave: economia solidária; organizações de solidariedade; Lei 454 de 1998; organizações de desenvolvimento solidário

INTRODUCTION

In Colombia, there are several commercial, industrial and service enterprises and each of them seeks an economic purpose. However, some entities are constituted as solidarity organizations, however, it is important to take into account what characteristics these enterprises have to be considered solidarity organizations, what the typology that makes them different from each other is and which entities are framed as solidarity economy organizations.

These types of organizations have been growing in the country, generating economic, social and environmental impacts. The increase of these entities and the contributions they are making in the country have led the Colombian government to generate new strategies, both legal and economic, to protect them and promote their development. Therefore, the purpose of this paper is to analyze solidarity economy organizations in Colombia and their impact on the country.

Solidarity organizations are established within an economic sector, which in Colombia is seen as the solidarity economy sector, which constitutes an economic alternative within society that allows for the efficient distribution of scarce resources so that the needs of the people of that society can be satisfied.

Solidarity economy constitutes "a set of practices that have as their origin factors such as: cooperation, reciprocity, ethics, where primacy is given to the welfare of populations and the planet over accumulation and unequal development" (Manríquez García et al., 2017, p. 16).

For Razeto (2010, p. 47), solidarity economy is a theoretical and practical search for alternative ways of doing economy, based on solidarity and work. The principle or foundation of the solidarity economy is that the introduction of increasing and qualitatively higher levels of solidarity in economic activities, organizations and institutions, both at the level of enterprises and in markets and public policies, increases micro and macroeconomic efficiency, in addition to generating a set of social and cultural benefits that favor society as a whole.

Likewise, it can be affirmed that solidarity economy, besides being within the branch of economy, "is another way of seeing the relationship between economy, man and his context, where it bases its actions on practices of loyalty with culture, humanity, territory, in search of a balance between being, having and living" (Ladrón de Guevara et al., 2018, p. 100).

However, solidarity economy goes beyond that, since it not only implies the development of an economic activity for solidarity purposes, but also "involves people committed to a more supportive, ethical and sustainable world. Therefore, solidarity economy is closely linked to transformative education and economic democracy" (Coraggio, 2016, p. 75).

Within this framework of solidarity economy, it can be said that the organizations that work under this modality are entities that operate with economic resources for the benefit of society, where all members of the community will have access to each of these resources and will be able to benefit from them. Solidarity organizations seek the common good of the people.

MATERIALS AND METHODS

In the paper, the qualitative methodology was used, which made it possible to show the different opinions of the authors consulted. For this purpose, the dialectical-materialist method was used to identify the different theories that study the solidarity economy, economic organizations and solidarity development organizations. As an empirical method, documentary analysis was used to generate a description of the political, economic and social situation of solidarity economy organizations in the country. The materials used were books, book chapters and scientific articles related to the research topic.

RESULTS AND DISCUSSION

Solidarity economy organizations

Solidarity organizations are institutions aimed at seeking the welfare of the people who belong to them. Law 454 (1998 art. 6) states that they are "created for the purpose of jointly and efficiently producing, distributing and consuming goods and services to satisfy the needs of their members and contribute to the development of works of service to the community in general".

The authors Orrego Correa and Arboleda Álvarez (2005, p. 102) define solidarity economy organizations "as social organizations formed by a community of people associated freely, voluntarily and consciously for the production of goods, provision of services and self-realization of their members". Thus, the interest of the organization's members is paramount.

This type of entities is responsible for carrying out economic operations, which do not involve the generation of capital, but are intended to benefit a community. Then, "the

economic activity developed is aimed at satisfying the needs of individuals, households or families and they are democratic organizations of people and not of capital" (Tapia Panchet et al., 2017, p. 218). Likewise, they generate spaces that "allow building their members to lead income-generating activities and social reproduction jobs from the front" (Coraggio et al., 2016, p. 75).

As stated by Vélez Bedoya and Insuasty Rodríguez (2017, p. 24) who state that these organizations themselves constitute "a cooperation mechanism that overcomes the limitations of the competitiveness model by developing a vision of inclusion between people, enterprises, organizations, sectors and territories."

Other authors frame these entities as social and solidarity organizations that produce some good or service. According to Álvarez Rodríguez (2017, p. 31), "they do not respond to particular interests, but seek the common good. Therefore, they carry out actions to intentionally generate social products that impact their members and, by extension, their families and the community in general."

While Coraggio (2011, p. 47) calls these entities as social economy organizations, which aim to "contribute to ensure the reproduction with increasing quality of life of their members and their communities of belonging or, by extension, of all humanity".

What has been said up to this point assumes that the enterprises that are covered under the solidarity economy scheme comply with the purposes proposed by the solidarity economy, which are:

Promote the integral development of the human being, generate practices that consolidate an experiential current of solidarity, critical, creative and entrepreneurial thinking as a means to achieve development and peace for the people, contribute to the exercise and improvement of participatory democracy and guarantee its members access to training, work, property, information, management, projection, planning and equitable distribution of benefits without any discrimination (Álvarez, 2007, p. 31).

According to Law 454 (1998), the main characteristics of solidarity organizations are:

1. Be organized as enterprises which social object is a socioeconomic activity that seeks to satisfy the needs of its members and that establishes the development of community works
2. Show an associative link
3. Establish the absence of profit motive, motivated by solidarity, social or community service
4. Ensure that the organization's members have equal rights and obligations regardless of their contributions
5. Indicate a minimum amount of corporate contributions in its bylaws
6. Promote the integral development of human beings through links with other non-profit organizations

Considering the above, an enterprise that is dedicated to accumulating capital, seeking individual interest and enriching itself through an economic activity, does not constitute a solidarity economy organization. On the other hand, solidarity economy organizations think in the community interest, they seek the benefit of the people who are in that institution. In these organizations, "the objectives and economic and social expectations of the associates are privileged and the community and work act as determining factors" (Orrego Correas & Arboleda Álvarez, 2005, p. 102).

Solidarity economy organizations are distinguished from other organizations because the former "start from the double condition of association-business to procure, through economic activity, a social welfare function for its members; in this sense, profit is not excluded from the economic activity, but from the intention to maximize its amount in the distribution" (Alvarez, 2007, p. 31).

However, some differences between solidarity economy and non-solidarity economy organizations are shown below (Table 1).

Table 1 - Difference between solidarity economy organizations and non-solidarity economy organizations

	Non-solidarity economy organizations	Solidarity economy organizations
Target	Maximize owner/partner benefits	Generate goods and services and serve the organization's members or associates
Link	Private	Associative
Economic Purposes	For profit	Non-profit
Property	It can be owned by one or more owners	It is collective
Benefit	Individual interest prevails	Collective interest prevails
Control	It is exercised by the owners or partners	It is exercised by members of the organization
Role of people in the organization	People have no voice or vote	People have a voice and a vote
Organizational objectives	The objectives are individual	Objectives depend on the needs of the members
Capital	Private, in agreement with the owners or stockholders	Collective, in agreement with the members of the organization.
Earnings	Distributed among the owners or shareholders	It is distributed among the members of the organization

Source: prepared by the authors based on Orrego Correa and Arboleda Álvarez (2005)

Solidarity development organizations

Solidarity economy organizations are divided into solidarity organizations and solidarity development organizations. The former, as mentioned in previous paragraphs, are concerned with the development of goods and services to meet the needs of their

members. As for solidarity development organizations, they are "non-profit entities that use private goods and services to build public goods and services, i.e., for social use, exercising solidarity from the inside out" (Cárdenas Espinosa, 2010, p. 2). These entities are responsible for using the resources assigned to them, whether private or public, and their purpose is to provide services to the community.

Cárdenas Espinosa (2010, p. 3) establishes the following as the purposes of solidarity development organizations:

- Building the public good
- Eradicate poverty, fight impunity, seek equity and achieve healthy coexistence.
- Promote the application of international humanitarian law, the defense of fundamental rights and contribute to the construction of decent living standards for Colombians
- Promoting ethical values
- Promote the defense and increase of the assets and values that constitute the social capital
- Promote the formation of an authentic civil society that leads to the achievement of full democracy, the exercise of citizen participation and the application of means of control of public management in all its stages
- Contribute to the social development of the country and to the social promotion of Colombians, especially those belonging to the less favored classes
- Seek the generation of greater investment and social productivity by both public and private entities, non-governmental organizations (NGOs) and civil society organizations (CSOs)

Solidarity development Organizations "are those that use private or governmental resources to provide services to society. They are foundations, corporations and associations, community action boards and volunteer groups" (Corzo Gutiérrez et al., 2020, p. 8). Some characteristics of these organizations, according to Cárdenas Espinosa (2010) are:

- They exercise solidarity activities, mainly from the inside out
- Some of these organizations are known as NGOs

- Non-profit organizations that, using private goods and services, build public goods and services for social use
- They focus on promoting social responsibility, human rights and different activities on human and social capital

Having said this, differences and similarities are established between solidarity organizations and solidarity development organizations (Table 2). In addition to identifying some enterprises that belong to these organizations.

Table 2 - Differences and similarities between solidarity economy organizations and solidarity development organizations

	Solidarity organizations	Solidarity development organizations
Similarities	Non-profit. They are governed by statutes. Social function.	
Differences	They focus their activities on the members of the organization. They develop activities of production of goods or services. They use private resources. Social and economic function. They exercise solidarity inwardly and outwardly.	They focus their activities on the community. They develop social activities. They use private and public resources. Social function. They exercise solidarity from the inside out.
Example of organizations	Cooperatives, employee funds, solidarity health enterprises, cooperative service enterprises, community enterprises.	Foundations, corporations, associations, community action boards, volunteer organizations.

Source: own elaboration based on Cárdenas Espinosa (2010).

What guarantees that a company is constituted as a solidarity economy organization is mainly its purpose, it must have a social character, work for the community, seek the

common benefit and not the individual one. The activities of production of goods or services are developed for the benefit of its members and are oriented to generate profit, but not as the maximum benefit.

These solidarity economy organizations have two operating schemes: solidarity organizations and solidarity development organizations. Both work for the common good; solidarity organizations focus on their members, while solidarity development organizations focus on the welfare of the community.

Political, economic and social analysis of solidarity economy organizations

The policy evolution of solidarity economy organizations has been favorable. Several policies have been established to strengthen these organizations. For example, the Ministry of Finance and Public Credit issued Decree 962 of June 5, 2018, regarding good governance standards to be applied by solidarity economy organizations, in order to provide information to members and beneficiaries, participation of the organizations and good management of the organizations (Ministry of Finance and Public Credit, 2018, Decree 962).

Also, in the current development plan, the government created policies and strategies that link social and solidarity economy organizations. Within this plan, the strategy "Pact for the solidarity and cooperative economy" was consolidated. This strategy seeks a policy that provides the necessary instruments so that communities can move forward in the creation of cooperatives and solidarity organizations.

Another important aspect is the change in the reporting of financial activity. According to the "External Circular No. 14", a change is presented for solidarity organizations that do not exercise financial activity, the financial reports and their periodicity are modified (Superintendencia de la Economía Solidaria, 2018, External Circular No. 14).

On the other hand, the policies that protect solidarity economy organizations in Colombia have been strengthened, for example, the Special Administrative Unit of Solidarity Organizations, which is attached to the Ministry of Labor, has been created to help them legally and shows them the regulatory framework for the constitution of their cooperatives.

It should be mentioned that these solidarity economy organizations have become agents of production, which are already within the economic systems of each country and "have been transformed into efficient tools and instruments used by States to seek the satisfaction of the needs immersed in today's societies" (Garizábal Donado et al., 2017, p. 163).

The economic evolution of solidarity economy organizations in Colombia is not far behind, according to the annual performance report of the Confederation of Cooperatives of Colombia (Confecoop, 2018), which is a Colombian organization that has as its general objective, to unify the representation and defense of the Colombian cooperative sector at national and international level and promote integration between cooperatives, which reports that these organizations generate 166 thousand jobs.

Regarding the assets reported by these enterprises, according to the report, in the year 2016, they reach 38,706,071 million pesos; in the year 2017, these assets amounted to 41,725,374 million pesos. The assets of these organizations in the year 2016 was 38,706,071 million pesos and increased to 41,725,374 million pesos for the year 2017. An increase in income was also generated, in 2016 there were 14,562,826 million pesos and in 2017 the income was 15,719,573 million pesos.

Considering now the social aspects of solidarity economy organizations in Colombia, the annual performance report of Confecoop (2018) mentions that the number of associates in 2016 was 6,131,110, while in 2017 it became 6,386,176, achieving an increase of 4.2 %.

It is evident that solidarity economy organizations in Colombia have made headway and are getting stronger in several aspects. These organizations are an important part of the economy, therefore, the government is paying more attention to them and consolidating strategies and benefits to support them.

Although in Colombia there are several enterprises constituted as solidarity economy organizations, some of them do not fully comply with their objective, it is really necessary to verify whether these enterprises develop the principles and purposes of the solidarity economy, as proposed in Law 454 (1998). This law establishes the regulatory framework for organizations belonging to the solidarity economy in Colombia.

It is important that the organizations that consider themselves to be solidarity enterprises or that are covered under the solidarity scheme take into account the principles that govern cooperativism and establish it as a *raison d'être* for them, since if they forget these principles they will be operating as simple organizations that offer only goods and services.

On the other hand, the social and solidarity economy organizations that exist in the country have a great challenge to face with the current economic situation in Colombia due to Covid 19, a situation that they can take advantage of to create more enterprises within this sector that generates more jobs, contributes to the reduction of poverty and to a greater growth of the economy.

However, it is necessary for them to organize and develop strategies to become stronger. Some entities are still lagging behind others, although these entities are growing, they need to consolidate themselves as solidarity organizations and begin to manage all the legal and tax regulations.

Solidarity economy organizations wishing to operate in Colombia can rely on the Supersolidarity Institution, called Superintendencia de la Economía Solidaria. This entity offers a lot of information on how they should operate in the country, shows legal aspects and procedures to become a solidarity organization.

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Conflict of interest:

The author declares not to have any conflict of interest.

Authors' contribution:

Lina María Andrade Restrepo wrote the manuscript and approved the version finally submitted.



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