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Policies to Promote Social and Solidarity Economy *A Case Study of Mexico City*

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Guidelines for Local Governments

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Abbreviations and Acronyms

CCFC	Consejo Consultivo de Fomento Cooperativo (Advisory Council for Cooperative Development)
CCFCDF	Consejo Consultivo de Fomento Cooperativo del Distrito Federal (Advisory Council for Cooperative Development of the Federal District)
CDMX	Ciudad de México (Mexico City)
EC	Evaluation Committee
CPEUM	Constitución Política de los Estados Unidos Mexicanos (Political Constitution of the United Mexican States)
DAC	Dirección de Atención a Cooperativas (Directorate for Assistance to Cooperatives)
DFC	Dirección de Fomento al Cooperativismo (Directorate for the Promotion of Cooperatives)
DGECyFC	Dirección General de Empleo, Capacitación y Fomento Cooperativo (Directorate General for Employment, Training and Cooperative Development)
DGESS	Dirección General de Economía Social y Solidaria (Directorate General for the Social and Solidarity Economy)
DIF	Dirección de Integración Familiar (Directorate for Family Integration)
DPE	Dirección de Promoción al Empleo (Directorate for the Promotion of Employment)
TAS	Technical Assistance Specialist
SSE	Social and Solidarity Economy
FOCOFESS	Programa Fomento, Constitución y Fortalecimiento de las Empresas Sociales y Solidarias (Programme for the Promotion, Establishment and Strengthening of Social and Solidarity Enterprises)
GCDMX	Gobierno de la Ciudad de México (Government of Mexico City)
GDF	Gobierno del Distrito Federal (Government of the Federal District)
GOCM	Gaceta Oficial de la Ciudad de México (Official Gazette of Mexico City)
GODF	Gaceta Oficial del Distrito Federal (Official Gazette of the Federal District)
ICAT	Instituto de Capacitación para el Trabajo (Institute of Occupational Training)
IPN	Instituto Politécnico Nacional (National Polytechnic Institute)
LESS	Ley de Economía Social y Solidaria (Law on the Social and Solidarity Economy)
LFCDF	Ley de Fomento Cooperativo del Distrito Federal (Law on Cooperative Development of the Federal District)
PPFIC	Programa de Promoción, Fortalecimiento e Integración Cooperativa (Programme for the Promotion, Strengthening and Integration of Cooperatives)
ROP	Rules of Operation
SEDECO	Secretaría de Desarrollo Económico (Ministry of Economic Development)
SF	Secretaría de Finanzas (Ministry of Finance)
SPI	Subprograma de Impulso (Promotion Subprogramme)
SPF	Subprograma de Fortalecimiento (Strengthening Subprogramme)
STyFE	Secretaría del Trabajo y Fomento del Empleo (Ministry of Labour and Employment Promotion)

Summary

The aim of this paper is to deepen understanding of the design and implementation processes of public policies to promote the social and solidarity economy (SSE) in Mexico City (CDMX) during the period 2016-2019, and to propose general guidelines to improve and refine them. The research was conducted in three phases: review of printed materials, field research, and preparation of the report.

The main findings include the following: (a) policies to promote SSE are maintained largely because of legal and institutional inertia and the pressure of social demands to combat unemployment; (b) owing to serious budgetary and staffing constraints, the Ministry of Labour and Employment Promotion (STyFE), which is responsible for implementing the provisions of the Law on the Social and Solidarity Economy (LESS), only serves the cooperative sector and not the whole range of associations recognized as an integral part of the social sector of the economy; (c) little is being done to implement or refine the legal framework; (d) between 2015 and 2018, modest results were achieved, which were marred by the mismanagement (by officials and beneficiaries) of resources and programmes intended to support SSE; (e) in 2019, within the framework of the self-styled “republican austerity”, there was a major administrative centralization of the programmes, accompanied by mass layoffs of employees and instructors, the inexperience of the new authorities and the establishment of bogus new cooperatives; and (f) the failure of government efforts to guide and channel the transformative and innovative potential of SSE was evident throughout the period under review.

Recommendations: (a) immediately align the legislation applicable to SSE enterprises with the Local Constitution and the comprehensive reform of the Law on Cooperative Development of the Federal District (LFCDF); (b) prepare a reliable and updated directory of cooperatives; (c) make all administrative processes simple, flexible and transparent; (d) establish a georeferencing procedure for each cooperative that provides real-time status updates; (e) develop multi-year programmes to achieve long-term goals; (f) tackle intergroup conflicts in the management of institutional spaces; (g) coordinate the public bodies involved in the implementation of public policies – the Government of Mexico City (GCDMX) and the municipalities; (h) set lower quantitative targets than in 2019, giving priority to qualitative aspects (capacity-building and technical support for cooperatives) over quantitative aspects (number of cooperatives formed or strengthened); (i) adopt a standardized training methodology for the formation and strengthening of cooperatives; (j) ongoing evaluation of programmes by institutions that are external to GCDMX; (k) revive the Advisory Council for Cooperative Development of the Federal District (CCFCDF) as an institutional space for dialogue and decision-making with the cooperative movement; (l) encourage research and diagnostic assessments on the conditions in which cooperatives operate and consider, in the light of evidence-based research, the possibility of extending public policy beyond the cooperative sector.

Introduction

This study is part of the project *Promoting Social and Solidarity Economy through Public Policies: Guidelines for Local Governments*, coordinated by UNRISD, which aims to deepen understanding of the development of public policies and ecosystems for the Social and Solidarity economy (SSE) and to propose general guidelines that policymakers may use to design and implement public policies that promote SSE, based on six case studies, including Mexico City (CDMX).

In CDMX, the design and implementation of public policies to promote SSE, especially in the form of cooperatives, is not new. Their origins date back to 2000, although it was not until 2007 that policy was translated into action, when the Ministry of Labour and Employment Promotion (STyFE) began to implement various programmes to promote and strengthen cooperatives, drawing on indirect budgets from various departments of the Government of the Federal District (GDF), now Government of Mexico City (GCDMX).

Between 2012 and 2014, now with a dedicated budget, the Programme for the Promotion, Strengthening and Integration of Cooperatives (PPFIC) was established. This programme provided financial support to cooperatives with the aim of boosting their production capacity. During this period, a total of 157 cooperatives were supported, comprising 2,442 people, of whom 1,392 were women and 1,050 men.

In 2015, the Support Programme for the Development of Cooperatives in Mexico City was launched; the programme ran for the next three years. In 2019, with the intention of extending the programme's coverage beyond the scope of the cooperative sector – in which it had hitherto operated – STyFE launched the Programme for the Promotion, Establishment and Strengthening of Social and Solidarity Enterprises (FOCOFESS).

In addition to the above-mentioned programmes to promote SSE, various special programmes, managed by other GCDMX secretariats or by one of the 16 municipalities of Mexico City, have been launched. However, in this paper we have limited ourselves to reviewing the programmes implemented by STyFE during the period between 2016 and 2019.

With regard to the methodological aspect, the study was carried out in three stages. In the first stage, an exhaustive review was conducted of a range of relevant resources, including books, articles, documents, laws, regulations, journals of legislative debates and, in particular, the rules of operation (ROP) of the different programmes, along with their calls and evaluations, published in the Official Gazette of the Federal District (GODF) in 2016 and, from 2017, in the Official Gazette of Mexico City (GOCM).

The second stage involved the gathering of information in the field, through 13 interviews with key informants, including officials and former employees of various local government departments, managers and members of the beneficiary cooperatives, STyFE-accredited instructors, and scholars on the subject, whose opinions, comments, and recommendations are taken up in various parts of this paper.

During the third and final stage, the gathered information was organized and analysed, and the final report was drafted. The results are presented in seven sections, which address the following themes: (1) the legal framework of SSE and cooperative enterprises at the national and local levels; (2) programmes to promote SSE implemented over the last four

years; (3) organizational training methodologies used to strengthen and consolidate the associational and entrepreneurial capacities of cooperatives; (4) financial support and market access policies; (5) forms of participation and impact of cooperatives and their integration organizations on the processes of designing, implementing and evaluating public policies to promote SSE; (6) mechanisms for gathering and organizing statistical information related to the work of cooperatives, and instruments for communicating and disseminating their entrepreneurial achievements to the general population; and (7) main findings and recommendations.

1. Legal framework of SSE at federal, state, and municipal level

The legal framework applicable to SSE in CDMX, which is normally used as the legal basis for public policies to promote and foster SSE that are enacted by GCDMX, takes as its starting point the Political Constitution of the United Mexican States (CPEUM), Article 25, seventh paragraph, which states that:

The law shall establish the mechanisms that facilitate the organization and expansion of the economic activity of the social sector: of the ejidos [communal landholdings], workers' organizations, cooperatives, communities, enterprises that belong mainly or exclusively to the workers and, in general, all forms of social organization that produce, distribute and consume socially necessary goods and services.

On these grounds, specific laws were drawn up and adapted for each of the association types recognized as being part of SSE. Consequently, the ejidos and communities were regulated by the Agrarian Law, the last reform of which dates to 1992. The General Law on Cooperative Societies was last amended in 2018, and in the case of workers' organizations and enterprises, the regulations were amended several times and incorporated into the Federal Labour Law.

Other legal instruments at the federal level that regulate SSE organizations in a complementary or supplementary manner are the Law on Social Solidarity Enterprises, the General Law on Mutual Insurance Institutions and Companies, the Federal Law on the Promotion of Activities carried out by Civil Society Organizations, the General Law on Social Development and the General Law on Corporations.

However, in order for there to be a general framework law for all SSE organizations, 29 years had to elapse before, in May 2012, the Law on the Social and Solidarity Economy (LESS) was enacted, regulating the aforementioned seventh paragraph of Article 25 of CPEUM with regard to the social sector of the economy.

This law, pursuant to the provisions of Article 1 thereof, is a matter of public policy and social interest and is applicable throughout the country and shall be enforced without prejudice to other provisions issued by the Federal Executive and Legislative Branches and the federal or municipal authorities, within the scope of their respective powers.

In line with the above, Article 2 states that the purpose of LESS is to set out the rules for organizing, promoting, fostering and strengthening the social sector of the economy, along with the State's responsibility for fostering and promoting it. Consequently, Article 44 recognizes the right of organizations in this sector to be promoted and supported in their economic activities and, therefore, to receive advice, technical assistance, and training from the relevant authorities.

Another milestone in establishing the regulatory framework of SSE was the approval, by both Chambers of the Congress of the Union, of the addition of Section XXIX-N to Article 73 of CPEUM, which established the concurrent powers of the Congress of the Union and the Local Congresses to enact laws to promote cooperatives in the 32 states that make up the Mexican Republic. However, to date, only six states, including CDMX, have issued their respective cooperative promotion laws. Only CDMX has specific regulations for this law.

The Law on Cooperative Development of the Federal District (LFCDF), enacted on 20 January 2006, stipulates that the authorities responsible for its administration shall be the Head of Government of the Federal District, STyFE, the Ministry of Economic Development (SEDECO), the Ministry of Social Development (today the Ministry of Welfare), the Ministry of Finance (SF) and the Heads of Municipalities. STyFE was in charge of its implementation.

Moreover, Article 9(A)(II), establishes that it is the responsibility of STyFE to promote cooperative development activities in the Federal District and to provide – by itself or through individuals or corporations under its supervision – advice, training and education for the establishment, consolidation, administration and development of cooperatives, as well as for the production, marketing and consumption of the goods and services necessary for the purposes established in the aforementioned law.

Because public policy on cooperative development is considered an integral part of the social development policy of GCDMX, Articles 32 and 33 of the Social Development Law for the Federal District clearly specify that all social programmes to be implemented must be in line with the principles of said law and the specific ROPs must be subject to its provisions.

Since 17 September 2017, CDMX has its own Political Constitution. It is worth noting that Articles 3, 9, 10, 11, 16, 17 and 59 directly mention the role of SSE in the economic and social development of the city, and the need to support its promotion and development through the various institutional structures of GCDMX.

On the basis of the above, the other legal systems at state level related to the promotion and development of SSE are the Law for the Promotion of Economic Development of the Federal District, the Law for Social Assistance and Integration for the Federal District, the Law for Cultural Promotion of the Federal District, the Law for the Prevention and Eradication of Discrimination in the Federal District and the Law on Education of the

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