5 Popular and Solidarity Economy in Ecuador

Historical Overview, Institutional Trajectories and Types of Organisation

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Introduction

The notion of "social enterprise" is unusual in Ecuador.[1] So far, social actors and practitioners engaged in promoting alternative economic models (not assimilated to the private for-profit model nor to the public-statist model) have recognised themselves through historically established concepts (e.g. cooperativism and associations) or more recent expressions such as the "popular and solidarity economy". The latter emerged from seminal theoretical contributions by Latin American scholars (e.g. Coraggio 1999; Razeto 1984; Singer 2000) who analysed economic practices developed by popular groups not driven by the sole purpose of profit maximisation, but by a plurality of goals reconciling economic, social, political and environmental objectives. In South America, the concept of "solidarity economy" spread during the 1990s, through the creation of international academic networks. It also gained relevance within the public debate through the rise of anti-neoliberalism activism by civil-society organisations in the last three decades, and more particularly in the wake of the first World Social Forum, organised in 2001.

Moreover, since the second half of the 2000s, the rise of the so-called new left governments in Latin America (Ellner 2012; Coraggio and Laville 2014; Stoessel 2014) has encouraged some particular trajectories of institutionalisation of the solidarity economy[2] (for examples in the region, see Coraggio 2015; Lemaître *et al*. 2011; Wanderley *et al*. 2015). As regards the Ecuadorian case, since the adoption of a new Constitution in 2008, as a part of a project of state transformation driven by an apparent post-neoliberal turn (Ettlinger and Hartmann 2015; Molyneux 2008), the term of "popular and solidarity economy" (*economía popular y solidaria*—for simplification, hereafter referred to by its Spanish acronym, EPS) has been explicitly used by Ecuadorian state officials for public-policy design as well as bureaucratic intervention (Nelms 2015). In this context, the EPS legally encompasses collective forms of

DOI: 10.4324/9780429055164-7

organisations operating in the fields of production, exchange, consumption of goods and services, and finance, and which are registered as cooperatives, associations and community organisations.[3]

The question of institutionalisation has often been related to the evolution of public policies, through approaches in which the state is at the centre of the analysis as a one-sided source of political recognition of the target organisations. However, in previous work (Ruiz-Rivera and Lemaître 2017), we have argued that the institutionalisation of EPS in Ecuador has not been merely the result of a proactive strategy driven by the state. This process has rather been the outcome of a mutual relation—in tension—between state intervention and organisations aiming to achieve their own recognition in the public sphere and through public policies. At a given stage, this process shaped the conditions in which EPS organisations scaled up without endangering their values; at another stage, it affected the nature of these initiatives. Therefore, adopting a historical approach appears necessary to understand the construction of what is nowadays acknowledged as the EPS in the Ecuadorian landscape.

In this chapter, we focus on identifying the types of organisation that claim to be part of the EPS and on analysing the functioning logics that characterise them. In order to do so, we answer some preliminary questions: Where do these organisations come from? In particular, are they rooted in any specific institutional trajectory that would explain their emergence, and which may have shaped different profiles of organisations?

Our study consisted of a review of the existing literature on the popular and solidarity economy in Ecuador as well as documentary and data analysis. Indeed, primary data was collected through 64 semi-structured interviews carried out in three waves of fieldwork (between 2015 and 2017), with leaders and members of EPS initiatives, government officials and representatives of networks and NGOs advocating EPS interests in the public sphere. Afterwards, we carried out an in-depth analysis among a sample of sixteen organisations (four emblematic cases stemming from each institutional trajectory), in which, among other techniques such as direct observation, we conducted the ICSEM survey with founder members, managers or other decision makers.

The aim of this chapter is twofold. First, we identify the main trajectories followed by different groups of economic initiatives that led to their institutionalisation. Secondly, in the light of the ideal type proposed by EMES (Defourny and Nyssens 2012, 2017) and of the work of authors debating on a solidarity-type social enterprise (Coraggio *et al*. 2015), we present the analytical framework—regarding the economic, social and political dimensions—underpinning our subsequent EPS typology. We then propose four major models of EPS organisations in Ecuador, each one linked to one of the institutional trajectories previously presented. We place a particular emphasis on the public dimension of each model,

as this aspect allows to grasp the specific interplay between organisations and their institutional environment; i.e. their potential in terms of political embeddedness. Those types of interaction may prove themselves one of the most defining features that distinguish one type of EPS organisation from another. The four models are then briefly illustrated in different fields of activity, both established and emerging in the Ecuadorian context. We conclude by some remarks regarding the question of institutionalisation and the popular and solidarity-economy research agenda.

1. EPS Institutionalisation: A Historical Overview

Following a diachronic perspective, we argue that organisations that currently recognise themselves as being part of the EPS in Ecuador have been inspired by four particular institutional trajectories:

- the cooperative tradition, which has mostly been institutionalised via the state since the first half of the 20th century;
- a trajectory that has been rooted in the popular economy since 1970 and supported by grassroots NGOs, international cooperation and the Catholic Church;
- the social movements tradition, which, in the late 1980s and in the 1990s, led to the networking of a variety of actors bearing a political project of transformation;
- the emergence and multiplication of new forms of entrepreneurial ventures in the wake of the adoption of the new Constitution in 2008 and of the Law on the Popular and Solidarity Economy (*Ley Orgánica de Economía Popular y Solidaria*, or LOEPS) in 2011.

1.1. The Cooperative Tradition

The work of Da Ros (2007) and Miño (2013) retraces the trajectory of cooperativism in Ecuador since its origins, in the first half of the 20th century. In urban areas, cooperatives emerged as small-scale groups, composed of wage-earning workers and merchants. The aim of these organisations, which were founded by liberal, socialist and anarchist activists, was to grant mutual aid and professional defence to their members, in a context characterised by the lack of public social programmes. In rural areas, during the 1930s, peasant groups gradually organised themselves into agrarian unions in order to pursue their claims to land ownership and political representation (Miño 2013). Their mobilisation eventually resulted in the adoption of legal frameworks legitimising their demands (e.g. the first National Cooperatives Act and the Labour Code were both announced in 1937) (Clark and Becker 2007).

From the 1960s onward, the state and international aid agencies (e.g. the United States Agency for International Development, or USAID) played a key role in the institutionalisation of the cooperative model in the fields of production and finance. Following the two agrarian reforms of 1964 and 1973, the state financially supported producer cooperatives with the aim of transforming precarious forms of production into modern collective organisations, so as to increase productivity and contribute to the expansion of cocoa and banana in a primary-export-led growth model (Da Ros 2007). The existing peasant unions thus regrouped under the legal form of producer cooperatives to access land redistribution. However, as soon as the land property rights were assigned, cooperatives tended to divide themselves, not legally but *de facto*, into a series of individual farms—though these maintained areas of communal use (Oleas 2016). As regards international aid agencies, they acted as intermediate structures that financially supported the creation of federations, which regrouped cooperatives by different fields of activity,[4] particularly during the 1970s (Mills 1989).

Despite the expansion of the cooperative model, it was a project of material accumulation that prevailed in the practices of organisations, resulting in clientelistic relations with the state (Miño 2013), and in 1973, when US funding and government support were interrupted, only a quarter of registered cooperatives survived (Oleas 2016). We relate this phenomenon to a hypothesis of political opportunism, as Coque-Martínez (2001) suggests in his work on cooperativism in Africa and Asia: cooperatives were historically instrumentalised as implementers of governmental programmes serving the interests of socio-economic elites.

Concerning savings and credit cooperatives, most of them arose during the agricultural sector's modernisation of the 1960s, but it was during the oil boom of the 1970s that these organisations experienced their most dynamic growth in terms of increase in membership[5] (Da Ros 2007). During this period, the members' profile also underwent a transformation, from a predominantly rural population to an urban one (Miño 2013). Moreover, in the aftermath of the most significant Ecuadorian financial crisis, in 1999, which strongly affected the banking system,[6] cooperatives became an institutional alternative for depositors who had lost confidence in traditional financial institutions (Jácome *et al.* 2004).

Case studies carried out in emblematic cooperatives created in the 1960s and 1970s in the fields of production and finance and still operating today suggest that, since public policies aiming at modernisation demanded consistent levels of growth, cooperatives adopted practices of market isomorphism, i.e. they started "imitating" an accumulation model specific to market-driven capitalistic enterprises (Bidet 2003). In addition, cooperatives did not manage to secure mechanisms of democratic control by their members, which led them to compromise their autonomy from external actors while scaling up.

1.2. Popular Organisations and the Role of Intermediate Structures

The trajectory of popular organisations is rooted in the popular economy and refers to forms of self-generated work reflecting a specific rationality, not only based upon growth-oriented aims. As pointed out by Coraggio (1999), popular actors are domestic units developing socio-economic strategies with the aim of securing the "reproduction of life", by meeting their own material and immaterial needs. The inclusion of these initiatives in the public debate was mostly supported by civil society, such as the progressive Catholic Church and development-oriented NGOs.

As far as the role of the Catholic Church is concerned, after the Second Vatican Council, in the 1960s, advocated the relation between evangelisation and social commitment, priests professing the theology of liberation helped people in precarious situations to organise collectively with the aim of gaining access to raw materials, training and equipment as necessary conditions to generate income (Calvo and Morales 2013). "Gruppo Salinas" could be considered as a representative example of ecclesiastical initiatives which worked directly with rural populations: it is a cluster of community-based agro-industries located in the Ecuadorian highlands that emerged in 1970, with the support of the Salesian mission. The production of raw material is developed at the family level and all the transformation process happens at a collective, organised level.

As regards NGOs, some of them were religiously affiliated organisations, and they were often financed by development cooperation programmes. They promoted community production and trading practices in urban and rural areas (these activities were subsequently—during the 1990s—articulated into fair-trade networks). The "Tiendas Camari Solidarias"—i.e. shops that are part of the "Fondo Ecuatoriano Populorum Progressio" (FEPP)—and the "Maquita Cushunchic" Foundation (MCCH) emerged respectively in 1981 and 1985 and provide a good illustration hereof. "Tiendas Camari Solidarias" is an initiative focused on the development of trading circuits, led by suburban groups of Quito and the progressive Catholic Church. As for MCCH, this organisation aims to provide organisational support and technical assistance to producers with similar or complementary productive activities. Both structures organise and bring together producers and consumers to create spaces in which direct commercialisation can happen, such as neighbourhood and community stores, consumer cooperatives, local fairs and fair-trade networks (Espinosa 2010).

Moreover, intermediate structures have been decisive for the empowerment of producers. They have contributed to the collective action of popular organisations and to their gradual inclusion in the public sphere, by promoting the adoption of internal democratic structures (which often took the form of general assemblies) and through the creation of public

micro-spaces based on proximity (e.g. neighbourhood fairs *qua* meeting places for generating income but also for debating issues of mutual concern), prompting these initiatives to evolve from mere survival tactics to more political strategies.

During the 1990s, popular organisations undertook a phase of networking, encouraged by intermediate structures to challenge exclusion in the context of structural adjustment programmes following the Washington Consensus. According to Andino (2017), those structures acted as interlocutors between popular organisations claiming redistributive policies (such as the implementation of a social-protection system) and policymakers. We put forward the hypothesis that, despite this recognition of popular organisations in the public debate, the pursuit of a political objective, including the participation of these initiatives in the building of public policies, might remain, for initiatives, secondary in relation to the achievement of their economic and social objectives. The economic fragility of these initiatives raises the question of the extent to which an objective of economic reinforcement has remained predominant to ensure their sustainability, at the expense of any political objective.

1.3. EPS' Embeddedness in Social Movements

During the 1980s and the 1990s, social movements in Ecuador often had to deal with state repression or co-optation mechanisms by the political parties in power (De la Torre and Ortiz Lemos 2015). Despite that, some political platforms (e.g. the Confederation of Indigenous Nationalities of Ecuador—*Confederación de Nacionalidades Indígenas del Ecuador*, or CONAIE) supported popular resistance processes against the neoliberal agenda, thus stimulating the articulation of economic organisations to social movements, which in turn gave rise to intense collective mobilisation. While the goal of popular organisations is job creation and income generation in a context of vulnerability, social movements explicitly pursue social change. However, these two types of actors agree on a radical critique of neoliberalism as a model of development and on the importance of the quest for alternatives. Popular organisations as well as cooperatives eventually became linked to social movements as a way of expanding new forms of collective action and of developing a more normative vision of EPS, relating to another way of producing, trading and consuming, based, beyond non-utilitarian practices, on an explicit political project: a shift of the development paradigm (Disney and Williams 2014).

Several networks (whose demands include the implementation of gender equity, the development of fair trade and ethnic claims, among others) have arisen with a conception of the solidarity economy as fulfilling a role as a political actor (Scarlato 2013). Their shared political discourse explicitly addresses social transformation, which according to Andino (2017: 114–118) is possible only if economic practices founded

on reciprocity, solidarity, complementarity and cooperation are implemented. For example, in 1991, under the impulse of MCCH (see previous section), the Latin American Network of Community Trading (*Red Latinoamericana de Comercialización Comunitaria*, or RELACC) was founded with the aim of articulating community production forms through a structure for commercialisation, as an alternative to the inequality of exchanges in the international trade (Espinosa 2010).

Scarlato (2013) points out three issues that have been internalised by social movements in Ecuador, especially since the first decade of the new century: environment, ethnicity and migrants' rights. The Ecuadorian Movement of the Social and Solidarity Economy (*Movimiento de Economía Social y Solidaria del Ecuador*, or MESSE) provides a good illustration of such evolution. The MESSE is a social platform that appeared in 2006. Its creation was financially and technically supported by NGOs (namely VECO, AVINA and the International Federation for Alternative Trade, or IFAT), upon the initiative of two Ecuadorian fair-trade actors (MCCH and RELACC), and umbrella organisations related to agroecology. The MESSE gathers individual and collective economic initiatives and supports organisations involved, in most cases, in fair trade, agroecology and ethnic and gender actions. Beyond the formulation and management of community projects (for example, the creation of economic circuits), political action is one of MESSE's main lines of action.

The embeddedness in social movements represents for the EPS the concretisation of collective action, allowing socio-economic initiatives to achieve greater political participation. We argue that, as they became increasingly interconnected within networks at different levels, organisations have begun to convey a common discourse, based on solidarity. Beyond its normative value, solidarity is considered here as an operating principle within organisations, in which the main mode of economic integration is horizontal reciprocity among members.

1.4. New Wave of Organisations Following EPS Promotion Policies

During the 1990s and the first half of the 2000s, the Ecuadorian public debate was focused on tensions concerning the failure of neoliberal policies.[7] After recurrent periods of political instability[8] and dynamic social mobilisation (led principally by the indigenous movement, in opposition to the free-trade agreement that was then to be imminently concluded with the US), President Rafael Correa was elected in 2006. He presented himself as a detractor of neoliberal approaches and advocated the important role of the EPS in the national economic system (Becker 2011).

One of the most relevant actions undertaken by the government as a starting point for state transformation was the establishment of a

Constituent Assembly in 2008. This Assembly's primary goal was to rewrite the national Constitution; in the new version, *Buen vivir*[9] is pointed out as the macro social horizon in a post-neoliberal perspective (Acosta 2010; Gudynas 2011). Through iterative working sessions, practitioners (mainly community leaders, cooperatives managers, and social movements and networks' representatives) were consulted about issues of general interest—among which, for example, their comprehension of the EPS itself (Andino 2017). As a result of this process, the 2008 Ecuadorian Constitution asserted significant claims. For example, it was the first Constitution worldwide to underline the rights of nature and its—no longer functionalist—role in human well-being (Becker 2011). From this point onward, solidarity was assumed to be part of the logics guiding public action, opposed to a neoliberal rationale (Oleas 2016).

To operationalise a part of this project, which scholars (Escobar 2010; Yates and Bakker 2014) have called a "shift to the left" in state politics, the Law of Popular and Solidarity Economy (LOEPS) was passed in 2011. This Law is considered to result from a process of legislative co-construction: seventeen nationwide workshops were conducted, with the participation of around 1,800 representatives of the government, social movements and EPS networks (Muriel 2012). The latter managed to relay grassroots initiatives' demands within those deliberative public spaces. Indeed, the process of the LOEPS' redaction presented itself as a historical moment of participation, which was intended to embody the reflection of practitioners about their own initiatives as well as the position of state officials about a socially embedded economy (Nelms 2015: 107–113).

The LOEPS initiated a process of institution-building, which involved an explicit inclusion of EPS in regulatory frameworks and development agendas. In this regard, specific state bodies were entrusted with the coordination, promotion, control and financing of EPS initiatives. Through the creation of the National Institute of Popular and Solidarity Economy (*Instituto Nacional de Economía Popular y Solidaria*, or IEPS), a series of policies for the promotion of the sector were defined. Overall, we argue that the current national programmes aim at alleviating poverty by strengthening the economic dimension of EPS, hence fostering entrepreneurship. More precisely, programmes carried out by IEPS focus on enabling organisations to access markets and production means (e.g. assets and working capital).

In addition, the Super-administration of the Popular and Solidarity Economy (*Superintendencia de Economía Popular y Solidaria*, or SEPS) has undertaken in 2012 a process of setting up a national register whose initial target was cooperatives and associations. The process was based on the updating of administrative information about organisations (e.g. registration of members and board of directors) in a first phase, and the updating of financial information in a second phase. The objective

of this registration process was twofold: (1) to quantify and map EPS organisations in Ecuador, and (2) to enable them to operate legally, so that they would qualify for participation in public programmes (Jácome and Ruiz-Rivera 2013).

This process was the starting point for a rise and proliferation of what we can refer to as a new wave of popular-economy ventures. Indeed, IEPS officials have been focused on linking socio-economic initiatives with potential markets, such as the public one, through what is called "inclusive markets" (*ferias inclusivas*) and, since 2014, through the adoption of the "inclusive purchase catalogue" (*catálogo dinámico inclusivo*). Both tools constitute ways of implementing the public purchasing programme, which provides that any state institution can place an order for a particular good or service (e.g. uniforms or cleaning services), previously entrusted to private capitalist subcontractors, directly with potential EPS providers, without them being put in competition with other providers such as medium and large companies. The IEPS serves as a mediator for and provider of technical assistance to EPS initiatives, so that they can deliver that order. When local manufacturers are informed about a public call, they are invited to register in the "inclusive purchase catalogue".[10]

Since formalisation is a condition for EPS initiatives to be included in these programmes, individual or family undertakings tend to reorganise and register as associations.[11] According to IEPS officials, one of the main reasons for choosing this legal form rather than the cooperative one lies in the fact that the legal form of association involves lower transaction costs (e.g. costs of the procedures required to create the organisation) than other legal forms. In this context, the number of producer associations rose from 2,839 in 2012 to 6,369 in 2017 (SEPS 2018). We argue that this new wave of associations reflects a pragmatic logic, stimulated by the current public policies, since the institutional framework represents a new path of public recognition for these popular ventures.

2. EPS Organisations: Four Models

2.1. Analytical Framework

After presenting the contextual background related to the historical construction of EPS in Ecuador, we argue that the trajectories reviewed in section 1 might have led to the emergence of four models of EPS in Ecuador. To support this hypothesis, drawing on some of the indicators of the ideal type proposed by EMES (Defourny and Nyssens 2012, 2017), we describe the operating logics that characterise and distinguish each of the types of EPS organisation coexisting in Ecuador. We outline three key dimensions: the economic project, the social aim and the political dimension (table 5.1). In addition, we call on the work carried out by Coraggio *et al*. (2015) on the solidarity-type social enterprise. These

Table 5.1 EPS analytical framework

Dimension	*Variable*	*Description*	
Economic	Activity and coherence with the mission	The initiative is directly involved in the production of goods or the provision of services on a continuous basis. The activity thus represents the reason for the existence of the organisation, and it must be coherent with the social mission and with any other kind of goal (environmental and/or political) pursued by the organisation.	
	Economic risk	A balance must be achieved between fulfilling the initiative's mission and achieving financial sustainability. This aspect can be observed by investigating whether a certain type of resources—and which one—dominates in the operation of the initiative, analysing the proportion of income coming from sales (market logic), from public grants (redistribution logic), from philanthropic sources (reciprocity logic) and from domestic-type units (householding logic).	
	Valorisation of work	Members are both associates and workers of the organisation; and the majority of workers are members as well (the use of hired labour force is limited).	
Social	Mission and principles of interest	The aim of the initiative is to explicitly serve a particular group of people: it is responding to a mutual interest among its members or, beyond members' interests, to the interest of the community in which it operates (or even the general interest). This variable opens a discussion about the way in which and the level at which the organisation balances those different drivers of its productive activities.	
	Profit distribution	There is a constraint on the distribution of the revenue surplus among members to avoid practices of profit maximisation. This constraint can refer to a total non-distribution constraint or to a distribution to a limited extent only (surpluses might be allocated to funding collective activities favourable to the mission).	
Political	Participation and governance	Decision-making	The decision-making power is not based on capital ownership. Members actively participate in the definition of matters of common interest. Beyond its members, the initiative might operate on the basis of a participatory logic, which involves various parties affected by the activity.

Dimension	*Variable*	*Description*	
	Public dimension	Explicit political goal	Beyond work and income generation, the initiative explicitly tackles, through its mission, a transformation of the political, economic or social order.
		Creation of public spaces	The initiative seeks to achieve political impact, beyond the interests of the organisation, through participation in deliberation processes in the public sphere. Members take part in autonomous micro public spaces (e.g. based on proximity) and intermediate public spaces (wider arenas, e.g. structures of mediation with other actors).
		Articulations with other actors and autonomy	Relationships with other actors (to get access to resources, to markets, to financing or to technical or managerial knowledge) should not compromise the control of the organisation by its members.

Source: The authors, based on Defourny and Nyssens (2012, 2017) and Coraggio *et al*. (2015).

authors' approach is similar to the EMES perspective in that it is based on the identification of indicators in the social and economic fields, but its additional contribution concerns the analysis of the political dimension, beyond the field of governance (which is related mostly to internal choices). These authors discuss the public dimension of EPS organisations, which includes the latter's ability to enrol in the public debate, to act as a political actor and to participate in the development of public policies—in other words, their political embeddedness (Lemaître 2009).

On such basis, we propose a classification that distinguishes four EPS ideal types in Ecuador. Each model follows a particular path of institutionalisation; the four models should be considered as operating alongside one another, in a non-hierarchical order.

Before presenting each model and its distinctive features, we first underline some points of convergence among all the categories.

Production Activity

In all four EPS ideal types, there is a continuous activity of production of goods and/or services. This feature is in fact a *sine qua non* condition,

since it makes it possible to distinguish EPS initiatives from other types of organisations—such as support organisations (e.g. foundations or NGOs)—pursuing a social (or political) mission but not carrying out any economic activity.

Main Mission and Subsidiary Goals

Regardless of the model to which they belong, the studied initiatives explicitly claim to pursue a mission of job creation and income generation, which they all consider as the main goal of their economic activities. This mission corresponds to the finality of improving the quality of life of the organisation's members and of their households by meeting their material needs, such as the needs for food and housing, among others. It is also the reason why EPS organisations are currently the target of public policies that aim to promote social inclusion and poverty alleviation. The social dimension could also be connected to other objectives for meeting immaterial or subjective needs, which, according to Bauwens and Lemaître (2014), entail a symbolic value, such as the creation of community bonds.

Mix of Economic Relations

We refer to what actors consider as the main source of revenue (including both monetary and non-monetary resources) that allows the organisation to fulfil its mission and foster its sustainability. However, the analysis may not be limited to the stance of resources, but rather it is addressed, following Polanyi's (1944) substantive approach, in terms of interdependences among various economic logics: reciprocity, which refers to practices of complementarity voluntarily instituted (e.g. support between symmetrical groupings); redistribution, which indicates interactions within centralised systems, such as interactions with the state; the market, understood as the interactions between buyers and sellers through price fluctuations; and householding (Hillenkamp *et al.* 2013: 5–6), which corresponds to the interdependence within the domestic unit, based upon self-provisioning for and by the group members. We argue that this approach allows to recognise how the four models of EPS organisations are embedded in several economic logics, intertwine different resources and connect with diverse external actors.

Decision-Making

In all the EPS models presented below, decision-making is, by principle, not based on capital ownership; however, each type of organisation has some specificities, which may depend on the legal form (if the organisation is legally registered) adopted by the initiative. It should be

emphasised that all types of organisations, except cooperatives, might navigate between self-management practices and indirect economic democracy. Self-management refers to the fact of being "totally managed, in equal parts, by the workers" (Lemaître and Helmsing 2012: 755), while indirect economic democracy entails the establishment of representation bodies.

2.2. Cooperatives

This model encompasses the organisations formally registered under the legal form of cooperatives. The production activity is the primary motive for their existence. Concerning the field of activity in which cooperatives operate, there are producer, service, housing and savings and credit cooperatives. Those organisations are composed of a group of persons, voluntarily united, and explicitly seeking to meet the members' common economic, social or cultural needs through practices of cooperation and mutuality. By December 2018, in Ecuador, there were 2,654 registered non-financial cooperatives and 641 savings and credit cooperatives (SEPS 2018).

Members are therefore the main beneficiaries of the economic activity. In fact, the specific feature of cooperatives is the double status of their members (Gui 1991), who act both as co-owners (or associates) and as users. For instance, in consumer cooperatives and housing cooperatives, members get direct access to the goods or services produced by and within the organisation. In producer cooperatives (e.g. coffee and cocoa cooperatives), associates make use of the organisation to gain access to raw material (e.g. seeds) and to transform and commercialise their production. In agricultural cooperatives, harvests are delivered to the cooperative by all members; the organisation provides in turn the infrastructure for the storage and transformation of their production. In saving and credit cooperatives, however, most users of the financial services provided by the organisation are clients-like (not associates), i.e. they do not take part in the decision-making processes. Moreover, in cooperatives, workers are *a priori* members. This can however vary from one field of activity to the other. For example, paid work is significant in transport cooperatives, in which bus drivers operate as employees and do not (or barely) take part in the management of the organisation (Ruiz-Rivera 2014). Concerning the membership composition, most interviewed associates consider themselves as belonging to the middle-class segments of the population.

Concerning the social mission, it explicitly responds to a mutual interest among members, since it refers to job creation and income generation as a means of securing members' livelihoods as well as those of their families. Consequently, the social mission hardly meets the interests of groups beyond the organisation's members. Market resources from sales

are the main economic source sustaining cooperatives' activities. Those organisations attempt to obtain the highest margin from their economic transactions. A minor proportion of reciprocity resources (e.g. local voluntary work or donations from actors such as foundations) could be identified. By contrast, the presence of resources from redistribution, mostly under non-monetary forms (such as training services provided in the framework of public programmes), is rather significant.

As regards the distribution of the revenue and surplus, the instituted norms among members respond to legal requirements as provided for in the LOEPS. In cooperatives, specific rules regulate the distribution of net income and surpluses. Those organisations must contribute to a so-called indivisible legal reserve fund, which serves to face economic contingencies. Contributions to this fund correspond to at least 50% of the annual surplus. Cooperatives are also constrained to contribute up to 5% of their annual surplus to the Super-administration (SEPS). Besides those legal requirements, the most common practice regarding surplus distribution is to reinvest revenue in the organisation. Yet, net income is equally shared among cooperatives' members in some specific cases (e.g. to increase motivation or to face crisis).

Cooperatives appear to operate as jointly owned organisations, but within an indirect economic democracy framework, that is to say through setting up representative bodies. Indeed, the LOEPS requires that cooperatives set up representation bodies for the decision-making process: a general assembly, a board of management and a supervisory board. During assemblies, members elect—following the "one member, one vote" rule—the representatives to whom they delegate the decision-making power for the day-to-day management of the organisation. By doing so, members follow not only the national regulations regarding EPS, but also the principles defined by the International Cooperative Alliance (ACI).[12]

2.3. Community-Based Organisations

Community-based organisations are cooperative-like organisations rooted in the popular economy. Under the current legal framework, some of these initiatives are being registered as cooperatives, some as associations;[13] yet, most of them remain informal. Linked by a plurality of bonds based on family, ethnicity, culture or gender, members are workers, and the majority of workers are also members. The presence of paid work is negligible since those initiatives deliberately focus on limiting the use of hired labour force. Most members self-identify as being part of the lower middle class of the population, though amongst them, there are some who consider themselves as poor.

Like cooperatives, community-based organisations seek to ensure the improvement of their members' livelihoods through, in the terms of Sarria Icaza and Tiriba (2006), the use of the members' workforce and of

available resources. One distinctive feature of this model, compared with the cooperative one, is that, beyond a common interest for income generation among members, the mission here also targets other actors at the local level and occasionally tackles larger societal challenges. For example, some agricultural organisations relate their economic goal to the provision of collective services for improving not only the livelihood of their members, but also that of their community. They provide irrigation channels in rural areas for use by people in the community, regardless of their relation to the organisation (whether or not they are members). Initiatives in the area of community-based tourism provide another example of organisations balancing more than one driver of economic activities: they deliberately combine the goal of improving their members' income (local tourist guides and family hosts) with the purpose of promoting the consumption, by the tourists, during their stay, of organic products from local farmers and shops—a goal which is also related to an environmental challenge. In this regard, beyond market-driven aims, the purpose of these organisations embraces what Hillenkamp *et al.* (2013) describe as "community embeddedness" (or "amplification of social capital", in Evans and Syrett's [2007] words) through durable relations with local actors.

In addition, community-based organisations pursue members' empowerment, and this is a vital part of their mission. As highlighted by Lemaître and Helmsing (2012: 754–755), "the economic activity in organisations [could appear] as a means to empower workers and for them to access citizenship [. . .] They gradually realise their capabilities by becoming aware of their reality of economic, social and political exclusion". In fact, the participation of these initiatives in training programmes focused on professionalisation and "awareness-raising",[14] mostly linked to umbrella organisations (e.g. regional federations of producers) and networks (e.g. the Ecuadorian Fair Trade Coordination, or *Coordinadora Ecuatoriana de Comercio Justo*), might allow them to progressively gain access to the public sphere.

As regards financial sustainability, members of community-based organisations identify the market as their main source of revenue. Initiatives of this type are more likely than others to be linked to fair-trade circuits. Resources coming from redistribution and reciprocity relations are also significant for the fulfilment of the mission. Redistribution-based resources are generally mobilised in the form of training activities led by state officials or local NGOs, while reciprocity-based resources take forms such as the free provision of premises or diverse donations by the community (e.g. by the village church or neighbourhood councils). Interviewees declared that it seemed unlikely that their organisations might be able to access public monetary resources (e.g. grants or funding) under the current stringent conditions regarding credit guarantees.

Concerning the allocation of revenue, it is distributed according to productivity, following criteria such as the number of hours worked or the

number of units produced, or according to specific conditions enshrined in (formal or informal) contracts. The possibility that a portion of income remains in the organisation (as a sort of accumulation) is not common among these initiatives. If there are surpluses at the end of the year, those resources are allocated to collective events organised for members and their families, and involving as well other actors in the community.

As regards governance, and especially the decision-making power, community-based organisations appear to be willing to practice self-management. Cooperative principles are often put into practice by this type of initiatives, despite their not being formally registered as cooperatives. In this regard, members express their will to achieve an active participation in the definition of the organisation's mission and of the means to accomplish it. They also consider that participation should concern the sharing of knowledge (e.g. about customers, suppliers and support organisations, among other stakeholders).

2.4. Organisations Embedded in Social Movements

Organisations embedded in social movements—be they rooted in the popular economy or in the cooperative tradition—are engaged in the production and commercialisation of goods and/or services. The distinctive feature of this type of organisation, compared with community-based initiatives, is their deep-rooted relation with social movements, but also with platforms and networks of actors pursuing an explicit political goal. Therefore, amongst their members, there are usually some intellectual activists.

In this regard, as part of their social mission, organisations embedded in social movements target an ethical purpose. They tend to balance and integrate economic, social and political purposes and strategies. As Defourny and Nyssens (2017: 2483) state, "the general interest component may be considered to be embedded in the very nature of the production". In this regard, we argue that economic organisations linked to grassroots social movements are more concerned with awareness about collective rights and capabilities for the common good in the medium and long term than with immediate and pragmatic interests (prioritised by the aforementioned other EPS types). This appears to be the case for producer associations linked to the agroecological movement, in which membership does not only entail advocacy for organisational benefits, but also a space to question the vision of development (Intriago *et al*. 2017). Various organisations of this type are members of the Ecuadorian Committee for the Defense of Nature and the Environment (*Comité Ecuatoriano para la Defensa de la Naturaleza y el Medio Ambiente*, or CEDENMA).

Indeed, initiatives in this category are characterised by their political commitment; they might appear as new forms of collective action, pursuing an explicit project: the quest for social, economic and political

change. We further discuss this matter in section 2.6, which addresses the political goals that EPS initiatives might pursue.

Compared with community-based organisations, initiatives embedded in social movements rely more on relations based on reciprocity (e.g. local donations) and (indirect) redistribution[15] (e.g. public funding coming from international development cooperation, provided mostly by local social platforms) as a significant source of revenue. However, those organisations' resource mix also includes an important proportion of market resources, arising from short circuits, and which play a significant role for their sustainability. In addition, like community-based organisations, initiatives embedded in social movements are not particularly dependent on national public grants. Their members consider that there are many obstacles, in terms of eligibility criteria, to accessing public monetary resources.

Concerning decision-making processes, these organisations generally aim to operate according to self-management principles. Likewise, revenue is distributed here according to productivity and following particular norms (formally or informally) instituted by the members. Potential surpluses (when existing) are allocated to funding activities supporting the organisation's members, such as training programmes and technical assistance.

Initiatives embedded in the Ecuadorian Movement of the Social and Solidarity Economy (MESSE) provide a good illustration of organisations linked to the "social movements" tradition. In 2014, this platform brought together 1,300 members (both individual and collective popular-economy initiatives and support organisations), located in 15 of the 24 Ecuadorian provinces. Members include organic producers (or producers engaged in the transition towards organic production techniques), artisans, promoters of popular education, fishermen, community tourism initiatives, a housing cooperative, consumers and several NGOs. Their shared political discourse explicitly addresses social transformation. According to MESSE's leaders, such transformation involves the formulation and dissemination of concrete proposals in participative forums at the local, national and regional levels (Andino 2017: 116).

2.5. New Popular-Economy Ventures

New popular-economy ventures mostly refer to urban undertakings and small family businesses, which are experiencing a formalisation process under the current institutional framework. As stated in a previous section (see section 1.4), these initiatives appear to pursue formalisation by adopting the legal form of associations in order to gain access to the benefits linked to public policies.

These initiatives serve individual or group needs. Workers are not systematically members and there is a significant presence of paid work. This

is the case, for example, for textile manufacturing ventures, in which workers have the status of employees. Production activities during the periods of state purchasing programmes (e.g. uniform-making for public schools) require a significant recourse to subcontracted or outsourced work.

This model encompasses mostly market-driven initiatives. Members of newly formalised organisations tend to self-identify as incipient entrepreneurs willing to transit from subsistence conditions to a stage of economic growth. As regards their financial sustainability, members clearly identify resources originating in a redistributive relation (fees resulting from public purchasing programmes)[16] as essential for their operation. They do not mention the existence of reciprocity resources from the community but identify householding relations as an important strategy for their subsistence, especially during periods of vulnerability (e.g. during periods in which there are no contracts with the state).

Concerning governance, newly registered associations are legally obliged to set up democratic bodies (a board of management and a supervisory board elected by the general assembly). Yet, processes of decision-making usually do not involve all the members. Interviewees here describe a more pragmatic approach: members prefer to delegate power to a representative leader, who is tasked with assuming management responsibilities. In fact, as stated by Kervyn and Lemaître (2018), principles of association might be combined with a capitalistic entrepreneurial logic, with a constant superposition of values. Moreover, there are no systematic rules regulating the distribution of the net income. The actual practice is that revenue is distributed according to the work performed by members. These initiatives are characterised by organisational volatility and by fragility in terms of both creating stable jobs and generating stable income, and they do not (or barely) generate surpluses. However, it is important to highlight the fact that, in organisations having achieved sustained participation—at least nine months a year—in public purchase programmes, members often receive a monthly remuneration equivalent to the legal minimum wage (US$386/month for the year 2018).

New popular-economy ventures self-identify as part of the EPS, alongside traditional cooperatives and popular organisations (be they rooted or not in social movements). For this new wave of undertakings, the EPS means the formal overarching category created by the state and through which it implements its intervention. In this regard, the mission of generating jobs is considered by these organisations' members as the element that legitimates their being part of the EPS.

2.6. Public Dimension

Political-type criteria (see table 5.1) appear necessary to characterise the EPS in Ecuador. These criteria refer to these organisations' participation in the public sphere, which involves external actors to discuss and

deliberate on common issues and to make decisions beyond the organisation itself (Laville 2005). The public dimension of the solidarity economy might help avoid the separation that Habermas (1986) operates between the political and the economic spheres, and it might offer a scenario of co-construction of public action, which would thus no longer be produced by the state alone but would also be driven by initiatives. This public dimension, as highlighted by Coraggio *et al.* (2015), concerns the pursuit of an explicit political goal, the creation of autonomous public spaces (based on proximity), and the participation of the organisations' members in intermediate public spaces, eventually with a view to achieving institutional change.

As regards cooperatives, they are usually officially members of sectorial federations (intermediate public spaces), which should make it possible for them to engage in collective action in the public sphere. However, any political project might be threatened by an actual risk of co-optation of organisations' leaders by governments or political parties. Those practices are likely to hinder the preservation of organisations' autonomy and democratic control by the members. Moreover, interviewees consider the pursuit of a political goal to be secondary to their economic and social objectives. Leaders from cooperatives who actively participated in the elaboration of the LOEPS consider this process as the historical concretisation of a political goal of institutional recognition. Nowadays, what remains of a political project might appear implicit, as it refers to facing challenges in members' attempts to build collective action, and it is not necessarily shared by all the members.

Members of community-based organisations and organisations embedded in social movements all declare to support the creation of autonomous public spaces (e.g. producers/farmers' markets) in which, besides carrying out trading activities, they discuss and deliberate on common concerns such as price policies, low levels of productivity, opportunities to engage in quality certification processes adapted to EPS, limited access to credit, limited administrative and accounting capabilities, among other issues. Such collective action might make it possible to continuously assess and redefine the organisational interests, and eventually to build a long-term political agenda.

Members of community-based organisations identify the pursuit of a political goal among their organisational purposes. Yet, they make the pursuit of such goal conditional on the existence of relations with umbrella organisations and networks. Indeed, it seems that what defines and circumscribes the extent of any political project in community-based organisations is their interaction with intermediate structures willing to foster dialogue spaces with a plurality of actors (including public authorities), in which they advocate the organisations' needs and aspirations. For example, popular banks (which collect members' savings and then use them to lend to members) systematically tend to adhere,

Table 5.2 Ideal-typical EPS models in Ecuador

Criteria \ *Models*		*Type 1 Cooperatives*	*Type 2 Community-based organisations*	*Type 3 Organisations embedded in social movements*	*Type 4 New popular-economy ventures*
Main legal form		Cooperatives	Mostly informal organisations	Mostly informal organisations	Family/small ventures, recently formalised as associations
Economic	Main resources sustaining the activity	(1) Market sales	(1) Market sales (2) Voluntary resources	(1) Voluntary resources (2) Market sales	(1) Public grants
	Type of dominant market	Classic capitalist market	Fair trade	Short circuits Fair trade	Public markets
	Valorisation of work: status and minimum number of members	Usually, members = workers, but it depends on the field of activity Minimum 20 members in production and services cooperatives, 50 in savings and credit cooperatives	Members =/≠ workers Minimum number of members not defined	Members =/≠ workers Minimum number of members not defined	Members ≠ workers Minimum 10 members when the legal form is that of association
Social	Social mission and principles of interest	Cooperation and mutuality (meeting members' needs)	Job creation and income generation serving members' and community needs	(More radical) societal change towards an inclusive/ecological . . . society (general interest)	Job creation and income generation serving individual/group needs

	Surplus distribution	Limited surplus distribution	Revenue distributed according to productivity If there is a surplus, it is usually used for collective activities decided by the general assembly	Revenue distributed according to productivity It there is a surplus, it is usually used for collective purposes decided by the general assembly	Revenue distributed according to productivity Usually no surplus
Governance	Decision-making	Democratic governance (general assembly)	Democratic participation in decision-making (general assembly) and in the management of the organisation	Democratic participation in decision-making (general assembly) and in the management of the organisation	Democratic bodies when the legal form is that of association
Political	Pursuit of a political goal	Not explicit	Implicit in terms of empowerment	Explicit: institutional change	None or not explicit
	Participation in public spaces	Intermediate public spaces	Autonomous micro public spaces	Autonomous micro public spaces and intermediate ones	(newly created) intermediate public spaces
	Articulation with external actors	Formal membership in umbrella organisations (e.g. federations)	Support structures, mostly NGOs, social platforms and networks	Formal adherence, through commitment to a Chart of principles, to social movements and networks	Federative dynamic resulting from relations with state officials while taking part in national programmes

Source: The authors.

in their discourse, to the critics made by social platforms regarding the exclusion of some people from the formal banking system. However, most intermediate structures might tend to defend the rights of a historically marginalised population, proposing short-term aid, rather than pursuing long-term aims for the common good. Concerning the relation with umbrella organisations such as sectorial unions or federations, community-based initiatives describe a possible membership as being driven by the opportunity to access markets and training, and not by any political motivation.

As concerns organisations embedded in social movements, their political goal is explicitly reflected in their ability to both create autonomous public spaces and participate in intermediate public spaces with policymakers. Interviewees consider it as an important role of the organisation to seek iterative contacts with multiple actors outside the organisation (e.g. local public authorities) to discuss public issues. For instance, some women associations of handicraft production are embedded in the Ecuadorian Popular Women Movement (*Asamblea de Mujeres Populares del Ecuador*), and organic-producer associations are embedded in the Ecuadorian Agroecological Movement (*Colectivo agroecológico del Ecuador*). By developing periodic encounters with social movements, these initiatives are able to translate their concerns for gender justice and agro-biodiversity (respectively) into practical local action. Those movements play a role of political lobbying for the initiatives, relaying actors' demands and proposals into the public sphere. Organisations of this type might also have a transnational dimension (Scarlato 2013), due to the contribution their members make to the regional debate on poverty and the Millennium Development Goals (MDGs) agenda.

It should be noted that nowadays there is a variety of networks and social platforms encompassing EPS initiatives; yet they have not so far constituted a unified political movement, nor have they achieved a collective identity. Their opening up to deliberative processes risks remaining limited to the level of their member organisations themselves, without a constant participation of policymakers in local, regional or national public spaces.

Most of the new popular-economy ventures are not likely to be linked to intermediate structures such as federations and social platforms. They do not have either any goal of political participation, since they are not rooted in their territory—according to Hess (2004), being rooted in a territory goes beyond the fact of sharing a common geographical location and involves community embeddedness. Interviewees here declare to sometimes engage in direct discussions with state officials regarding their participation in public programmes, particularly *ex-ante* and during the intervention. These articulations seem to follow a pragmatic logic and not to result from an explicit political motivation. Thus, faced with uncertainties regarding possible changes in public procurement policies,

Table 5.3 Examples of EPS initiatives in Ecuador by models and fields of activity

Models / *Fields of activity*	*Type 1 Cooperatives*	*Type 2 Community-based organisations*	*Type 3 Organisations embedded in social movements*	*Type 4 New popular-economy ventures*
Production	Agricultural production cooperative	Craft manufacturing association (usually operating in a fair-trade circuit)	Economic circuit based on agroecology	Family venture, textile manufacturing association
Services	Housing cooperative	Community tourism project	Association aimed at popular education	Family venture involved in catering or cleaning services
Finance	Savings and credit cooperative	Popular bank	Social currency exchange device	–

Source: The authors.

new popular-economy ventures have recently undertaken, under the tutelage of IEPS and the National Department for Public Procurement (*Servicio de Contratación Pública*, or SERCOP), the creation of so-called EPS networks and regional EPS chambers. The aim of these actions is to formally bring together registered associations; however, it remains to verify whether these networks and chambers respond to the organisations' motivation or to a proactive initiative on the part of current public authorities.

Table 5.2 sums up the characteristics of each type of EPS organisation according to the aforementioned criteria.

These models can be illustrated in different fields of economic activity. Table 5.3 presents examples of EPS initiatives in the Ecuadorian landscape.

Conclusion

Through this chapter, we highlighted the relevance of a historical approach to characterise the EPS in Ecuador. Indeed, this perspective led us to identify some significant trajectories followed by organisations in their attempts to achieve recognition and to find their place in the current field of public-policy design. The process of EPS institutionalisation

appeared to be dynamic and to be a long-term one. It results from relations of mutual influence between different categories of actors: EPS organisations, intermediate structures (operating in the public sphere) and state authorities.

Our findings suggest that different types of organisation, having evolved along different institutional trajectories, all recognise themselves nowadays as part of the EPS. As regards the participation of these organisations in the field of public-policy design, although the LOEPS itself could be pointed out as the result of long-lasting bottom-up relations involving different categories of actors, the current policymaking derived from this law is underpinning a top-down intervention. Two major issues could be at stake in this regard.

First, particular public programmes (such as calls for tenders targeting EPS potential providers) are resulting in the creation of a new wave of organisations, less identified with a democratic project, and reshaping the existing ones. There appears to be a risk of institutional isomorphism as organisations tend to mimic the dominant institutional norms regarding operation, management and governance, because this could enable them to fulfil the expectations of their key stakeholders (Gordon 2015)—in the Ecuadorian case, governmental authorities that define the eligibility criteria to get access to resources. Secondly, these interventions might be over-stimulating the mobilisation of market and redistribution resources to the detriment of reciprocity and householding relations. This is contradictory to the official acknowledgement of economic pluralism (related to the notion of *Buen vivir*).

Through this chapter, we also aimed to provide a first contribution to a classification of EPS organisations that would go beyond the current legal classification established by the LOEPS since 2011. The origins of each of the categories are related to a specific institutional trajectory, which also shaped a particular profile. In order to further support our typology, we carried out—in addition to the historical overview—an examination of the organisations' practices at the micro level that completed what actors shared in their discourses. Adopting such perspective, we put forward a typology distinguishing four types of EPS initiatives in the Ecuadorian context. It should be noted that, rather than defining clear-cut frontiers between the different categories, this contribution aims to emphasise some particular traits about what practitioners portray as EPS. These features give insights into the economic, social and governance dimensions put forward by the EMES approach (Defourny and Nyssens 2012, 2017) and feed into the debate some criteria developed by Coraggio *et al.* (2015) regarding solidarity economy's political dimension, with a view to grasping how EPS organisations interact with their institutional environment.

We hope that our proposal of an EPS typology may contribute to a deeper understanding of the diversity of initiatives combining economic,

social and political aims in Ecuador. The challenge remains to continue developing more exhaustive empirical research on both the evolving institutional contexts in which the EPS is being institutionalised and the logics, practices and strategies of these forms of organisations, including their ability to become embedded in public action.

Notes

1 However, there is a recent opening up to the term of "social entrepreneur" as a label promoted by business incubation programmes undertaken by private companies, which includes projects addressing both economic and social goals. These projects are mostly for-profit start-ups.
2 The question of institutionalisation refers to what brings about the stabilisation and recurrence of particular socio-economic practices (Salamon and Anheier 1998). Scholars (e.g. Castelao Caruana and Srnec 2012) point out that the phenomenon of institutionalisation includes, in particular, the building process of legislation and state apparatus as part of the environment in which organisations operate. Most of the actual research following the solidarity-economy approach focuses on the various ways in which organisations adopt legal frameworks and, to a lesser extent, on the ways in which those organisations modify their institutional environment (Ruiz-Rivera and Lemaître 2017).
3 The EPS also includes individual undertakings. However, this last subcategory remains unclear in terms of operationalisation within the current legal framework.
4 According to Hübenthal (1987), the number of cooperatives rose from 2,280 organisations operating in 1963 to 4,378 cooperatives in 1972.
5 Between 1973 and 1982, the number of members of credit unions increased from 87,000 to 445,000 (Miño 2013). However, it should be kept in mind that one person can be a member of several unions simultaneously.
6 Under the impulse of the Washington Consensus, deregulation reforms in the financial system led to the bankruptcy of 20 banks out of 27 (Jácome *et al.* 2004).
7 Poverty levels increased by 12.8% between 1995 and 1999; the share of poor in the population reached 52.2%. This increase could be correlated to factors such as the effects that "El Niño" had on Ecuador in 1998 and the 1999 banking crisis. Regarding incomes, between 1990 and 2006, the first eight deciles of the population experienced a reduction of their income level; households belonging to the ninth decile kept their share of income at 16.2%, while the richest decile saw their incomes increase, from 35.5% to 41.8% of the country's total income (Ramírez 2008).
8 The dismissal of President Abdala Bucaram by the Congress and the popular protests of 1997 led to a series of weak brief governments: in 2000, after one year and a half of term of office, President Jamil Mahuad was ousted by a civilian-military coup d'état. Then in 2005, popular protests overthrew President Lucio Gutiérrez after two years in office. Among the arguments explaining those episodes, Blake and Morris (2009) point out the exclusion, from public action, of important segments of the population, corruption and patronage.
9 *Buen vivir*, or *Sumak Kawsay*, is a polysemic concept, still contested and under construction in the scientific literature. It carries out alternative propositions to the dominant notion of development—based on material well-being

and anthropocentrism—integrating indigenous cosmovisions that understand well-being as the harmony between humans and the natural environment (Gudynas 2011).

10 In order to be registered as providers, EPS manufactures must prove that (1) their production takes place within the territory where the demand is expressed (i.e. at least 50% of raw material and inputs come from the province where the order is placed); (2) they have the equipment and workforce necessary to meet the demand; (3) they function legally. The total amount of goods demanded through the public call is distributed according to the production capacity of several available organisations. One single organisation is usually not able to fully meet the demand, so another organisation from the catalogue is randomly added. Such procedure is repeated until the demand is fully met; the allocation procedure is then automatically closed.

11 Between June 2015 and December 2016, 3,301 organisations were registered, 93% of which were associations that might potentially participate as providers in the inclusive purchase catalogue (SEPS 2018).

12 Those principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

13 By December 2017, there were 9,651 registered associations (66% operating in the field of production, 34% in the field of services) (SEPS 2018).

14 By "awareness-raising" (*sensibilización*), the actors refer to those training activities focusing on acquiring awareness of what makes participation possible.

15 Redistribution includes what Lemaître and Helmsing (2012: 750) call "delegated redistribution", that is, public funds coming from international cooperation and targeted at economic initiatives in the South through support to local organisations. Moreover, when support to those organisations is financed by the capital of the international civil society (e.g. NGOs in the North), the authors call it "voluntary redistribution". Indeed, although this support is not collected in a compulsory way, it is not reciprocity since those resources are not related to symmetric relations between those giving and those receiving. It rather has to do with the centrality that is characteristic of redistribution: the resources are collected by a central entity, which then allocates them according to some criteria.

16 Markets whose functioning is not based on the "supply-demand-price" mechanism but on patterns of reciprocity or redistribution can exist. In Polanyi's substantive theory, exchange and market are not coextensive; they have independent empirical characteristics, to be studied separately (Polanyi 1944, cited by Hillenkamp 2009: 36–38): a demand group, a supply group (both necessarily present in "price-creating markets", but not systematically in other configurations; e.g. an auction entails a group of bidders, but only one offeror); the exchange rate (a more general category for the price) that may be fixed or variable (the latter established by bargaining mechanisms); and the existence (or not) of competition. In the case of public procurement programmes, there is a supply group (EPS organisations), but only one petitioner (a central entity). Moreover, although organisations receive revenues in exchange for the provision of goods or services (market relation), prices are standardised and not the result of competition among providers. Actually, all registered organisations can potentially be assigned a contract. The relation here is what is called "decisional exchange" and is aimed at democratising public resources.

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