



## LEGAL COOPERATIVE FRAMEWORK ANALYSIS

### Within the ICA-EU Alliance

#### KEY HIGHLIGHTS FOR ECUADOR

This one-pager aims to provide a brief overview of the most notable features of Ecuador's national cooperative legal framework, based on the work of the national legal expert.

In Ecuador, the regulations that govern cooperatives, are contained in several legal entities, the main one being the Organic Law on Popular and Solidarity Economy – LOEPS (for its acronym in Spanish), issued through publication in the Official Register number 444 of May 10, 2011 and last reformed on October 23, 2018. In Ecuador there is also special treatment for savings and credit cooperatives, which are part of the National Financial System.

**Cooperative Friendliness:** While in some sense the creation of the Organic Law on Popular and Solidarity Economy and a Superintendence for the sector has served to standardize activities and have a control of cooperative institutions, the issuance of the norm has encouraged an excessive control and interference by the controlling entity, going against the principle of autonomy and independence, and often without respecting the private right of the cooperatives.

**Key Recommendations for Improvement:** Carry out a comprehensive reform to the Organic Law on Popular and Solidarity Economy and its regulation; achieve a different level of supervision for the savings and credit cooperatives in virtue of the nature of its business and ensure that universal cooperative principles are established and respected in the norm and promote their application in organizations.

**Conclusions:** It should be noted that cooperatives in Ecuador, based on regulation and subsequent supervision, have had a remarkable development; however, in recent years, this progress has been slowed down by instability and constant changes in the control entity and its authorities. The analysis of the cooperative norm in Ecuador, while showing many positive aspects, also shows weaknesses that need to be studied in depth, in order to be corrected and harmonized with the reality of the organizations within the country and the region.

