

## **SOLIDARISMO: LAW ON SOLIDARITY EMPLOYEE ASSOCIATIONS**

### **SURSUM MOVIMIENTO SOLIDARISTA COSTARRICENSE**

#### **What is the Movimiento Solidarista Costarricense?**

It is a non-profit institution of promotion, assistance, advise, training, and counsel of Asociaciones Solidaristas.

It has no political, partisan, religious or ideological commitments, but encourages the Solidaristas to support with its participation the Costa Rican democracy.

#### **About the Costa Rican Solidarity Movement**

The Costa Rican Solidarity Movement (Movimiento Solidarista Costarricense – in Spanish) is a non-profit civil organization that groups the Solidarity Associations of the country in order to promote union, promotion, strengthening and development of the sector. It facilitates service provision to the affiliates, according to their needs.

It is the organization that represents and defends the interests of the solidarity sector. It actively participates as the mediator between the government and any other instance, by presenting its position of topics related to solidarity and its environment.

#### **What is a Solidarity Association?**

According to the Law No. 6970 “Ley de Asociaciones Solidaristas” (Law for Solidarity Associations), these bodies are defined as social organizations managed by the workers themselves in a totally autonomous way.

Solidarity associations are inspired on a human attitude, through which men identify and recognize the needs and aspirations of others, thus committing themselves to the contribution of resources and efforts to satisfy those needs and aspirations fairly and peacefully. The governance and administration of these associations are exclusive competence of the workers that are affiliated to them. Their main objectives are to foster social justice and peace, to reach employer-employee harmony and to integrally develop its associates.

In sum, the solidarity association represents and wellbeing, economic safety and integral development of its members and their families, a guarantee for the company in terms of having a working environment that promotes harmonious relationships with the workers, that would result in improved production. On the other hand, it represents an increase in national savings and production at the national level.

The solidarity association should be constituted by at least twelve workers of age, appointed according to a set of articles of incorporation and bylaws. A Board of Directors and a Fiscal direct it. Its economic resources come from a percentage of the savings from the salary of its members –the amount is set by the general assembly, and could not be greater than 5%– however, the members can add voluntary savings. In addition, the employer contributes with a percentage that is equal to the fund for dismissals, which is under the custody and administration of the association as a reserve for loans.

## **SOLIDARISMO IN COSTA RICA**

On the Planet Earth, in the Western Hemisphere, less than two thousand miles from the United States, in Central America is Costa Rica.

Costa Rica, a small country (52,000 square kilometers) with a population of over 4,000,000 persons; without any armed forces, deeply democratic; lover of work and peace, has found an answer to two important questions:

**Is there any course of action able to contribute to social peace?  
Is it possible to achieve harmony and good relations between  
workers and management?**

Justice, progress for everybody and consolidation of our democracy is the solution set forth by Solidarismo.

For over fifty years, Costa Rica has found in Solidarismo a system that encourages productivity, fosters a more democratic distribution of capital and provides satisfaction to the aspirations and needs of management and workers.

Today, more than two thousand companies have set their labor relations within the framework of Solidarista associations. More than 250,000 workers (representing 20% of the working population) and their families benefit from solutions and programs that contribute to their Economic progress, Integral Development and Personal Improvement.

### **What is the inspiration of Solidarismo?**

Solidarismo recognizes two main factors integrating a company: management and labor, which are independent.

Management supplies vision, finds resources, assumes the risk.

Labor supplies work, knowledge, creativity, enthusiasm, loyalty, initiative, and ability; so both can together achieve production and create wealth: this is a solidarist relationship.

The company must be productive and efficient; to achieve this, it needs harmony, cooperation, and understanding. It is necessary to create a climate that favors production in order to give each of the individuals conforming the organization the opportunity of satisfying his or her needs and aspirations, which not always are fulfilled just by a salary.

## **Solidarismo contributes to solve the conflict!**

### **How do the Associations work?**

They are organizations of workers; democratically directed and managed by the workers, legally registered, of voluntary affiliation and retirement.

The affiliated workers commit himself or herself to save a salary percentage that oscillates between 3% and 5%.

The company contributes a similar percentage to be credited to each worker's account, towards their severance payment. These funds are managed by a Board of Directors, elected by workers and are used to provide loans to attend to the needs of the workers; freeing them from usury in case of healthcare or burial expenses, education, housing, household improvement, vacations and other personal expenses.

The associations invest part of their resources in services such as grocery stores, dental and medical services, transportation, company cafeterias, stores, recreation centers. These services always have lower prices than can be obtained in the open market.

All the associations channel their resources towards different investment opportunities such as certificates of deposit, shares of stock of the company they work for, of other companies or to create new concerns, allowing for a more democratic distribution of the ownership of the means of production.

Many Costa Rican companies have achieved joint-management through the participation of their workers as stockholders through the adoption of Solidarismo.

The profits of the Association, called surplus are distributed yearly to each worker, proportionally to his or her accumulative savings.

The Solidarist Associations promote the complete development of the workers through sports, recreation, cultural and educational activities. The family of the worker participates in these programs, fostering family integration and highlighting its importance as the fundamental building block our society.

The company has in the Solidarist Association an instrument of dialogue and coordination, that can be used for consultation of its programs, basing its Labor Relations in Solidarity, Dignity and Cooperation.

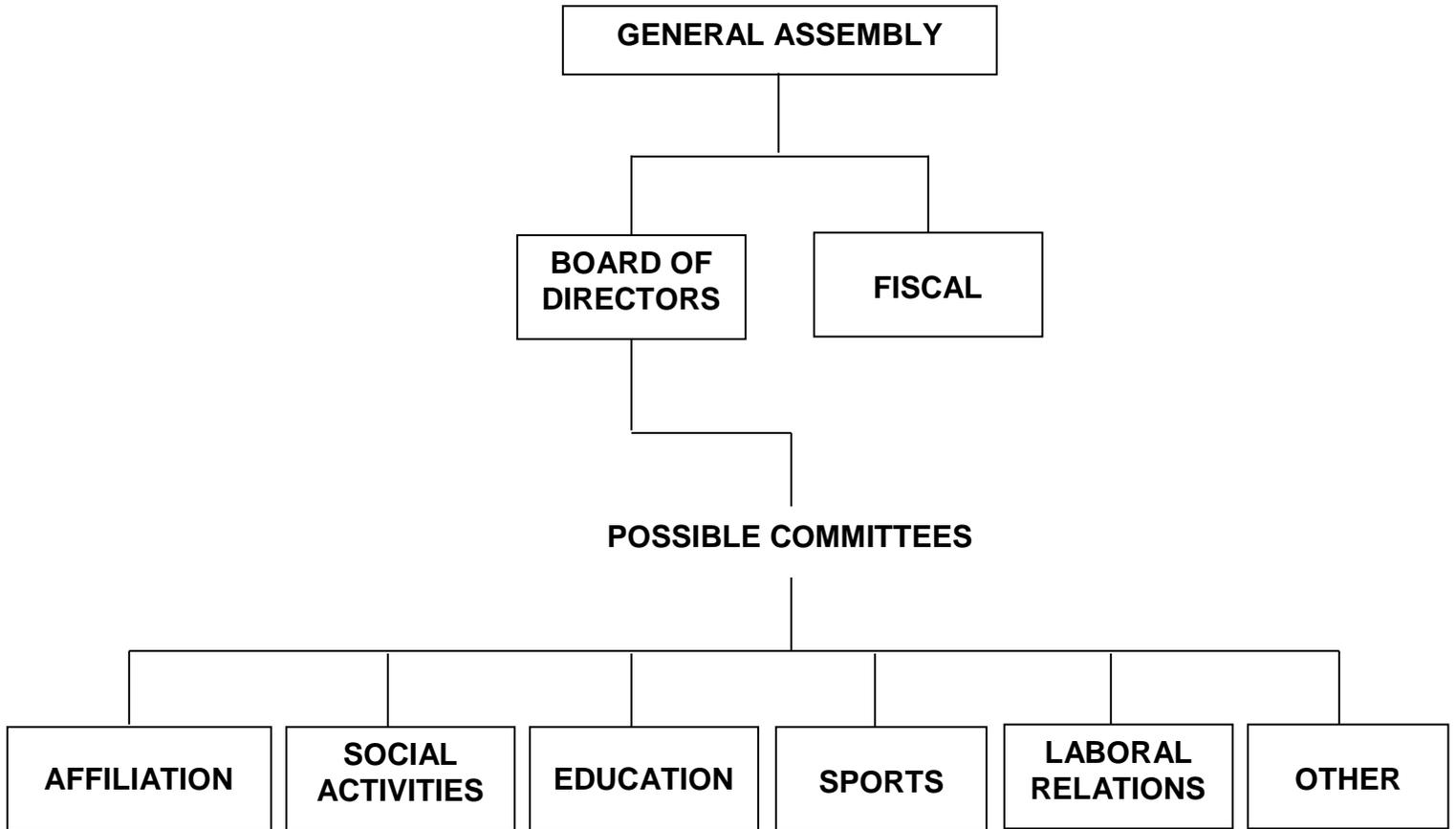
The Association established in this way, generates human solidarity, understanding, social justice, peace and progress.

The organizations where Solidarismo operates are the most prosperous, with greatest work spirit and less personnel turnover.

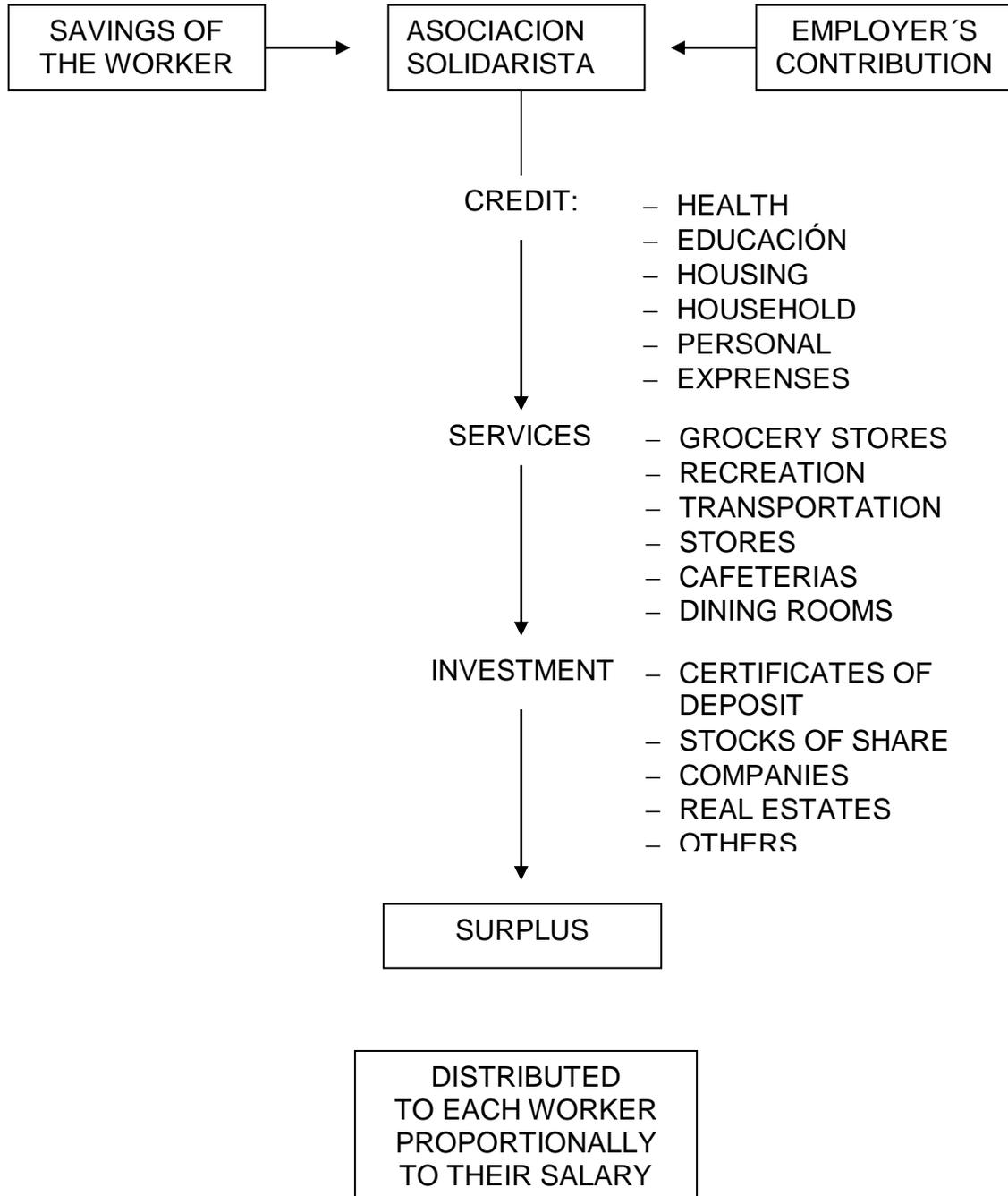
Already, we can observe in Costa Rica a new attitude towards an economic and social change, based in Solidarismo. Towards a deep transformation of our country without violence and without the loss of one's freedom.

For all these reasons, Solidarismo is a just solution for everybody.

# CHART OF THE ASOCIACION SOLIDARISTA



# FINANCIAL FRAMEWORK OF THE ASOCIACION SOLIDARISTA



# **LAW ON SOLIDARITY EMPLOYEE ASSOCIATIONS 1984**

## **Introduction**

The passing of the LAW ON SOLIDARITY EMPLOYEE ASSOCIATIONS has been a step in the right direction benefiting democracy –it is an achievement in which all Costa Ricans should rejoice. This process occupied for legislative terms, attained three majority decisions, and was taken up on three occasions in plenary session at Congress. Just the parliamentary procedure lasted four and a half years!

Although this law attempts merely to breath life to a social reality such as Solidarism, its debate doubtlessly conveyed the legislator's concerns regarding the need to promote meaningful changes in the productive structure and equitable distribution that the country demands in order to strengthen its democracy and freedom.

Despite the controversial nature of the project, towards the end of the process a consensus was finally reached to insure the affirmative vote of legislators from the democratic political parties. Solidarismo and the country itself are in debt with these legislators.

Now, having passed the Solidarity Law, we are offered the consolidation of a social organization option, founded on dialogue, cooperation, solidarity, and dignified employee-employer relations.

It is an honor for the Movimiento Solidarista Costarricense (Costa Rican Solidarity Movement) to have contributed with this initiative, efforts and permanent vigilance, to be able to finally offer Costa Ricans an instrument of social justice, integrated process, while fostering productivity.

November, 1984

**MOVIMIENTO SOLIDARISTA COSTARRICENSE**

**LAW N° 6970**  
**LEGISLATIVE ASSEMBLY**  
**OF**  
**THE REPUBLIC OF COSTA RICA**  
**HEREBY DECREES:**  
**THE LAW ON SOLIDARITY EMPLOYEE ASSOCIATIONS**  
**SECTION ONE**  
**ON SOLIDARITY EMPLOYEE ASSOCIATIONS**  
**CHAPTER ONE**  
**GENERAL RESOLUTIONS**

**ARTICLE 1** – The solidarity employee associations are social organizations inspired in a human attitude through which man is identified with the needs and aspirations of his fellow men, committing his contribution in resources and efforts to satisfy such needs and aspirations in a just and pacific manner. The management and administration of such associations are the exclusive competence of the workers organized in these associations.

**ARTICLE 2** – The main objectives of the solidarity employee associations are the procurement of social justice and peace, employee-employer harmony and the complete development of its associates.

**ARTICLE 3** – A solidarity employee association may be constituted as a social organization apt for carrying out the objectives specified under this law, in benefit of workers from both private and public concerns.

**ARTICLE 4** – A solidarity employee association is an organization with an unlimited term, with its own corporate legal capacity, which in order to attain its objectives may purchase all manners of assets, enter into all manner of contracts and undertake all kinds of legal operations oriented toward the socio-economic progress of its associates, aimed in the dignification and improvement of their standard of living. With this in mind, it may undertake savings, credit and investment operations, as well as any other type of profitable activity. Likewise, it may develop housing, scientific, sports, artistic, educational, recreational, cultural, spiritual, social, and economic programs, as well as any other which may licitly foster ties of unity and cooperation amongst workers, and amongst these and their employers.

A solidarity employee association may undertake the activities indicated herein, provided these do not commit the funds needed to make reimbursements and payments of the unemployment relief established by this law.

**ARTICLE 5** – The right to affiliation may be freely exercised by all employees working for a company, as long as they comply with the requirements stipulated herein. In addition, workers have the right to organize federations and confederations of solidarity employee associations. The regulations herein define each of these aspects and indicate the procedures applicable in each case.

**ARTICLE 6** – The State shall endeavor to strengthen and develop the solidarity employee associations.

**ARTICLE 7** – The associations governed by this law must guarantee:

- a) Free affiliation and withdrawal of its members.
- b) Equality of rights and obligations regardless of race, creed, sex, legal status, or political preference.
- c) The indivisibility amongst the associates of the legal reserves established in accordance to this law.

**ARTICLE 8** – The following is expressly prohibited to solidary employee associations, its executive and administrative committees, as well as its legal representatives:

- a) To establish privileges for its founding associates or directors.
- b) To exercise activities of political-electoral or partisan nature as such, when carrying out duties pertaining to such representation.
- c) To favor third parties with the profits, resources, services or any other benefits of the association, with the exception of cases meant to benefit employees working for the same employer in a special way.
- d) To perform any kind of activity tending to combat, or somehow stupefy the formation and function of the union and cooperative organizations. This prohibition is extensive to those organizations about the solidarity associations, and in the case of the violation of this disposition, a sanction established in this article shall be applied.
- e) To celebrate collective conventions or direct arrangements of labor issues.
- f) To participate in collective labor contracts and conventions. Labor unions shall not carry on activities pertaining to solidarity associations or cooperative associations.

Should a solidarity employee association, or its legally elected executive and administrative bodies, incur in the violation of the foregoing prohibitions, the association shall be sanctioned with dissolution, in conformity with this law. If the violation is committed by its legal representatives, they will be sanctioned with immediate destitution of the officer to blame, notwithstanding the sanctions that the country's legal ordinance may decree.

**ARTICLE 9** – It is assumed, for all legal purposes, that the associations constituted under this Law are not profit-generating entities, except for those profits originating from investments and strictly commercial operations.

Any surplus earnings generated during the fiscal period belongs to the associates and the amount corresponding to each associate will be determined in accordance to the company contribution and its own savings. The participation of each associate in this surplus will be added to his other earnings to determine the basis for the associate's income tax return.

The solidarity employee associations are obliged to give each of its associates within the fortnight following the close of the fiscal period, a report on the amount of surplus earnings for each one, in order that each interested party has an exact figure for filing his respective income tax return.

The association shall provide the Dirección General de la Tributación Directa (general income tax bureau) with information on the surplus earnings of its associates, upon this bureau's request.

**ARTICLE 10** – Upon its constitution, a solidarity employee association must adopt a basic code of rules and regulations to govern its activities, namely its by-laws, which shall be subject to approval at an organization meeting.

In order to legally carry out its activities, the by-laws of a solidarity employee association must be approved by the Ministry of Labor and Social Security, and must be recorded in the Registry of Solidarity Employee Associations kept by the aforementioned ministry. It must also conduct the inspection, and statutory and legal control over the activities undertaken by all associations created under this law.

The legal capacity of the association, as well as that of its representatives, will be acquired upon the registration of their organization.

**ARTICLE 11** – A solidarity employee association must be organized by a minimum of twelve workers of legal age, whether by executing a public writ or through the minutes of an organization meeting transcribed on legal paper. In either case, the document should contain the duly approved by-laws, the appointment of directors and the name of the person or persons appointed as comptrollers.

**ARTICLE 12** – The name of the association shall be its exclusive property and no one can make use of same. Whoever shall do so is subject to the sanctions contained in the Criminal Code.

Any association organized under this law shall identify itself by including in its name the concept "solidarity employee association".

**ARTICLE 13** – The by-laws of the solidarity employee association must state the following:

- a) Name of organization.
- b) Its domicile.
- c) The objectives pursued and the means to attain these; as well as the intention of obeying the basic principles of solidarism, to fulfill them and to provide information on these.
- d) The method of affiliation and withdrawal of its associates, their duties and rights, as well as the procedures and conditions in which they can join federations and confederations.
- e) To set a minimum amount of savings for workers, as well as the minimum of the other economic resources that the association will have at its disposal.

- f) The association's committees and their obligations.
- g) The body, person or persons who will bear the entity's legal representation and the authority granted to each officer.
- h) The conditions and manner of extinguishment, dissolution and liquidation.
- i) The procedures for amending its by-laws. These shall govern the fulfillment of the associates' obligations, as well as the resolutions under this law.

**ARTICLE 14** – In conformity with Article 5 of this law, the workers who are over sixteen years of age may belong to solidarity employee associations. However, for an associate to occupy any post to which he may be elected, it is an obligatory requirement to be legal of age.

In any case, the board of directors of each association shall be formed exclusively by workers, including those who have shares or have a certain participation in the company property. Associates who act as corporate representatives, namely directors, managers, auditors, administrators, or general agents of the company, cannot occupy a seat in the board of directors of the association.

The employer may appoint a proxy, with a right to voice but not to vote, who may represent him at general or board meetings, unless the board votes otherwise by simple majority. (This article must be considered based on Law N° 7739 of the "Código de la Niñez y la Adolescencia" from February 6<sup>th</sup>, 1998; article 18).

**ARTICLE 15** – Associates are those who sign the articles of association and who are admitted subsequently in accordance to the by-laws. Their names must be recorded in the members registry which must bear the association's name.

The entries must be numbered in a consecutive manner and they must be signed by the secretary. In case of withdrawal of any member, the book must state the reason for withdrawal whenever it takes place, according to the by-law's resolution. No one can be forced to be a member of any association and members of associations may withdraw whenever they wish to do so. In this case, the interested parties must request their withdrawal in writing to the board of directors, who without further ado will accept it, provided the petitioner is up to date in his monetary commitments with the association.

**ARTICLE 16** – If the association has not been duly registered, its resolutions and covenants will have no legal effect against third parties. Under these circumstances, any obligation contracted on behalf of the association, will be honored by the associates personally.

**ARTICLE 17** – Any associate withdrawing from the association will lose his rights in it, with the exception of:

- a) The amounts that the association may have retained in his name as savings, plus the interest these funds may have accrued;

- b) The personal loans that the associate may have been granted by the association;
- c) The right to unemployment relief and other benefits to which he may be entitled.

## **CHAPTER II ON CAPITAL AND RESOURCES**

**ARTICLE 18** – The solidarity employee associations shall have access to the following resources and means:

- a) The monthly minimum savings deducted from its associates, which percentage will be determined at a general meeting. Under no circumstance will this percentage be inferior to three percent nor higher than five percent of the wages reported by the employer to the Caja Costarricense de Seguro Social (social security). Regardless of the above, the associates may voluntarily save a greater amount or percentage, and in that event, the voluntary savings must appear separately in the payroll report as well as in the association's accounting records.

Each associate must authorize the employer to deduct from his wages the corresponding amount, which it will deliver to the association together with the employer contribution, three working days at the latest after having made such deductions.

- b) The monthly employee contribution to its affiliated workers, which will be established by mutual consent and in conformity with solidarism principles. This fund will be maintained in safekeeping and will be managed by the association as a reserve for fringe benefit payments. All monies collected for this purpose will be deemed a part of the reserve fund for unemployment relief in the employee's benefit; needless to say, this does not in any way exonerate the employer from fulfilling its responsibility of paying the difference between the amount to which the worker is entitled as unemployment relief and the amount which the employer may have contributed.
- c) All income generated from donations, inheritance or bequests they may be granted.
- d) Any other legal income earned from the activities they undertake.

**ARTICLE 19** – The solidarity employee associations must establish a reserve fund to cover the payment of unemployment relief and the reimbursement of the associates' savings. The general meeting shall set the amount of such reserve fund.

**ARTICLE 20** – All personal savings may be destined to the development of its objectives by the solidarity employee association, but they must be reimbursed to its associates in case of resignation or withdrawal from same for any cause. In

such an event the association may deduct from such savings any balance due and obligations pending by the associate.

**ARTICLE 21** – All employer contributions shall be destined to the development and fulfillment of the association's aims, but shall award priority to the creation of a reserve fund for the payment of unemployment relief. This fund shall be managed in the following fashion:

- a) Whenever an associate submits his resignation from the association, but no from the company, the employer contribution will remain in custody and administration of the association to be employed for any eventual unemployment relief for this employee, in accordance with that stipulated in the following clauses.
- b) In case an affiliated member resigns from the company, and consequently from the association, he shall receive the employer contribution, his personal savings, and any other savings or amount to which he is entitled, besides the corresponding interest accrued.
- c) If an affiliated member is dismissed for a just cause, he is entitled to receive the accrued employer contribution, his savings, besides the corresponding interest.
- d) If an affiliated member is dismissed without just cause, he is entitled to receive his savings, the employer contribution and the interest accrued. Should the amount of the employer contribution be higher than the amount to which he is entitled for unemployment relief, he will withdraw it in its entirety. Should the amount of the employer contribution be less than the amount to which he is entitled, the employer is obliged to cover the difference.
- e) In the event a worker retires for disability on old age, the total sum to which he is entitled will be made in a direct and immediate manner. In case of death, the reimbursement of his funds will be in conformity with the procedures established under article 85 of the Labor Code.

**ARTICLE 22** – For all corresponding legal purposes, the contributions or definitive unemployment quotas paid shall be considered as expenditures.

**ARTICLE 23** – Solidarity employee associations shall invest in housing programs and in productive activities, and they may channel up to ten percent of its available funds in its associates' education or that of their relatives. In any event, they must at all times maintain a reserve sufficient for paying the corresponding portion of the unemployment relief, should any occur.

If the productive activity consists in the transfer of such funds to the activities, of the company itself wherein the association functions, in addition to being adequately guaranteed, such investment may not be negotiated at an interest rate lower than that offered at the time by the commercial banking concerns.

**ARTICLE 24** – Any affiliated member shall automatically lose his status as such whenever he fails to pay six consecutive dues or he withdraws the permission of his employer for the deduction of the savings from his wages and does not pay his dues directly either, in which case the interested party shall be notified in writing. This resolution shall have remedy for annulment and appeal if effected within the three days following notification before the respective offices.

**ARTICLE 25** – The capital of solidarity employee associations, the associates' savings and the employer contribution may not, under any circumstance, be absorbed by public or private organizations, whether totally or partially.

### **CHAPTER III ON THE GENERAL MEETING**

**ARTICLE 26** – The general meeting legally summoned is the supreme council of the association and it expresses the collective will in issues of its competence. Any duties not specifically designated to any other body of the association under this law or the association's by-laws, must be taken up at the general meeting. The authority conferred upon the general assembly through this law is nontransferable and of its exclusive competence.

**ARTICLE 27** – Regular meetings are those conducted to discuss any issue excluded from article 29. Such meetings shall take up the topics listed in the corresponding agenda, which may cover any of the following:

- a) The discussion, approval or disapproval of the reports on the results of the fiscal year submitted by the board of directors and the comptrollership, upon which the measures deemed convenient will be adopted.
- b) Reaching an agreement on the corresponding distribution of surplus earnings, should this be the case, in accordance to the by-laws.
- c) The appointment, ratification, reelection or repeal of appointment of the directors or the comptroller and deputy comptroller, as well as the designation of vacancies resulting from the definitive absence of any of the holders of offices. A definitive absence is considered an unjustified failure to attend two consecutive meetings or three alternate meetings in the committees to which the person belongs.
- d) Any other issue of a regular nature determined by law or by the by-laws, which are expressly not of an extraordinary nature, may be taken up.

**ARTICLE 28** – At least one general regular meeting will be necessarily held once a year, which will take place within the three months following the close of the association's administrative period, and the person responsible for calling the meeting and does not do so is under penalty of incurring in fraudulent administrative practices.

**ARTICLE 29** – Special meetings are those conducted for the purpose of:

- a) Totally or partially amending the by-laws;
- b) Dissolving, merging or transforming the solidarity employee association;
- c) Any other matter which according to the law or the by-laws are of its competence.

**ARTICLE 30** – With the exception of that stated under article 28, both the regular and the special meetings may be held at any time.

**ARTICLE 31** – The number of associates representing at least one fourth of the total number of affiliated members, may at any time submit a petition before the board of directors that a regular or special meeting be summoned with the purpose of taking up the matters indicated in their petition.

The board of directors shall summon the meeting within the fortnight following the date of the petition, under the penalty of incurring in criminal liability stated under article 28. In case of omission, the petition will be submitted before a judge of a criminal court having jurisdiction, following the procedure established for an act of voluntary jurisdiction.

**ARTICLE 32** – The general meetings must be convened in the manner and by the officer or body indicated in the by-laws, and for want of an express resolution, by the president of the board of directors, by any probatory means of summons, provided that the agenda of the meeting is notified there in to the associates.

Summons will be dispensed with whenever all the associates meet and agree to hold a general meeting, and expressly resolve to obviate this procedure, which is to be recorded in the minutes and signed by everyone present.-

**ARTICLE 33** – The summons to the general meeting will be made eight calendar days prior to the date when it will be held, except for that resolved in article 32. During that period, the books, documents and information concerning the objectives of the meeting must remain at the associates' disposal at the association's offices.

**ARTICLE 34** – For the first summons the regular meetings shall be deemed legally constituted with over one half of the total number of affiliated members present. Its resolutions, both for the first and second summons, should be adopted by over one half of the members present.

**ARTICLE 35** – The extraordinary meetings shall be deemed legally constituted with over three fourths of the total associates present. Its resolutions, both for the first and second summons, should be adopted by over two thirds of the members present.

**ARTICLE 36** – If the quorum established by law were not attained at the general regular meeting or at the extraordinary meeting, a second summons can be called, with an interim of at least one hour, and the meeting shall be legally constituted with any number of associates present.

In one same meeting matters of regular or extraordinary nature can be taken up, if the notice of meeting has stated these matters in advance, provided that each resolution is adopted by the number of votes and quorum demanded by law.

**ARTICLE 37** – The regular or special meetings shall be chaired by the president of the board of directors,; in his absence, by the vice-president, and in his absence, by whomever the member present may designate. The secretary of the board of directors shall act as secretary at the general meeting, and in his absence, a secretary ad-hoc shall be elected by the associates present.

**ARTICLE 38** – The secretary of the meeting shall draw up a list of the associates present which must bear their signature.

The minutes of the meeting shall be recorded in the corresponding book and must be signed by the president and the secretary. It must be clearly indicated there in if the resolutions were adopted by unanimous votes or by relative majority of votes.

In the event that an associate or associates cast a dissenting vote consenting a resolution adopted at a meeting, he is entitled to request that this fact be recorded in the minutes.

**ARTICLE 39** – In the adoption of resolutions each associate is personally entitled to voting and speaking power. No associate has the right to assign a representative, associate or not, to act on his behalf at general meetings.

**ARTICLE 40** – All legally adopted resolutions at the associate meetings shall be deemed obligatory for all, even for absent or dissenting members, except for the right to objection stipulated in the following article.

**ARTICLE 41** – Any resolution adopted in violation to that specified under this law or the association's by-laws shall be regarded as absolutely null and void.

The action to declare a resolution void may be filed by any number of affiliate members within the month following the adoption of the resolution.

#### **CHAPTER IV ON THE BOARD OF DIRECTORS AND THE COMPTROLLER**

**ARTICLE 42** – The association shall be managed and administered by a board of directors made up of at least five members. Notwithstanding the fact that other titles may be used for the different posts, the board of directors shall be formed by: a president; a vice-president; a secretary, a treasurer; and an alternate member, who will take office during a term specified in the by-laws, which should

not exceed a two-year term, and who are entitled to reelection indefinitely. Their appointments should be made at a regular general meeting.

In the event of a permanent absence by the president, the vice-president may assume the post in a regular manner, provided it is not agreed to the contrary at a meeting. In case of permanent absence of the rest of the board members, the absent members shall be replaced by other members of the same board, while a general meeting is convened for the ratification of such an appointment, or, to appoint the alternate member permanently in such a post. In the event of a temporary absence of a director, the board may designate a substitute for the corresponding period.

**ARTICLE 43** – The legal and out-of-court representation of an association shall be by the president of the board of directors, as well as by the other directors stipulated in the by-laws, who shall have the authority established therein.

In case of omission on this matter, the president shall hold the authority of general agent with no restriction as to sum.

**ARTICLE 44** – While occupying their posts, the directors shall be severally liable before the general meeting and third parties for their performance on behalf of the association, except if absent or if they have recorded their nonconformity expressed at the time the resolution was adopted. Their posts can be revoked at any time.

**ARTICLE 45** – The post of the director is personal and may not be performed through a representative.

**ARTICLE 46** – The board of directors will legally meet whenever at least one half plus one of its members are present, and the resolutions adopted will be considered valid when taken by a majority of those present. In case of a tie, the person chairing the meeting will cast the deciding vote. The notice of meeting shall be given by the president or by at least three members of the board of directors.

**ARTICLE 47** – The by-laws will regulate the manner of summons to be used by the board of directors, the frequency of meetings –which should take place at least once a month– and any other details considered pertinent on its functioning.

**ARTICLE 48** – The directors will take office from the moment of their election and up to the end of the term for which they were elected, unless the general meeting revokes their appointment.

**ARTICLE 49** – The board of directors is authorized to draw up the association's regulations.

**ARTICLE 50** – The resolutions adopted by the board of directors which specifically affect an associate, will be have recourse of annulment before the

board of directors itself, if filed within the three days following the adoption of the resolution. The board will adopt a definitive resolution in its following meeting at the latest from the date of the presentation of the recourse. The board of directors shall study in an ample frame of mind the allegations submitted verbally or in writing by the affected party.

**ARTICLE 51** – The supervision of the association will be in the hands of one or more comptrollers, whether associates or not, whose term of office will be that stipulated in the by-laws- these members can be reelected for consecutive terms, each of which should not surpass two years. Their appointments can be revoked.

**ARTICLE 52** – The rights and obligations of the comptrollers are those established under article 197 of the Commercial Code, pertaining to the solidarity employee associations.

**ARTICLE 53** – The comptrollers shall be severally liable for the performance of their duties.

**ARTICLE 54** – The posts of director and comptroller are nonremunerative.

**ARTICLE 55** – In order to be elected director, it is required to comply with the requirements established under article 14 of this law.

## **CHAPTER V ON DISSOLUTION AND LIQUIDATION**

**ARTICLE 56** – The solidarity employee associations shall be dissolved whenever any of the following occurs:

- a) A resolution adopted by at least seventy-five percent of the total affiliated members.
- b) When the number of eligible associates is inferior to the number required to constitute the executive and comptroller bodies.
- c) Whenever it is so decreed by the corresponding legal authority, once it proves that the association has incurred in a violation of the resolutions under this law, that political aims or others expressly prohibited by law have been pursued.
- d) Legal or material impossibility to attain its objectives.
- e) Depriving the association of its legal capacity, as a consequence of a declaration of insolvency or bankruptcy, due to a change in the nature in the nature of its legal capacity, or by failing to appoint a new executive body within the term indicated by law for execution of same.
- f) Whenever the association incurs, by action or omission, in any of the cases indicated in article 8 herein.

**ARTICLE 57** – Once the association has been dissolved, it will declare itself in liquidation, for which purpose it will retain its legal capacity.

**ARTICLE 58** – The directors shall be severally liable for the operations that take place subsequent to the dissolution agreement, in the event this dissolution is not based on a legal or stipulated consideration.

**ARTICLE 59** – The liquidation will be carried out by one or more trustees in bankruptcy appointed by the civil judge in the association's jurisdiction, in accordance to the stipulations of the by-laws. The trustees shall assume the posts of administrators and legal representatives of the association in liquidation, with the powers they are granted in accordance with the appointment. These officers shall be liable for the actions undertaken should these surpass the limitations of the posts to which they have been appointed.

**ARTICLE 60** – The agreement of dissolution and appointment of the trustee or trustees of bankruptcy will be published twice in the official gazette, wherein interested parties and creditors will be summoned to exercise their rights.

**ARTICLE 61** – The directors shall deliver unto the trustees in the bankruptcy proceeding, through an inventory, all assets, books and documents of the association, and they shall be severally liable for any damages they may cause in the case of omission.

**ARTICLE 62** – Once the association's legal expenses pertaining to the liquidation have been covered, all credits collected, and all obligations paid, the balance shall be distributed amongst associates in proportion to each one's savings.

**ARTICLE 63** – For the purposes of this law and for the recognition and payment of obligations, these are to be classified in the following excluding order:

- a) The amount of the employer's contribution to the associates and their personal savings.
- b) The labor rights of the association's members.
- c) Those with privilege over a certain asset.
- d) The assets or common property.

**ARTICLE 64** – The residuary to be distributed amongst the associates will be governed by the following rules:

- a) If the properties that make up the assets of the partnership were easily divisible, these would be distributed in the proportion corresponding each associate.
- b) If the properties were of diverse nature, these would be distributed in accordance with their value and in proportion to the right each associate has over such properties.

**ARTICLE 65** – Once the liquidation project has been drawn up, the trustee or trustees of bankruptcy shall convene an associates' meeting. If the associates consider that their rights have been affected, they will have a period of fifteen calendar days from the date of the meeting, to request that amendments be made.

If an opposition is presented to the project during said period, the trustee or trustees should summon a new meeting before a period of eight days has elapsed, with the purpose that the associates approve the observations of amendments proposed.

If no consensus is reached amongst the associates, the trustee or trustees shall effect a common adjudication of the properties subject to objection, with a view that the persons being awarded these properties conform to the rules of joint ownership.

If the associates do not present opposition to the project, the trustee or trustees will award the respective adjudication and deliver the pertinent documents.

**ARTICLE 66** – The trustee or trustees of bankruptcy, shall jointly receive the fees equivalent to five percent of the net product of the assets liquidated.

**ARTICLE 67** – Once the appointment has terminated, the trustee or trustees must render a detailed account of their performance before the authority that appointed them.

**SECTION TWO  
ON THE REGISTRATION OF SOLIDARY EMPLOYEE  
ASSOCIATIONS  
AND PROCEDURE FOR DOCUMENTATION  
SOLE CHAPTER**

**ARTICLE 68** – The Public Registry of Solidarity Employee Association is established, which will be a part of the Registry of Social Organizations under the Ministry of Labor and Social Security, wherein each and every one of the entities of this type established in the country will be recorded.

**ARTICLE 69** – For the corresponding recording in the Registry of any solidarity employee association, it is essential to submit the incorporation papers with a copy duly signed by its president and secretary of the founding board of directors, with their signatures authenticated by a notary public, or free of charge, by an inspector of the Ministry of Labor or by the political authorities of their domicile.

**ARTICLE 70** – Once the Ministry has received the document with its copy, the Registrar must warn the interested party on to the correction of any defects of merit with which the constitution papers, or any other documentation presented, may be flawed. The defects of merit may be corrected officially by the Registrar.

**ARTICLE 71** – Once any defects have been corrected, the Registrar shall order the registration of the association within a period no greater than five working days.

**ARTICLE 72** – For registration purposes, the Registry is the entity authorized to determine and qualify the associations which comply with the requirements of this law.

**ARTICLE 73** – The amendment of the by-laws, the appointment of directors and their repeal, shall follow the same procedure mentioned above, through the submission of the respective articles in the minutes of the corresponding meeting.

**SECTION THREE  
FINAL RESOLUTIONS  
SOLE CHAPTER**

**ARTICLE 74** – The savings accrued by the associates and the employer contribution referred to herein and hereby declared not attachable.

**ARTICLE 75** – This law revokes any other resolution that opposes it.

**ARTICLE 76** – This law is in force from the date of its publication.

**TRANSITORY I** – Any solidarity employee association whose affiliated members receive profits exceeding those stipulated herein from their corresponding employers, may continue receiving such profits and these resolutions cannot infringe their previously acquired rights. Any solidarity employee association whose affiliated members receive profits exceeding those stipulated in the foregoing paragraph, shall continue benefiting from same without being in any sense impaired.

**TRANSITORY II** – The solidarity employee associations which attain legal capacity with the promulgation of this law, or which are undergoing inscription procedures, will have a maximum period of six months from this date for submitting the application for the reinscription of the by-laws in the Registry of Solidarity Employee Associations, in accordance with this code of law.

**LET THE EXECUTIVE POWER BE INFORMED**

Legislative Assembly, San José, on the first day of the month of November, nineteen hundred eighty-four.

Luis Armando Gutiérrez Rodríguez  
ACTING VICE-PRESIDENT OF THE REPUBLIC

Guillermo Vargas Sanabria  
FIRST SECRETARY

Carlos León Camacho  
FIRST ASSISTANT SECRETARY

Presidence of the Republic-  
San José, on the seventh day of the month of November, nineteen hundred  
eighty-four.

To be executed and published

Luis Alberto Monge The Ministry of Justice and Grace. Hugo Alfonso Muñoz  
Quesada The Minister of Government and Police Enrique Obregón Valverde The  
Ministry of Labor and Social Security José Calvo Madrigal.

## **REGULATION ON SOLIDARITY LAW**

**N° 20608-TSS**

### **The President of the Republic and the Ministry of Labor and Social Security**

The exercise of the faculties conferred on section 3 of article 140 of the Politic Constitution, fundamented on articles 25 and 27 of the Ley General de Administración Pública and article 5 of the Law on Solidarity Employee Associations N°6970, from November seventh, nineteen hundred eighty-four.

#### ***Considering***

1. That the Law on Solidarity Employee Associations pretends to favor the development of this kind of social organization, which in its short legal life has found a series of needs that haven't been quite satisfied, because of the lacking of appropriate rule dispositions.
2. That the practical experiences show which rule rank to use for solving the interpretation issues on the Law on Solidarity Employee Associations, making it uniformed and integrated, for a better consecution of its duty and the one of the solidarity organization. Therefore,

#### ***It is decreted:***

## **REGULATION ON SOLIDARITY LAW**

### **CHAPTER ONE GENERAL DISPOSITIONS**

**ARTICLE 1** – For the effects of this regulation, it shall be understood for:

- a) Ministry: Ministry of Labor and Social Security.
- b) Minister: Minister of Labor and Social Security.
- c) Law: Law on Solidarity Employee Associations N° 6970 from November 7<sup>th</sup>, 1984.
- d) Regulation: This Regulation
- e) Department: Department of Social Organizations from the Ministry of Labor and Social Security.
- f) Register: Register of Social Organizations.
- g) Solidarity Organization: Solidarity Association, Federation or Confederation conformed according to the Law or the Regulations.

- h) Direction: National Direction and General Inspection of Labor from the Ministry of Labor and Social Security.
- i) Recorder: Functioner of the Social Organizations Department in charge of the qualification and analysis of the documents from the solidarity associations object of register.

## **CHAPTER II OF THE CONSTITUTION OF THE SOLIDARITY ASSOCIATION**

**ARTICLE 2:** In the constitutive act of a Solidarity Association must be represented an unconditional, written and no time-limited commitment from the employer to provide the resources required for the well functioning and organization according to the estatutes pointed out above. This commitment will be demanded for the proper registration of the organization. The commitment previewed in this article shall be presented also in the acts for estatutes' reformation, as long as these refer to the patrimony and economic resources from the association, indicated on the article 18, section b) of the Law.

## **CHAPTER III OF THE FEDERATION'S AND CONFEDERATION'S CONSTITUTION**

**ARTICLE 3:** To conform a federation, it will be required the concurrence of at least two solidarity associations properly represented and authorized by its estatutes to be part of a federation. To constitute a confederation it will be required the concurrence of at least two confederations of solidarity associations.

## **CHAPTER IV OF THE DIRECTIVE BOARD**

**ARTICLE 4:** The Directive Boards of the solidarity organizations will be integrated by at least five members, but always an unpaired number. There shall be a president, who will be in charge of the judicial and extrajudicial representation of the solidarity organization, with the faculties of a general attorney in fact, with or without sum limit; this shall be determined in the statute of the Organization. Equally there shall be a vice-president, a secretary, a treasurer and as many vowels as the corresponding statute establishes. All these without disservice on further establishment of other denominations to the established members, case in which there shall be an express mentioning of who will exercise that representation. In case of temporal absence of one of its members, the directive board will be able to nominate the substitute for the corresponding period of time. The definitive absences will relapse on members of the association or federation from which the absence comes in conformity with what was established on article 42 of the Law. All these shall be informed to the appropriate register, within the next ten labor days since the date when the vacant was filled. The valid term limit of the directive board shall not exceed two years, and its members will be able to be indefinitely reelected.

## **CHAPTER V OF THE ASSEMBLY**

**ARTICLE 5:** For these effects, the regulations established on chapter 3 of the Law shall be applied. The solidarity associations must accredit their disposition of belonging to the federation or confederation by an agreement of extraordinary general assembly.

**ARTICLE 6:** The name of the solidarity associations must fulfill the requirements established on article 12 of the Law.

## **CHAPTER VI OF THE REGISTER OF THE SOLIDARITY ASSOCIATIONS**

**ARTICLE 7:** The qualification of the documents of a Solidarity Association that leads to point out the background defects will motivate the registrar to precise them in order to be arranged by the concerned ones. Qualifying a document with no defects or having those already fixed, the registrar will have a limited period of five days to proceed with the corresponding inscription.

**ARTICLE 8:** If there is some unconformity with the defects pointed out in the documents, the interested people will be able to perform a standing amongst their immediate superior.

**ARTICLE 9:** For its inscription in the Register, the corresponding act shall be accompanied by a list with the names, ID numbers and signatures of the associates who attend the act; also the associate nominees until deadline, the accreditation of the employer's commitment and the authentication of the signatures, all these according to what is stipulated on article 69 of the Law.

**ARTICLE 10:** When it is time for the inscription of members, it must be accompanied by a warranted declaration stating no affection from the forbiddance on article 14 of the Law.

## **CHAPTER VII OF THE RETURNING OF THE SOLIDARITY ASSOCIATION'S RESOURCES**

**ARTICLE 11:** The deliverance or deposit of the incomes and savings referred to on article 21 of the Law towards the interested entities, must be completed in a maximum period of fifteen labor days since the ongoing of the supposed previews on this numeral.

## **CHAPTER VIII OF THE DEDUCTIONS AND QUOTE DELIVERANCE**

**ARTICLE 12:** The salary deductions authorized by the employee through the Solidarity Association, according to what is indicated on section a) of the article 18 of the law, must be delivered by the Association employer within three labor days following the date in which the deduction was applied. The same term will rule for all kinds of deductions authorized by the employee in payment of commercial operations with the Association.

## **CHAPTER IX OF THE ATTENDANCE, LEGAL AND STATUTORY CONTROL**

**ARTICLE 13:** The surveillance and the legal and statutory control of the solidarity associations shall be excerpted by the Department, as disposed by the Law and the Regulation.

**ARTICLE 14:** For the compliment of its legal and regulatory attributions, the Department will be able to request from the solidarity associations all the reports considered conducive.

**ARTICLE 15:** In case that the Department verifies legal or statutory failures by some Solidarity Association, there must be a written forewarn for it to become straight within a minimum period of thirty days. In case that the failure persists, a report must be sent to the Ministry for it to take the appropriate measures in conformity with the law.

**ARTICLE 16:** The Department will be able to attend the National Labor Inspection Direction for it to help.

## **CHAPTER X OF DISSOLUTION AND LIQUIDATION**

**ARTICLE 17:** The Directive Board of the Solidarity Association or the corresponding legal authority, according to the themes contemplated on article 56 of the Law, will notify as soon as possible the registrar in agreement with the arrangement or legal resolution of the dissolution, for it to perform the cancellation of the respective seat.

**ARTICLE 18:** In the themes on section a) of the article 56 of the Law, the Registrar will communicate to the corresponding legal authority the voluntary dissolution of the respective association, for effects of what is established on article 59 of the Law.

**ARTICLE 19:** When the final liquidation report is approved by the respective legal authority, there must be a copy sent to the Register of Associations, with the purpose that it is added to the respective file.

**ARTICLE 20:** Without disservice that other interested people might act, the Ministry will expose the dissolution of the solidarity organizations towards the corresponding legal authority, which are indicated on sections b), c), d) and e) of article 56 of the Law.

**ARTICLE 21:** In case of the devolution of the actives for dissolution of the solidarity associations, they will be distributed this way:

- a) If it is a confederation, between the federations included in it.
- b) If it is a federation, between the associations that integrate it.
- c) In case of Employee Associations, according to chapter V of title II of the Law.

## **CHAPTER XI FINAL DISPOSITIONS**

**ARTICLE 22:** The cases and situations not contemplated in the Law or in the Regulation shall be solved applying the principles of right attending the case, and specially for the principles and goals pointed on articles 1 and 2 of the Law.

**ARTICLE 23:** Rules since its publication.

Given in the Presidency of the Republic –San José, on the ninth day of July, one thousand nine hundred ninety-one.

Rafael Angel Calderón Fournier, the Ministry of Labor and Social Security, Carlos Monge Rodríguez.

## **THE MEANING OF THE SOLIDARISTA MOVEMENT**

It is a non-profit institution created to provide support, promotional, training, advice and consulting services to Solidarity Employee Associations.

It does not have political, partisan, religious, or ideological commitments, but it encourages the solidarity associates to support Costa Rican democracy with their participation.

### **ITS BELIEFS**

Both the private enterprise and the public institution are ethical-economic units. In other words, they are tools for generating wealth based on service and efficiency; but they are in addition centers of human coexistence with relations of mutual dependency amongst employees and employers, and it must offer all its members moral, social and economic satisfactions.

### **ITS AIMS**

- To foster solid cooperation relations amongst entrepreneurs and workers.
- To awaken a social conscience to bring about a greater justice and understanding.
- To encourage the creation of programs designed to strengthen the integrated development of workers and their families.
- To promote productivity and the performance of the company for the benefit of all concerned.
- To strive for the creation of new companies with employee participation as a recourse for profit distribution.

### **ITS TASKS**

1. To serve as an advisory committee for affiliated associations and companies.
2. To advice companies in the organization of new Solidarity Employee Associations.
3. To offer support in administrative, financial, and legal matters, as well as cooperation and mutual funds programs, etc.
4. To offer basic courses and seminars to solidarity leaders. To edit brochures, manuals and documents with a view to enhancing solidarity ideology.
5. To edit informative bulletins for the dissemination of the solidarity message.
6. To promote and carry out meetings and activities of companies and workers for the analysis of common problems. To coordinate efforts of solidarity employee associations in order to offer better services to their affiliated members.
7. To search for and obtain legal, human, and material resources to facilitate the task of solidarity employee associations.

## **DECLARATION OF PRINCIPLES OF THE COSTA RICAN SOLIDARISTA MOVEMENT**

The Movement is an instrument at the service of the Solidarity Associations and Companies. It is never an end per se. Its growth, development and strength shall depend on the growth, development and strength of the affiliate associations; but every achievement of the movement will result in benefits for the solidarity company through improved services.

### **THE SOLIDARISTA MOVEMENT HEREBY RATIFIES:**

1. The independence, sovereignty and self-determination of the solidarity associations as regards their administration, structure and programs, as long as these are within the framework of solidarity philosophy. It recognizes as its head executive council of each association the Associates Meeting to which all other bodies created must subordinate.  
Nevertheless, each association must promote solidarity with the rest of the associations in order to stimulate mutual development and continuing achievements for each associate. It must strive to cultivate the spirit of solidarity as such; it must establish the mechanisms to attain this, and must foster its maintenance and strengthening.
2. That the Solidarity Employee Association is a mean to attain integrated development of the worker and his family, primordial aim of the solidarity employee and who must be the recipient of the maximum benefits, toward whom the activities and programs of the Association must be directed.
3. That solidarism and solidarity employee associations cannot and must not commit themselves to uphold ideologies or statements of political or religious nature, or any other belief that may hinder the solidarity philosophy. Men must serve the solidarity cause and never use it for a purpose other than its central objective. Solidarism must enable the solidarity associate to enrich his thinking based on its philosophy, so that he may project this philosophy to his family, the political party of his choice, to the religious creed he professes according to his convictions, or to any type of social movements in which he may participate.
4. That the Costa Rican Solidarista Movement, or any other body aiming to assemble solidarity employee associations, should have as its main purpose to become an instrument of support and an advisory tool at the service of associations and companies; and under no circumstance should the direction –much less the manipulation of these solidarity associations and/or solidarity companies be in their hands. All individualistic or Messianic attitudes must be firmly rejected.

FOR FURTHER INFORMATION  
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