



Resolution 1541 (2007)¹

The role of ethical and solidarity-based financing and responsible consumption in social cohesion

Parliamentary Assembly

1. Europe's policies on social protection and social inclusion currently face major challenges. Global competition, the impact of new technologies and an ageing population shape the long-term policy context; weak growth, high unemployment and persistent inequalities need to be addressed in the short term.
2. Public authorities at national, regional and local level, especially in western Europe, have long recognised the existence and relevance of numerous forms of citizen commitment in the economy, such as ethical use of financial resources (ethical finance) or responsible consumption initiatives (such as fair trade). In a number of European countries the social and solidarity-based economy is being seen increasingly as a necessary component in the economic and entrepreneurial “biodiversity” of our societies. While these civil society initiatives do not constitute an alternative development model in themselves, they are helping to reshape systems of regulation and governance, production and consumption.
3. The Parliamentary Assembly acknowledges the distinct importance of ethical, solidarity-based involvement of citizens in the economy as a crucial prerequisite for social development and cohesion. At the same time, it underlines the importance of dialogue and collaboration between the public authorities and socially committed grassroots initiatives. In this regard, the Assembly welcomes the activities of the European dialogue platform on ethical and solidarity initiatives for combating poverty and social exclusion to promote dialogue between public authorities and civil society, a Council of Europe initiative launched in 2004.
4. Ethical and solidarity-based financial mechanisms can contribute to social development in a number of ways, for example by involving vulnerable social groups in micro-economic processes, thereby decreasing the unemployment rate, or by encouraging financial institutions to focus on the ethical reinvestment of funds entrusted to them. Solidarity based microfinance initiatives may respond directly to social needs and emergencies by providing funds for activities targeting areas in difficulty or excluded persons or those at risk of exclusion, such as the unemployed, recipients of basic welfare benefits and social categories experiencing integration problems (young people, women).
5. The Assembly welcomes in this respect the introduction of some social criteria in the rating of financial institutions (the so-called Basel 2 criteria) which may lead to a greater share of ethical and solidarity-based financial instruments – also by encouraging the setting up of agreements with associations in order to propose microcredits for vulnerable social groups.
6. The Assembly also recognises the importance of the activities of European financial networks committed to ethical and solidarity principles, such as the International Association of Investors in the Social Economy (INAISE) or the European Federation of Ethical and Alternative Banks and Financiers (FEBEA) that promote the implementation of social cohesion programmes through financial initiatives.

1. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 16 March 2007 (see [Doc. 11120](#), report of the Social, Health and Family Affairs Committee, rapporteur: Mrs Lordache).



7. Considering the proven capacity of the ethical and solidarity-based financial initiatives in some Council of Europe member states to create new workplaces and, as a consequence, to increase social cohesion, the Parliamentary Assembly encourages member states to:

1. recognise the authentic necessity to implement an ethical and solidarity-based finance programme in the South-East European countries and to increase exchanges on good practices between countries and regions;
2. introduce and promote social and environmental criteria in financial products (for instance, in pension funds);
3. further the implementation of microcredit initiatives for vulnerable social groups;
4. promote the Council of Europe's European dialogue platform on ethical and solidarity initiatives.