

ANNEX D

Supplement to PHREVO Framework Paper, Version 1.0

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PHREVO Legal White Paper: A Practical Guide for Implementing PHREVO Within Existing Legal Frameworks

Legal Implementation Annex v1.0

Author

Andres Jimenez

Founder, PHREVO — Independent Research Initiative

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Audience

Communities, local governments, organizations, cooperatives — practitioners, not academics

Purpose

Navigate existing legal systems without waiting to change them first

Important notice

This annex does not constitute legal advice. It is a methodological guide for navigating existing legal systems. Every community, organization, and municipality must consult with local legal counsel before implementation.

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Executive Summary

The central thesis of this annex: You do not need to change the constitution to start implementing PHREVO. Existing legal figures — cooperatives, participatory budgeting, public contracts with social clauses, NGOs, indigenous autonomy — give you 80% of what you need. The remaining 20% is built through accumulated practice and community legitimacy, not through prior state recognition.

The most common mistake in systemic transformation projects is believing that laws must change first. That is a trap. Laws change after practice demonstrates that something works, not before. PHREVO inverts this sequence: start with what is legally possible now, use it to prove the framework works, and build legitimacy until legal recognition follows.

This annex provides: a three-step rule for any implementation; specific strategies for six existing legal instruments; a legal playbook for each of the three adopter types (municipalities in crisis, autonomous territories, and diaspora communities); three operative implementation principles; and ready-to-use document templates including cooperative statutes, a municipal decree model, and a public procurement clause.

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D.1 The Pyramid of the Possible

Every legal system has three layers. PHREVO operates differently in each:

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The fundamental insight: legal systems change from the middle layer upward, not from the top downward. Cooperative law expanded because cooperatives demonstrated over decades that collective ownership works. Labor law strengthened because workers demonstrated through organized resistance that its absence was intolerable. PHREVO follows the same pattern: operate in the middle layer, produce results, accumulate legitimacy, and wait for the legal system to recognize what practice has already proven.

D.2 The Three-Step Rule

D.3 Strategy by Existing Legal Instrument

D.3.1 Cooperatives — For Collective Property and Governance

Cooperatives are the most powerful existing legal vehicle for PHREVO implementation. They already provide: collective ownership of assets (assets belong to the cooperative, not individual members); internal democracy (one member, one vote at minimum); distribution of surplus according to activity, not capital contribution.

What PHREVO adds within a cooperative, without changing any law:

Liquid governance with justice weights — internal statutes can define any voting system. The law does not prescribe the weight formula.

PHREVO-Score for surplus distribution — instead of distributing by "participation," distribute by impact. This is a contractual decision among members.

Integration with other cooperatives in PHREVO networks — permitted under cooperative integration laws in most jurisdictions.

Practical example — Care cooperative with 50 women:

Legally: a standard cooperative. Internally, it decides by assembly with weighted votes (higher PHREVO-Score over the last 12 months = more weight, capped at 10% of total weight per member).

Surplus distribution formula: 40% by hours worked; 30% by individual PHREVO-Score; 20% to community care fund; 10% to training. The cooperative law does not mandate a specific formula.

Risk: Some cooperative laws explicitly require "one member, one vote." In that case, PHREVO operates with a binding recommendation system (the assembly decides, but a PHREVO-Score-based recommendation is adopted by consensus) or uses the figure of a "federation of cooperatives" where weighting operates at the cooperative level, not the individual level.

D.3.2 Participatory Budgeting — For PHREVO-Score in Local Government

Participatory budgeting mechanisms already exist in more than 1,500 municipalities in Latin America. They provide communities with direct decision-making power over portions of public budgets. PHREVO adds methodological rigor to these existing processes without requiring any legal change.

What PHREVO adds:

Instead of simple direct voting, the PHREVO-Score is introduced as an eligibility criterion — only projects scoring above a minimum threshold on SP and DH enter the voting stage.

Instead of uniform "one citizen, one vote," weighting can be introduced by territorial vulnerability — heavily affected zones have more weight. This is a process innovation, not a legal change.

Practical example — Municipality with existing participatory budgeting:

The participatory budgeting council is trained in PHREVO-Score application (2-3 sessions). A filtering step is added: submitted projects are evaluated with PHREVO-Score; only those passing minimum thresholds on SP and DH proceed to public voting. Voting remains "one citizen, one vote" (legal). The change is in pre-filtering, which is within the municipality's administrative competence.

Legal justification:

The municipality has autonomy to define eligibility criteria for participatory budget projects. No national law requires that all submitted projects be eligible. The municipality is exercising an existing faculty, not creating a new legal form.

D.3.3 Public Contracts With Social Clauses — For the PHREVO-Market

Public procurement legislation in many countries permits or requires social and environmental criteria in contract awards. The PHREVO-Score can serve as the measurement system for these existing criteria — replacing informal or ad hoc evaluation systems with a rigorous, auditable methodology.

What PHREVO adds:

The PHREVO-Score as the scoring system for social criteria in contract evaluation, replacing whatever informal system the municipality currently uses.

Binding thresholds: a company cannot win a contract if its SP dimension falls below the minimum — regardless of its technical score.

Practical example — Municipal procurement of services:

Applicable law allows 30% of evaluation weight for social criteria.

PHREVO proposes that this 30% is calculated using the PHREVO-Score of the bidding company (or of the neighborhood where the service will operate).

The municipality adopts PHREVO-Score as its social impact measurement system — a purely administrative decision requiring no legal change.

Legal justification:

The municipality is exercising a faculty it already has (weighing social criteria). It is only changing how it measures them — using PHREVO instead of another system.

The decision is administrative, not legislative.

D.3.4 Popular Economy Funds — For the Basic Impact Income (RIB)

Public funds exist at national, provincial, and municipal levels to support popular, social, or solidarity economies. Examples: Fondo de Economía Popular (Argentina), Fondos concursables de economía social (Colombia), Programas de apoyo a cooperativas (Mexico). These funds already have autonomy to define allocation criteria and program design.

What PHREVO adds:

PHREVO-Score as the allocation criterion, replacing discretionary selection committees with a transparent, auditable methodology.

The Basic Impact Income (RIB) as a specific program within these funds — financing income transfers to unwaged carers based on PHREVO impact verification.

Practical example — Provincial popular economy fund:

A pilot program is proposed within the fund: 100 unwaged carers receive RIB for 12 months, evaluated by PHREVO-Score.

The fund continues operating within its existing legal framework. PHREVO is the allocation methodology and program design — not a new legal structure.

Legal justification: The fund already has autonomy to define its allocation criteria and programs. PHREVO is a methodology, not a new law. The fund is using its existing discretion to adopt a more rigorous and transparent allocation system.

D.3.5 NGOs and Civil Associations — For the Dignity Toolkit and Care Networks

The NGO or civil association is the most flexible and accessible legal vehicle in any jurisdiction. An NGO can do virtually anything that does not generate personal profit. It is the fastest structure to establish and the most adaptable to PHREVO governance principles.

What PHREVO adds within an NGO:

Internal PHREVO governance (assemblies, justice weights) — internal statutes can define any governance structure.

PHREVO-Score evaluation of all programs — methodological adoption, no legal change required.

Operation of the Dignity Toolkit under the NGO's legal umbrella.

The Dignity Toolkit in New York City operates under the fiscal sponsorship of Good Shepherd Church (a 501(c)(3) religious organization). No new law for undocumented migrants was needed. An existing legal figure — a religious organization's fiscal sponsorship capacity — provided the legal cover.

Legal justification: An NGO can define its own internal statutes (PHREVO governance) and its own programs (PHREVO-Score evaluated). No law requires that NGOs use specific governance models or evaluation methodologies.

D.3.6 Indigenous Autonomy Figures — For PTIERRA

In countries including Colombia, Bolivia, Mexico, Nicaragua, and Panama, constitutional or legal recognition of indigenous autonomy, collective territory, or customary law (usos y costumbres) provides the strongest existing legal basis for PHREVO implementation. These territories already have recognized authority; PHREVO is a technical tool within that authority, not an external imposition.

What PHREVO adds within autonomous territories:

PHREVO-Score as social accounting for the community economy — adopted internally as a community tool, not submitted for state approval.

Technical governance support for existing autonomous institutions — capacity building, not replacement.

The community has autonomy to decide how it organizes its internal economy. The State does not regulate whether a community uses paper ledgers, Excel, or blockchain for its internal accounting. PHREVO is an accounting and governance tool, not a claim to new political authority.

D.4 Strategy by Adopter Type

D.4.1 Type 1 — Municipalities in Crisis: Enter Through Urgency, Not Legality

The primary legal strategy for Type 1 municipalities is to use existing executive discretionary powers — decrees, resolutions, pilot programs — that do not require municipal council approval or require only a simple majority. Crisis creates political space for administrative innovation that stable municipalities do not have.

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Legal defense framing: "The municipality is not creating a new form of property or violating any law. It is using its existing powers to measure the impact of its programs in a more rigorous way. If any conflict arises with national law (e.g., civil code), the pilot is limited to social programs, not private property relations."

D.4.2 Type 2 — Autonomous Territories: Use the Figures They Already Have

For territories with existing legal autonomy, PHREVO needs no external recognition. The autonomy is already recognized. PHREVO is a tool the community adopts internally — like choosing which accounting software to use, or how to structure internal meetings. The State has no authority to regulate this.

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Legal defense framing: "The community has recognized autonomy over its territory. Within that autonomy, it decides how to measure its wellbeing and how to organize its economy. PHREVO is a tool that facilitates those community decisions. The State does not regulate whether we use paper, Excel, or blockchain."

D.4.3 Type 3 — Diaspora Communities: Operate in the Trust Economy

For diaspora communities, the primary legal strategy is not to seek state recognition but to operate in spaces where the state does not reach or is actively hostile. Community legitimacy is the primary form of authority. Legal formality is a secondary and instrumental consideration.

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Legal defense framing: "This is a network of volunteers helping neighbors. We are not providing regulated financial, health, or educational services. We are only coordinating resources. The constitution protects the right of association."

D.5 Three Implementation Principles

D.5.1 Do Not Ask Permission — Do Not Be Naive

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D.5.2 Legal Is Not the Same as Legitimate

A practice can be legal but illegitimate — a company contaminates because "the law allows it." A practice can be legitimate but technically illegal — a community recovers idle land, or an undocumented person works to feed their family. PHREVO's operational hierarchy:

If a practice is legitimate (approved by community assembly, harms no one, aligned with PHREVO pillars) and technically illegal, PHREVO assumes the risk — with full transparency and community consent.

The strategy is to accumulate legitimacy until the political cost to the State of repressing PHREVO is greater than the cost of recognizing it.

Historical examples of this dynamic: The cooperative movement was technically outside the mainstream commercial legal framework in many jurisdictions when it began. Labor unions were illegal before they were recognized. Participatory budgeting was a radical innovation before it became standard municipal practice. Legitimacy preceded legality in every case.

The Dignity Toolkit example: providing neighbor-to-neighbor coordination for immigrant families is constitutionally protected association even if specific activities might be in legal gray zones. The community legitimacy of Good Shepherd Church and NYC4All meant no politician calculated it was worth the political cost to challenge.

D.5.3 Leverage Legal Gaps, Do Not Avoid Them

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D.6 Practical Resources

D.6.1 Pre-Implementation Checklist

For all adopter types

Have you identified the closest existing legal figure to what you want to do?

(cooperative, NGO, municipal program, indigenous autonomy)

Have you consulted with a local lawyer who understands PHREVO about the actual limits in your jurisdiction?

Do you have an exit plan if the State intervenes? (open-source code, alternative servers, data backup outside the country)

Does the community understand that PHREVO does not have full legal recognition and accept the associated risk?

If the adopter is a municipality

Is the decree creating the Community Economy Committee within executive powers (does not require council approval)?

Does the pilot use less than 1% of the budget (to avoid triggering council oversight thresholds)?

Is the PHREVO-Score presented as "technical evaluation criterion," not as "new economic system"?

Is there a council ally who will champion the results when they are presented after the pilot?

If the adopter is an autonomous community

Did the community assembly adopt PHREVO through its own initiative (not imposed externally)?

Has PHREVO been adapted to the local cosmovision (e.g., Buen Vivir in Bolivia, Nandereko for Guarani communities)?

Does the State lack authority to intervene in this internal governance decision?

Is there a cultural translation document mapping PHREVO instruments to local governance concepts?

If the adopter is a diaspora community

Is the NGO or civil association in good legal standing (it does not need to know about PHREVO to provide fiscal sponsorship)?

Are you not storing sensitive data (immigration status, health information, religion)?

Has an immigration lawyer reviewed the design — not to ask permission, but to know the actual limits?

Is the privacy architecture documented and auditable so you can demonstrate to any funder or regulator that no surveillance data exists?

D.6.2 Template Documents

Template 1 — Cooperative Statutes with PHREVO Clauses

Insert the following clauses into standard cooperative statutes in the jurisdiction:

ARTICLE [X] — PHREVO-SCORE FOR SURPLUS DISTRIBUTION

The cooperative adopts the PHREVO-Score as its social impact measurement system for the distribution of annual surplus. The distribution formula is as follows:

(a) 40% distributed proportionally to hours of work contributed by each member.

(b) 30% distributed according to the individual PHREVO-Score of each member, calculated by [methodology in Annex A to these statutes].

(c) 20% allocated to the Community Care Fund, governed by the assembly.

(d) 10% allocated to the Member Training Fund.

The assembly may modify these percentages by qualified majority (70%) vote.

ARTICLE [Y] — WEIGHTED GOVERNANCE

The internal governance of the cooperative operates under the principle of justice-weighted participation. The vote of each member in assemblies carries a weight proportional to their PHREVO-Score accumulated over the preceding 12 months, subject to the following limits:

- (a) No member may hold more than 10% of total voting weight.
- (b) The maximum difference between the highest and lowest individual vote weight is 5 points.
- (c) The PHREVO-Score calculation method is described in Annex A.

This article does not eliminate the principle of one member, one vote for constitutional decisions (amendments to these statutes, dissolution, merger). Weighted voting applies to operational decisions only.

Template 2 — Municipal Decree for PHREVO

DECREE No. XXXX

The Municipality of [X], in exercise of its executive powers,
DECREES:

Article 1. Create the Technical Committee on Community Economy of the Municipality of [X], with the purpose of designing and implementing social impact measurement systems for municipal programs.

Article 2. The Committee will adopt as its measurement methodology the PHREVO-Score, a multidimensional evaluation tool that assesses: human dignity (DH), community impact (IC), care and wellbeing (CB), sustainable depth (SP), justice and autonomy (JA), and ethical technology (TE).

Article 3. The Department of [Budget / Social Development] is authorized to allocate up to 0.5% of the annual participatory budget to a pilot program operating under PHREVO principles.

Article 4. The Committee will present quarterly reports to the Municipal Council on pilot results.

Article 5. This decree enters into force on the date of its signature.

Signed: _____ Date: _____

Mayor, Municipality of [X]

Template 3 — Public Procurement Clause with PHREVO

SOCIAL IMPACT EVALUATION CRITERION

(For insertion in public tender documents)

The evaluation of offers will consider:

- Technical criteria: 70% of total score
- Social impact criteria: 30% of total score

The social impact score (30%) will be calculated using the PHREVO-Score of the bidding organization, evaluated across the following dimensions:

- Human Dignity (DH): weight 35%
- Community Impact (IC): weight 35%
- Sustainable Depth (SP): weight 30%

BINDING THRESHOLD: Bidders with an SP score below 0.30 are automatically excluded from award consideration, regardless of their technical score.

PHREVO-Score evaluation methodology is available at: phrevo.org/framework
Self-evaluation forms and independent audit processes are described in the evaluation annex to this tender.

D.6.3 Frequently Asked Legal Questions

Q: Is PHREVO legal?

It depends on which part of PHREVO and in which jurisdiction. The PHREVO-Score as a measurement methodology is legal everywhere — it is a social accounting system. Collective property through cooperatives is legal wherever cooperative law exists (virtually everywhere). Multi-layer property with full community veto is the most legally challenging component. PHREVO recommends beginning with existing legal figures and building the veto through community legitimacy rather than legal coercion.

Q: What happens if the State sues or shuts us down?

It depends on the adopter type. For municipalities: probability is low if the pilot is small and uses existing faculties. For autonomous communities: the State already recognizes their autonomy; legal challenge would be politically very costly. For diaspora communities: the real risk is targeted enforcement, not civil lawsuit. That is why the Dignity Toolkit stores no immigration status data — you cannot be compelled to produce data that does not exist.

Q: Can a capitalist company use PHREVO?

Legally yes — any organization can adopt the PHREVO-Score internally. But it would not obtain PHREVO certification if its practices violate the pillars (e.g., labor exploitation, ecological damage). Certification is voluntary and based on demonstrated compliance with the framework. The law cannot prevent an organization from measuring its own impact; it can only govern whether it receives the legitimacy marker of PHREVO certification.

Q: Do we need a lawyer?

Yes — but not to ask permission. To understand actual limits. A good local lawyer can say: "What you want to do, structured this way, is in a gray zone; structured this other way, it is clearly permitted; this specific thing is illegal and you should not do it." That is the information you need. You do not need a lawyer who says "let's wait for the law to change."

D.7 Conclusion

This annex is a guide for starting, not a constitutional law thesis. The central thesis is simple: you do not need to change the constitution to begin implementing PHREVO. There are existing legal figures — cooperatives, participatory budgeting, public contracts with social clauses, NGOs, indigenous autonomy — that give you enough space to demonstrate that the system works.

Legal change comes later. It comes when practice accumulates legitimacy, when pilots produce visible results, when communities defend PHREVO as their own rather than as an external imposition. The cooperative movement did not begin by changing property law; it began by forming cooperatives. Labor rights were not created by legislation; they were created by organized workers who made their absence intolerable. Environmental law did not precede environmental destruction; it followed the demonstration that destruction without accountability was politically unsustainable.

PHREVO follows the same historical logic. Navigate the existing legal system. Use it as a floor, not a ceiling. Build legitimacy through results. Wait for the law to follow.

The law changes after the practice demonstrates it works — not before. Start.

Document. Publish. Repeat. The legal recognition follows.

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Andres Jimenez — hello@phrevo.earth — phrevo.org

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