

INDUSTRIAL SERVICE PRODUCERS ARTISANAL COOPERATIVES SERVICE COOPERATIVES ARTISANAL COOPERATIVE ARTISANAL

# COOPERATIVES AS BUILDERS OF SUSTAINABLE DEVELOPMENT

APPLIED TO INDUSTRIAL, ARTISANAL AND SERVICE PRODUCERS' COOPERATIVES

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**International Organisation of Industrial and Service Cooperatives**  
A Sector of the International Co-operative Alliance

## 1 THE UN POST-2015 DEVELOPMENT AGENDA IN THE ECONOMIC GLOBAL LANDSCAPE

The global landscape has been changing profoundly over the last few years: the demographic trends showing a growing and ageing population, the environmental imbalance, the scarcity of resources and the gradual urbanization process represent immediate challenges for present and future generations<sup>2</sup>.

Furthermore, the financialization of the economy, and the massive wealth destruction caused by the global crisis which flared up in 2008 dramatically increased the gap between rich and poor even in those parts of the world that had seemed immune and where austerity measures are stifling the recovery.

Meanwhile, emerging countries' growth<sup>3</sup> is deeply changing the global economy but, as reported by the World Bank in the recent World Development Report 2014, "despite impressive progress in reducing poverty in the past three decades, a substantial proportion of people in developing countries remain poor and are vulnerable to falling into deeper poverty"<sup>4</sup>. Indeed, according to the UN General Assembly Resolution 65/1

"Keeping the promise: united to achieve the Millennium Development Goals", there are still many development gaps to be filled: hunger and malnutrition rose again from 2007 through to 2009 and slow progress has been made in reaching full and productive employment and decent work for all.

In this context, the United Nations Secretary-General has launched a MDGs review process to influence the Post-2015 Development Agenda, which was released in May 2013 with the High Level Panel Report "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development". This report sets out a list of goals to eradicate extreme poverty by 2030: **1.** end poverty; **2.** empower girls and women and achieve gender equality; **3.** provide quality education and lifelong learning; **4.** ensure healthy lives; **5.** ensure food security and good nutrition; **6.** achieve universal access to water and sanitation; **7.** secure sustainable energy; **8.** create jobs, sustainable livelihoods and equitable growth; **9.** manage natural

*The International Organisation of Industrial, Artisanal and Service Producers' Cooperatives, or CICOPA, is the sectoral organisation of the International Cooperative Alliance (ICA). CICOPA represents cooperatives active in different industrial and service sectors: construction, industrial production, services of general interest, transport, intellectual services, artisanal activities, health, social care, etc. CICOPA associates 46 members in those sectors in 31 countries, four of which are development organisations<sup>1</sup>.*

Layout: Juan Burgos  
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<sup>1</sup> This document is based on a consultation of CICOPA's members which was approved by the CICOPA General Assembly held on 2 November 2013 in Cape Town, South Africa.

<sup>2</sup> "Over the past 25 years, the world population increased by two billion. Currently, about 78 million people are added to the world's population every year. This means that, by 2050, the global economy would need to be able to provide a decent living for more than 9 billion people, of whom 85 per cent will be living in what are now developing countries": in UN System Task Team on the post-2015 UN Development Agenda (2012), *Realizing the Future We Want for All: Report to the Secretary-General*, p. 14, available on: [http://www.un.org/millenniumgoals/pdf/Post\\_2015\\_UNTTreport.pdf](http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf)

<sup>3</sup> "By 2025, six major emerging economies— Brazil, China, India, Indonesia, the Republic of Korea, and the Russian Federation— will collectively account for more than half of all global growth. Several of these economies will become key drivers of global growth, alongside advanced economies": in The World Bank, *Global Development Horizons 2011 - Multipolarity: The New Global Economy*, p. 3, available on: [http://siteresources.worldbank.org/INTGDH/Resources/GDH\\_CompleteReport2011.pdf](http://siteresources.worldbank.org/INTGDH/Resources/GDH_CompleteReport2011.pdf)

<sup>4</sup> The World Bank, *World Development Report 2014*, p. 4, available on: <https://openknowledge.worldbank.org/handle/10986/16092>

resource assets sustainably; **10.** ensure good governance and effective institutions; **11.** ensure stable and peaceful societies; and **12.** create a global enabling environment and catalyse long-term finance.

We welcome that the post-2015 development agenda process is focusing on an integrated approach that reflects all three pillars of sustainability: social, economic and environmental. Indeed, cooperative enterprises support and promote a vision of sustainable development based on a triple bottom line approach, being triple bottom line economic organizations (economic, social and environmental) themselves.

In the Outcome document “The Future We Want”, which was adopted at the United Nations Conference on Sustainable Development held in Rio de Janeiro in June 2012 (Rio+20), the UN recognized the relation between economic and social well-being, underlining the vital role played by the private sector in this respect: “We recognize that a dynamic, inclusive, well-functioning, socially and environmentally responsible private sector is a valuable instrument that can offer a crucial contribution to economic growth and reducing poverty and promoting sustainable development”<sup>5</sup>.

However, the private sector is not a homogeneous reality and an integrated approach to development (economic, social and environmental) should be concretely translated into a coherent set of indicators orienting policy makers to recognize and promote the best suited types of business to deliver Sustainable Development Goals.

Cooperatives from the 10 biggest world economies generate an aggregate turnover slightly lower than the GDP of Italy, they amass a membership of at least 15% of the world’s adult population and are fundamental actors in development. In particular, industrial, artisanal and service producers’ cooperatives directly contribute to development through the creation and maintenance of long-term and locally-embedded jobs and economic activities as well as providing community services of general interest such as health, social or educational services. We can estimate that there are more than 111,200 cooperatives (and a reduced number of worker-owned enterprises that are very similar to cooperatives) in industrial and service sectors providing 4 million jobs all over the world. As far as we can tell, many of these enterprises are in Europe (83%) and in South America (12%)<sup>6</sup>.

#### The main categories represented by CICOPA are:

##### WORKER COOPERATIVES

The members are the employees of the enterprise who jointly decide on all major entrepreneurial decisions and jointly elect and appoint their own leaders.

##### SOCIAL COOPERATIVES

Specialised in the provision of services of general interest (social, health, educational or environmental services) or in the reintegration of disadvantaged workers (disabled, long-term unemployed, migrants, (ex) offenders, drug addicts, etc.), or both.

##### COOPERATIVES OF ARTISANS AND INDIVIDUAL PRODUCERS IN INDUSTRY AND SERVICES

From masons to lawyers, from hairdressers to architects, members mutualize common services and costs (bulk purchases, commercialization, marketing, coordination of clients, accountancy etc.).

##### OTHER TYPES OF ENTERPRISES OWNED AND CONTROLLED BY THEIR OWN STAFF

Such as the Spanish “Sociedades Laborales”, like the categories above, they put a strong emphasis on generating sustainable employment and production.

With regard to the list of goals identified by the High Level Panel and above mentioned, CICOPA considers that the **priorities 1 “End poverty” and 8 “Create jobs, sustainable livelihoods and equitable growth”**, should be considered as complementary aspects of the same action. In fact, it is not possible to

end poverty without creating jobs, sustainable livelihood and equitable growth, nor vice versa. Ending poverty can be effectively achieved through the creation and equitable redistribution of wealth, which is made possible by the social and economic participation of people in the community they belong to.

<sup>5</sup> The Future We Want: Outcome document adopted at Rio+20, p. 47, available on: <http://www.un.org/en/sustainablefuture/>

<sup>6</sup> CICOPA (2013), *Worldwide data collection on worker, social and artisans’ cooperatives*, available on: <http://www.cicopa.coop/Worldwide-data.html>.

These are conservative figures that are strictly based on verified data. They do not take into account a very high quantity of artisans’ cooperatives which have not yet been systematically calculated and should be the object of a specific study.

We consider that this list should include **access to affordable and sustainable community services** (such as housing and health, but also social services, education, local development, environment, energy production and distribution, work integration of vulnerable groups etc.) characterised by affordability, durability, capillarity, quality and community participation. Indeed,

community services are another key aspect of the fight against poverty and social exclusion. In this respect, the main answer to emerging needs has been given within the cooperative movement by social cooperatives, which have been rapidly developing since 1970s and whose primary purpose is precisely the production of goods and services of general interest.

### COOPERATIVE DEVELOPMENT STRATEGY <sup>7</sup>

Development, as promoted by worker cooperatives, social cooperatives and artisans' cooperatives, relies on the following tenets:

- **Fundamental human needs and aspirations**, in particular, needs and aspirations corresponding to economic, social and cultural human rights (such as employment, education, health, etc.), are part of cooperatives' very mission.
- **Capacity-building and empowerment**: education and training are key cooperative principles, as they are linked to joint ownership and democratic control. In fact, cooperatives are learning organizations, and their learning process is directly geared towards the empowerment of the local communities.

- **Joint ownership and democratic control**: the persons who own cooperatives jointly and control them democratically are the same stakeholders who seek the satisfaction of fundamental needs and aspirations.
- **Community-based development**: departing from an active and locally-based bottom-up dynamic, cooperatives are characterised by a strong link between the enterprise on the one hand, and the territory, the people working nearby and those benefiting from the cooperative on the other, thus concurring in the generation of trust.

We can distinguish 3 levels in the cooperative development strategy:

- 1 | Micro-level**: the measures put in place inside the cooperative enterprise in the fields of governance, education and training, capital management etc.;
- 2 | Meso-level**: the cooperation among cooperatives at the local, regional and national level, through the creation of business support institutions, groups, consortia, federations etc.;
- 3 | Macro-level**: the public policies and legislative framework enabling the development of cooperatives and international cooperation among cooperatives and cooperative federations.

<sup>7</sup> See the full document "Cooperative development strategy. Applied to worker, social and artisans' cooperatives" approved by the CICOPA General Assembly in Cartagena, Colombia, on September 2005.

## 2

## RESPONDING TO GLOBAL CHALLENGES: HOW INDUSTRIAL, ARTISANAL AND SERVICE PRODUCERS' COOPERATIVES CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

## 2.1 EQUITABLE GROWTH THROUGH SUSTAINABLE JOBS AND SUSTAINABLE ENTERPRISES

With few exceptions, income and wealth inequalities within countries have increased since the early 1980s, including in high-income countries. In the most recent years, unemployment has mostly affected the European Union and, on the other hand, the absolute number of poor people has increased in sub-Saharan Africa<sup>8</sup>.

Lessons should be learnt from the global crisis, which has put into focus the need to support the real economy and territorial development, through a sustainable creation and distribution of wealth based on the development of those economic activities which can best respond to people's needs.

According to a number of studies, cooperatives in general, and cooperatives from the CICOPA world-wide network in particular, have generally fared better under the global crisis than other

enterprises of similar sectors, sizes and countries. In Europe, where the crisis has been particularly strong<sup>9</sup>, CICOPA members reported relatively few job losses and enterprise closures and even some positive results in some cases: in Spain<sup>10</sup>, 13,336 new jobs were created in the service sector in 2011<sup>11</sup>; 36,000 new jobs were created in Italian cooperatives in 2012<sup>12</sup>; since 2008, there has been a 28% increase in the number of cooperatives in the UK, the cooperative economy has grown by 23%<sup>13</sup>; In France, 248 new worker cooperatives were created in 2012<sup>14</sup>.

The resilience proven by cooperatives relies on their strong aptitude for innovative strategy, at the organisational, social, managerial and technical level, which is applied on the 3 levels of the cooperative development strategy, mentioned above:

1. At the micro level, worker-members define business strategies which are made more legitimate through democratic decision-making (based on the principle of "one member one vote" regardless the share of capital held), giving priority to the defense of their jobs and of the economic activities of their enterprise<sup>15</sup>. Furthermore, cooperatives adhere to internal financial rules by which they have a tendency to accumulate capital, possibly by setting up common reserve funds, which protect the enterprise against debt and market volatility<sup>16</sup>.
2. The creation and development of horizontal groups and mutualised entities such as business support institutions, consortia and federations. These entities, as well as specific cooperative financial instruments developed inside the worker and social cooperative systems, are providing great support and solutions for the development of cooperatives and have been particularly useful times of crisis. Many cooperative enterprises could not have found similar services or financial support outside the cooperative system and would most probably have been much more affected by the current crisis. The existence of supporting networks allows also the organisation and follow-up of specific services such as business transfers to employees under the cooperative form<sup>17</sup>, a practice which has contributed to saving many jobs, activities and skills that otherwise would be lost.
3. Those countries where worker, social and artisans' cooperatives have developed most in terms of numbers and resilience of enterprises and jobs are also the countries where there is an effective national legal system for cooperatives with specific provisions that are particularly conducive to the development of such enterprises (e.g. making indivisible reserves compulsory, establishing non-banking financial instruments and horizontal groups, regulating worker and/or social cooperatives and other employee-owned enterprises).

<sup>8</sup> UN System Task Team on the post-2015 UN Development Agenda (2012), *Realizing the Future We Want for All: Report to the Secretary-General*, p. 12, available on [http://www.un.org/millenniumgoals/pdf/Post\\_2015\\_UNTreport.pdf](http://www.un.org/millenniumgoals/pdf/Post_2015_UNTreport.pdf)

<sup>9</sup> "In the Developed Economies and European Union region, recession conditions in Europe, and limited effectiveness of fiscal and monetary measures implemented to mitigate the impact of the crisis on labour markets, has contributed to an increase of 14.8 million unemployed since 2007" in ILO (2013), *Global economic trends. Recovering from a second jobs dip*, available on: [http://www.ilo.org/global/research/global-reports/global-employment-trends/2013/WCMS\\_202326/lang-en/index.htm](http://www.ilo.org/global/research/global-reports/global-employment-trends/2013/WCMS_202326/lang-en/index.htm)

<sup>10</sup> Information provided by COCETA, the Spanish Confederation of worker cooperatives.

<sup>11</sup> CECOP (2012), *The resilience of the cooperative model*, p. 11.

<sup>12</sup> More information here: <http://www.cicopa.coop/spip.php?page=recherche&recherche=36%2C000&x=0&y=0>

<sup>13</sup> According to CO-OPERATIVES UK, the national association for cooperatives in the UK, whereas only 65% of conventional businesses survive the first three years, over 90% of cooperatives are in still in business.

<sup>14</sup> According to CG Scop, the French Confederation of worker cooperatives, 82.5% of worker cooperatives created over the last three years are now pursuing their activity, against 66% of French conventional companies.

<sup>15</sup> Along with emergency temporary measures (such as wage reductions etc.), cooperatives often strive to adopt measures oriented towards the long-term, such as investment in technologies or other structural changes in the production process.

<sup>16</sup> In some countries, the indivisibility of reserves is legally mandatory even when the cooperative is closed down (France, Italy, Spain, Portugal, and the UK, relating to a specific type of enterprise).

<sup>17</sup> More than a thousand cooperative enterprises from the CICOPA network are the result of businesses that were going to close down and that have been transferred to, or bought out by their employees, and re-established under the worker cooperative form. Most of these enterprises are in France, Italy, Spain, Argentina, Brazil, Canada, and China. In France, for instance, there have been 224 transfers and buyouts since the 2008 crisis, with a very high survival rate within the first 5 years, superior to the entire number of French enterprises.

## 2.2 INCLUSIVE AND PEOPLE-CENTRED SUSTAINABLE ENTERPRISES

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership. This aspect has been recognized by the UN Resolution "Cooperatives in social development" A/RES/68/133, which states "cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty and hunger"<sup>18</sup>.

Inclusiveness is even enhanced in worker cooperatives (the main type within the CICOPA network) because it is deeply interconnected with the social and economic empowerment of their members. In fact, worker cooperatives are characterized by the fact that members are the employees of the enterprise, who thus jointly decide on the major entrepreneurial decisions and elect and appoint their own leaders. For this type of cooperative, the development strategy is based on employment and the social welfare of its members and workers.

The **COOPERATIVE ACAI (BRAZIL)** is a Brazilian enterprise which produces clothing and decorative products. The goods are then sold to customers in the region, other states and on the Internet. The cooperative, which was initially founded by 21 artisans, is currently composed by 25 members, mainly women, 40 prisoners and families from three local communities. In 2013, the cooperative celebrated ten years of operation and it inaugurated the new headquarters in the center of the Atlantic forest, close to an ecological park. The purchase of land and construction of the headquarters has been made possible thanks to the partnership with the Brazilian organization of cooperatives UNISOL, which is member of CICOPA, and the Spanish NGO CONOSUD.

The development mission of cooperatives active in industry and services is reinforced and ensured by their economic competitiveness: while they must always maintain their social character, they first of all need to compete economically, on the

national and global market and use all types of economic tools that are compatible with their mission and principles.

In particular, inclusiveness and general interest are the main purpose of social cooperatives (another

type of cooperative in the CICOPA network as we saw), for which the aim is to provide community services and to the largest possible amount of people including the poor, at the most affordable price, with the highest possible level of quality, while maintaining all their entrepreneurial rigor and competitiveness, or to provide work integration for disadvantaged and marginalised groups (disabled, long-term unemployed, ex-prisoners, addicts, etc.).

There are at least 12,600<sup>19</sup> social cooperatives active in the provision of social and community

services across the world, according to the data available. Most of them provide services for the elderly and disabled people. An important number of those cooperatives are present in Italy (11,264), Spain (690), Japan (446) and South Africa (90). They can be found also to a lesser extent in other countries such as the USA, Canada, Brazil, Argentina, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Sweden or France. According to CICOPA's data, there are 2,761 social cooperatives employing 26,181 disadvantaged persons (among other staff) within its network<sup>20</sup>.

**THE WOMEN'S ACTION TO GAIN ECONOMIC SECURITY – WAGES (USA)** is a cooperative development organisation based in Oakland and dedicated to promoting the economic and social well-being of low-income women (mostly immigrants) through worker cooperatives with an emphasis on environmentally friendly techniques as a way to protect workers' health and the environment. The cooperatives provide improved financial stability for low-wage workers and expand the economic and social empowerment of their families and communities throughout the greater Bay Area. Currently, WAGES supports five thriving cooperatives of more than 95 women, all of whom are worker-owners of eco-friendly housecleaning businesses<sup>21</sup>.

<sup>19</sup> This estimation is based on information collected in different countries where social cooperatives exist. Please note that this information should be considered a cross-section of data, thus real figures may be much higher.

<sup>20</sup> CICOPA (2013), *Worldwide data collection on worker, social and artisans' cooperatives*, available on: <http://www.cicopa.coop/Worldwide-data.html>

<sup>21</sup> <http://wagescooperatives.org>

<sup>18</sup> Resolution adopted by the UN General Assembly on 18 December 2013, available on: [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/RES/68/133](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/133)

**THE NATIONAL UNION OF WORKER PRODUCERS' COOPERATIVES (NUWPC)**

is the biggest employer of persons with disabilities in Bulgaria. It associates 30 worker producers' cooperatives specialized in the labour integration of people with disabilities employing 1180 workers with various degrees of disability. The cooperatives are active in sectors such as textiles, leather products, toys, packing of plastics, pasteboard and cardboard, etc. as NUWPC supports its member cooperatives through orientation, training, marketing studies etc. in order to ensure their competitiveness along with healthy and safe working conditions adapted to people with disabilities and special needs. NUWPC have been organising the Fair of Social Enterprises and Cooperatives of Persons with Disabilities for a few years, which gives cooperatives the opportunity to have several meetings and make business contacts with Bulgarian and international companies, traders and visitors.

**2.3 ANSWER TO EMERGING NEEDS**

By 2050, the global economy will need to provide a decent living for more than 9 billion people, 70 per cent of whom will live in urban areas. By the same date, one in three persons living in high-income countries and one in five living in developing countries will be over 60 years of age<sup>22</sup>.

Cooperatives are particularly well-adapted to meet new emerging needs expressed by people, because their identity and functioning rely on two

key and inter-related concepts, namely the one of stakeholders and the concern for the surrounding community. Being key stakeholders in a given community (producers, consumers, users, workers etc.), cooperative members logically tend to opt for enterprise strategies, which respond to local community needs which the cooperative aims to satisfy (maintain and create jobs, develop production, find a house, obtain credit etc.).

JWCU<sup>23</sup>, the CICOPA member from Japan, set up 300 "**COMMUNITY WELFARE CENTRES**" between 1999 and 2006 which provide new types of social services. In these centres, service users (e.g. elderly, children, parents) as well as communities are actively involved in planning and management of activities with the worker-members in a cooperative style. The services for older people include home health and personal care, day care, home delivered meals and preventive care. Services for children and parents include day care centres, nurseries, after-school programmes, and gathering places for parents and children. While some of these services are part of the public programmes (e.g. national long-term care insurance) and commissioned by municipalities (e.g. nurseries, after-school programmes), others are operated outside such public systems (i.e. private pay at affordable prices).

The involvement of the community is particularly tangible in those countries where multi-stakeholder cooperatives exist under a specific law, such as in Quebec, where they are known as "Solidarity Cooperatives" or in France, where they exist with the name "Collective Interest Cooperative Societies (SCIC)". Their peculiarity is that they are formed when different stakeholder groups share a common interest in the success of an economic activity linked to the community. The various types of members are specified in the cooperative's bye-laws and they can include individuals from different stakeholder groups such as consumers, producers, or workers. They can also include organizations such as non-profit ones, cooperatives, businesses or municipalities. Multi-stakeholder cooperatives are most often used as a tool for community and social development - based on the input of diverse groups such as employees, clients, community organizations, local municipalities,

government agencies or investors.

In virtue of their local commitment, cooperatives in industry and services (worker, social and artisans' cooperatives) have a huge development lever role, also in those countries where some key-sectors of activities such as transport, construction and public works, sanitation etc. need to be particularly enhanced. On the other hand, social cooperatives can give innovative solutions in providing services of general interest such as education, health and social services modeled after emerging people's needs.

There are some meaningful experiences from the Mercosur region, where urbanization processes are particularly strong. In Argentina and Brazil, large cities are creating enormous challenges for people's living conditions. Cities are facing big challenges in terms of integration, segregation and increasing violence.

<sup>22</sup> *The Future We Want: Outcome document adopted at Rio+20*, p. 14, available on: <http://www.un.org/en/sustainablefuture/>

<sup>23</sup> JWCU, the Japan Workers' Co-operative Union.

CNCT<sup>24</sup>, CICOPA member from Argentina, is co-managing **“TRAINING PROGRAMS WITH WORKS”** funded by the Federal Ministry of Labour and Social Development that allowed the implementation of 351 projects for urban infrastructure and community projects in 14 provinces generating more than 15,000 jobs. The Confederation is responsible for the coordination of dozens of local federations, which in turn coordinate cooperatives responsible for carrying out the work.

**LA CRUZ AZUL (MEXICO)** is a group of 13 cooperative companies, a leader in the production and commercialisation of cement and other materials to supply the demands of the construction industry. The group created different sectors of enterprises including education and health service companies, which together contribute to a better life for the local community. Now around 8,000 families depend directly or indirectly on La Cruz Azul. La Cruz Azul's activities bring economic and social development to the local communities and respect the environment. It has become a very important reality for the development of the entire country, as it spreads its wealth to the regions where it operates.

Beside urbanization, another big challenge is represented by protection and sustainable development of rural contexts. The link between cooperatives and rural communities represents a key driving force in development: thanks to their strong community embeddedness, these cooperatives can substantially contribute to sustainable job creation, social and labour integration of disadvantaged people, a sustainable

use and valorization of local resources, social cohesion and local democracy, also in the countryside. In particular, a number of concrete experiences prove that cooperatives active in industry and services can be driving forces for rural communities' empowerment preventing them from phenomena such as depopulation, local market collapse and general abandonment.

**COMMUNITY COOPERATIVES (ITALY)** result from a recent initiative of an Italian cooperative organisation LEGACOOOP, vis-à-vis emerging needs. In Italy there are 5,683 municipalities with less than 5,000 inhabitants, in which more than 10 million people live, making up 17% of the total Italian population. These centers are small, often located in disadvantaged contexts, with difficulty in accessing infrastructure and services that are the prerogative of bigger towns.

Community cooperatives were created with the aim to provide goods and services for the community, through a bottom-up local development approach. These cooperatives can be organised under different forms (mainly worker cooperatives, social cooperatives and users' cooperatives etc.) and have already displayed a strong potential in terms of employment creation, especially for young people, in a variety of activities: social services or services of public utility (energy, communication, environmental protection, tourism etc.).

The cooperative **DELICIAS CRIOLLAS (URUGUAY)** is a valuable economic tool to promote income generation for farm families for the economic empowerment of women. It was created in collaboration with the Womens' Rural Association of Uruguay, in order to launch a brand of handmade and natural products into the market. As stressed by one of the founders of the cooperative: “working for women is not only to gain economic but also social independence, increasing their self-esteem”. Delicias Criollas employs 30 women and its specialties are jams made from local produce, such as arazá, guava, and butiá. The cooperative also has 200 farmers in its membership.

<sup>24</sup> CNCT, the national confederation of worker cooperatives in Argentina.



## 2.4 NEED FOR EDUCATION AND PEOPLE EMPOWERMENT

“Education —understood as the transmission, acquisition, creation and adaptation of knowledge, skills and values— is indispensable for inclusive economic development”<sup>25</sup>.

As stated by the 5th cooperative principle, “cooperatives provide education and training for their members, elected representatives,

managers, and employees so they can contribute effectively to the development of their cooperatives”. In worker and social cooperatives, where democratic control is exercised prevalently or substantially by the enterprise staff itself, training and education of worker-members play a substantial role.

**ARTIFEX UNIVERSITY IN BUCAREST, ROMANIA** - is a university founded by the National Association of the Cooperative Institutions in 1992. “ARTIFEX” University was meant to ensure higher education to the management staff of cooperatives. Starting with the academic year 1993/1994, the following specialties became operational: Management and Finance and Accounting, with full-time courses and evening courses, and since 1995, the “Marketing and the Economics of Services” specialty has also become operational<sup>26</sup>.

Apart from internal education addressed to members, it should be underlined that cooperatives providing educational services have been strongly developing in different countries over decades. CICOPA estimates an amount of 3,735 enterprises involved in educational

activities (such as professional training, children’s recreation centres etc.) under the form of a worker or social cooperative<sup>27</sup>.

A specific phenomenon is represented by schools run as cooperatives: CICOPA estimates

that these are at least 2,100 in the world, according to the data available<sup>28</sup>. It seems that the majority provide primary education. According to the data collected, the most important number

of cooperative schools can be found in the UK (629), Spain (510), and Argentina (110). They can also be found to a lesser extent in other countries such as Brazil, the USA and Finland.

The first school converted into a cooperative in the UK was the **REDDISH VALE TECHNOLOGY COLLEGE**, in Stockport in 2008. Since then, and only in 5 years’ time, 629 schools have started to be managed as a cooperative. Initially, most of them were secondary schools but that number has now been overtaken by primary schools. The marketing policy which has seen the introduction of academies, chains (commercial or non-governmental organisations running strings of schools) and free schools has raised concerns about a growing democratic deficit, the loss of local authority control and weaker accountability to local stakeholders. The cooperative model for school governance has become increasingly popular because it provides a democratic, community-based alternative.

## 2.5 YOUTH MOBILIZATION AND ENTREPRENEURSHIP

As underlined in the above-mentioned Outcome document adopted at Rio+20 “The Future We Want”, the labour market conditions and widespread deficits of available decent work opportunities for young women and men “urge all governments to address the global challenge of youth employment by developing and implementing strategies and policies that provide

young people everywhere with access to decent and productive work”<sup>29</sup>.

The long-term sustainability of cooperatives and the articulation between continuity and innovation make the cooperative model particularly appropriate for enabling young people to create and manage sustainable enterprises.

<sup>25</sup> UN System Task Team on the post-2015 UN Development Agenda (2012), *Realizing the Future We Want for All: Report to the Secretary-General*, p. 30, available on: [http://www.un.org/millenniumgoals/pdf/Post\\_2015\\_UNTTreport.pdf](http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf)

<sup>26</sup> <http://www.artifex.org.ro/english/>

<sup>27</sup> CICOPA (2013), *Worldwide data collection on worker, social and artisans’ cooperatives*, available on: <http://www.cicopa.coop/Worldwide-data.html>

<sup>28</sup> This estimation is based on information collected in different countries where cooperatives providing education services exist, such as Italy, UK, Spain, Argentina, Brazil, USA, Finland. Please note that this information should be considered as cross-section data thus real figures may be much higher.

<sup>29</sup> *The Future We Want: Outcome document adopted at Rio+20*, p. 39, available on: <http://www.un.org/en/sustainablefuture/>

**THE YOUTH SERVICES COOP – YSC (CANADA)** gives teenagers their first work experience as well as a lesson in entrepreneurship and the cooperative movement. Above all, it provides participants with an opportunity for a unique group experience that will later help them join the labour force. Youth Services Coops are small coop-type companies that provide various services within the community (painting, maintenance, grass cutting, etc.). The YSC is managed by a dozen teenagers who are motivated to create jobs for themselves, get a taste of cooperative entrepreneurship, experience the democratic functioning of a worker cooperative, and the ins-and-outs of the workforce. Through this experience, they develop a sense of responsibility, autonomy, and self-confidence. In addition to operating as a worker cooperative, the YSC is first and foremost a learning experience. YSC members have access to theoretical and practical training in key areas such as the cooperative movement, different aspects of cooperative entrepreneurship, realities of the labour market, workers' rights and labour security.

According to the ILO, even in the current context of recession, an increase of cooperative start-ups has been noticed<sup>30</sup>, particularly under the worker cooperative form: this has a huge impact in terms of saving jobs and economic activities and creates favorable conditions not only in terms of employment opportunities for young people but also for the intergenerational transmission of local skills. Creating a cooperative can also be a sustainable and decent response to the employment needs of young people, especially in regions and countries where they are facing very bleak employment prospects. At the same time, it can help young people have a more active and autonomous place in society and make them

take charge and feel more responsible for their own future.

In this respect, the Spanish example is particularly meaningful: according to recent Eurostat data (January 2014), 54.6 % of people under 25 are unemployed in Spain<sup>31</sup>. However, worker cooperatives in Spain have shown a higher capacity to create and maintain jobs than other types of enterprise, especially among young people. Following on from the growth of cooperatives, the Spanish Ministry of Employment and Social Security has joined efforts with cooperative organizations to launch a strategy to boost entrepreneurship and youth employment<sup>32</sup>.

<sup>30</sup> ILO (2009), *The Resilience of the Cooperative Business Model in Times of Crisis*, available on [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_108416.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_108416.pdf)

<sup>31</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Unemployment\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics)

<sup>32</sup> <http://empresaytrabajo.coop/nacional/las-empresas-de-economia-social-son-el-mayor-exponente-de-creacion-de-empleo-juvenil/>

**YOUTH ECONOMIC EMPOWERMENT THROUGH CO-OPERATIVES – YEECO (UGANDA)** is a project that was implemented by CICOPA member UCA aiming at increasing income of 8,778 youths in ten districts of Uganda, enhancing their capacity to deliver sustainable services through cooperatives. YEECO contributed towards improving the standards of living of young people by enhancing their capacity to participate in income generating activities including delivery of social services on a self-help basis, such as construction of their own houses and adult literacy etc..

By the end of July 2009, YEECO had mobilised and organised youths to form 61 functional groups with a sustained membership of 11,887 (5,921 male and 5,957 female) and had managed to facilitate the creation of 11,737 jobs (5,925 male and 4,812 Female) by engaging in various income generating activities. This exceeded the target of 8,778 by 35%.

## 2.6 COMBINE INNOVATION AND ENVIRONMENTAL SUSTAINABILITY

The United Nations recognize that urgent action to combat unsustainable patterns of production and consumption remains “fundamental in addressing environmental sustainability, promoting conservation and sustainable use of biodiversity and ecosystems, regeneration of natural resources and the promotion of sustained, inclusive and equitable global growth”<sup>33</sup>.

Sustainable development depends on the capacity to ensure full interconnection between the economic, social and environmental dimensions. Cooperatives are, in this sense, the most suitable organizational model to develop

strategies for the production of innovative and sustainable goods and services with a triple bottom-line, because they base their strength and innovative capacity on the close relationship between communities and local areas. Indeed, environmental sustainability is ensured by democratic governance and the mutual interconnection between the economic activity of the enterprise, its community and environment. The state and local authorities, as a strategic partner with cooperative enterprises, can be a key actor in enabling environmental sustainability to which cooperatives increasingly aspire.

<sup>33</sup> *The Future We Want: Outcome document adopted at Rio+20*, p. 16, available on: <http://www.un.org/en/sustainablefuture/>

**ENERCOOP (FRANCE)** is a provider of renewable energy in France, within the framework of the opening of the electricity market. It is a Collective Interest Cooperative Society (SCIC) which counts within its membership the users, the producers, the workers, several NGOs such as Greenpeace and cooperatives such as Biocoop, as well as experts in renewable energy and local community representatives. Several regional Enercoop cooperatives have been established and Enercoop is gradually being reconfigured as a cooperative group.

Cooperatives' involvement in environmental activities is a growing trend. In some countries they have been active in that field for more than a decade, whereas in others, it is a much more recent trend. Environmental activities can assume various forms: waste collection and processing, parks and garden maintenance, environmental and energy conservation consultancy, waste management consultancy, installation of renewable energy power plants, landscape

architect offices etc. Cooperatives producing renewable energy are becoming particularly important (we can estimate 1,500-2,000 cooperatives only in Europe). The most important presence of cooperatives in this sector is in Italy, France and the UK. Nevertheless, they can also be found, to a lesser extent, in other countries such as the USA, South Korea, Argentina and South Africa.

**DULAS (UK)** is a worker co-operative based in the centre of Wales with 27 years of experience. The co-operative brings together expertise in several renewable energy sectors including solar, wind, hydro and biomass. As well as installing renewable energy systems, Dulas has a strong consultancy department who works to help customers reduce their energy usage and make the switch to cleaner alternatives through aiding the planning and management of projects. With just five employees in 1982, the company has grown fast and now employs over 60 people. Dulas has been key to the development of the UK renewable market, and is behind some of the most innovative renewable energy products in the country. They recently won a key contract with the UK government to supply micro-generation for public buildings and charities through the Low Carbon Buildings Programme.

## 2.7 TOWARDS MORE SUSTAINABLE INTERNATIONALIZATION

Cooperatives are showing a growing interest in internationalization. The promotion of trade exchanges, Business-to-Business, networks and clusters between cooperatives could play an important role in the future economic landscape in favour of a more sustainable globalised economy, whilst at the same time keeping cooperatives embedded in their local communities.

The establishment of horizontal networks, consortia or groups between cooperatives represents an important instrument for small and medium sized cooperatives active in industry and services to strengthen innovation and competitiveness, adapt to new market challenges and also develop a common internationalization strategy.

Legacoop Servizi (Italy) is strengthening new economic partnerships between **ITALY AND SERBIA** on the one hand, and **ITALY AND SLOVENIA** on the other hand. The purpose is to create an integrated market for agro-food, goods and services. One of the most innovative aspects of the project involves the insertion of agricultural products in the market through a portal of e-commerce, a real virtual market through which anyone may get to know the genuineness of the products in Gorizia and buy them online.

**RED DEL SUR** is a network of federations of cooperatives and social economy enterprises created in 2008 to strengthen the regional productive integration in the Mercosur region, starting from the joint actions of worker cooperatives. These actions are being supported by CICOPA Mercosur, a sub-regional organisation of CICOPA, and the Italian NGO, COSPE. Many resources have been invested in machinery for around 10 cooperatives, which rose to 40 in 2013. These acquisitions have been accompanied by technical assistance and training in marketing and merchandising. Agribusiness, metallurgy, textiles, health care and renewable energy are among the sectors covered. Two of these experiences are developing the first example of cooperative chains in the region. One of them is the binational solidarity chain PET, which involves 30 cooperatives in Brazil and Uruguay. A regional chain of agricultural technology and machinery for family production which would gather 10 cooperatives in Argentina and Uruguay, is also being developed. Although both initiatives show different degrees of progress, they enjoy substantial recognition from public authorities in the Mercosur countries and from the Specialized Reunion of Cooperatives of Mercosur (RECM).

**3 FINAL  
REMARKS**

CICOPA believes that

The experience of worker, social and artisans' cooperatives in promoting sustainable development should be a source of inspiration for public policies, enterprises and SMEs at large.

Equal wealth creation and redistribution resulting from stable jobs and an equitable access to goods and services should be among the main goals to achieve sustainable development.

In particular:

- Employment creation, duration and quality should be considered a basic sustainable development standard;
- The participation of employees both in the capital and in the governance of enterprises should be encouraged also in other forms of enterprises;
- Inter-SME collaborative networks such as the ones that exist under the cooperative form should be strongly advocated, since cooperatives are one of the main factors of their sustainability;
- Community concern, expressed in different forms such as the involvement of concerned stakeholders, labour inclusion of vulnerable groups, environmental efficiency, investments in favour of local territorial development, the capacity to create and develop knowledge and human capital in the enterprise and the surrounding community, etc. should be considered as criteria to evaluate business sustainability.

The **promotion and development of cooperatives** should be pursued by the Post-2015 Development Agenda and applied in all UN Member States.

The recognition and promotion of cooperatives should be in compliance with the internationally recognized cooperative principles and values included in the ICA Statement on the Cooperative Identity and enshrined in ILO Promotion of Cooperative Recommendation 193/2002, which was directly approved by 127 UN Member Countries at the 2002 session of the International Labour Conference.

In particular, when introducing new legal frameworks for worker cooperatives and social cooperatives, public authorities should take into consideration the **World Declaration on Worker Cooperatives** (approved by the ICA General Assembly in Cartagena, Colombia, on 23 September 2005) and the

**World Standards of Social Cooperatives** (approved by CICOPA General Assembly in Cancun, Mexico, on 16 November 2011).

**Access to specific programs, including funding**, should be ensured to cooperatives active in industry and services, taking into account long-term impact and sustainability. "One size fits all solutions" should not be applied and all support programmes should be designed through a local consultation process involving local business, their representative organisations and civil society, and preceded by deep assessment studies of the local context. These programs should be adapted to the specific characteristics of cooperatives and respect their business model as much as possible, by which, inter alia, the share capital must be owned and controlled by their members. In as much as possible, these programs should encourage cooperatives' trend to build financial reserves on their own funds and, wherever they reach a certain density, to establish mutualized financial instruments among themselves. Any financial initiative willing to promote cooperatives should acknowledge their needs and contribute through existing cooperative intermediaries, whenever these exist.

It should be underlined that cooperatives still suffer stigmatization in many developing countries, which translates in practice into unfavourable institutional aptitudes and policies. In those cases, a strong effort should be displayed to **increase awareness and education about cooperatives**. Indeed, ILO Recommendation 193/2002, approved by all 28 present EU member states, states that national policies should notably: (...) (f) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society; (art 8. (1)).

## ANNEX 1 ILO RECOMMENDATION 193/2002 ON THE PROMOTION OF COOPERATIVES<sup>34</sup>

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and

Recognizing the importance of cooperatives in job creation, mobilizing resources, generating investment and their contribution to the economy, and

Recognizing that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and

Recognizing that globalization has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization, and Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration Convention, 1951; the Social Security (Minimum Standards) Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; and the Worst Forms of Child Labour Convention, 1999, and

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity", and Recalling that the realization of decent work for workers everywhere is a primary objective of the International Labour Organization, and

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twentieth day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

### I. SCOPE, DEFINITION AND OBJECTIVE

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.
2. For the purposes of this Recommendation, the term "cooperative" means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:
  - a. Cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and
  - b. Cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These 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.
4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:
  - a. Create and develop income-generating activities and sustainable decent employment;
  - b. Develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;
  - c. Develop their business potential, including entrepreneurial and managerial capacities;
  - d. Strengthen their competitiveness as well as gain access to markets and to institutional finance;
  - e. Increase savings and investment;
  - f. Improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
  - g. Contribute to sustainable human development; and
  - h. Establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.
5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

**II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS**

**6.** A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:

- a.** Establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
- b.** Promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
- c.** Provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;
- d.** Facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
- e.** Encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

**7.**

**7.1.** The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.

**7.2.** Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.

**7.3.** Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

**8.****8.1. National policies should notably:**

- a.** Promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- b.** Ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
- c.** Promote gender equality in cooperatives and in their work;
- d.** Promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
- e.** Develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
- f.** Promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
- g.** Promote the adoption of measures that provide for safety and health in the workplace;
- h.** Provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;
- i.** Facilitate access of cooperatives to credit;
- j.** Facilitate access of cooperatives to markets;
- k.** Promote the dissemination of information on cooperatives; and
- l.** Seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

**8.2. Such policies should:**

- a.** Decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
- b.** Define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and
- c.** Promote best practice on corporate governance in cooperatives.

**9.** Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life.

**III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES****10.**

**10.1.** Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.

**10.2.** Governments should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.

**11.**

**11.1.** Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.

**11.2.** These services should include, wherever possible:

- a.** Human resource development programmes;
- b.** Research and management consultancy services;
- c.** Access to finance and investment;
- d.** Accountancy and audit services;
- e.** Management information services;
- f.** Information and public relations services;
- g.** Consultancy services on technology and innovation;
- h.** Legal and taxation services;
- i.** Support services for marketing; and
- j.** Other support services where appropriate.

**11.3.** Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.

**11.4.** Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.

**12.** Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:

- a.** Allow loans and other financial facilities to be offered;
- b.** Simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;

- c.** Facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and
- d.** Include special provisions for disadvantaged groups.

**13.** For the promotion of the cooperative movement, governments should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

**IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS, AND RELATIONSHIPS BETWEEN THEM**

**14.** Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.

**15.** Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

**16.** Workers' organizations should be encouraged to:

- a.** Advise and assist workers in cooperatives to join workers' organizations;
- b.** Assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;
- c.** Participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
- d.** Assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
- e.** Assist and participate in programmes for cooperatives aimed at improving their productivity;
- f.** Promote equality of opportunity in cooperatives;
- g.** Promote the exercise of the rights of worker-members of cooperatives; and
- h.** Undertake any other activities for the promotion of cooperatives, including education and training.

17. Cooperatives and organizations representing them should be encouraged to:

- a. Establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;
- b. Manage their own support services and contribute to their financing;
- c. Provide commercial and financial services to affiliated cooperatives;
- d. Invest in, and further, human resource development of their members, workers and managers;
- e. Further the development of and affiliation with national and international cooperative organizations;
- f. Represent the national cooperative movement at the international level; and
- g. Undertake any other activities for the promotion of cooperatives.

## V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

- a. Exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;
- b. Encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:
  - I. The exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;
  - II. The compilation and utilization of research material and other data on cooperatives and their development;
  - III. The establishment of alliances and international partnerships between cooperatives;
  - IV. The promotion and protection of cooperative values and principles; and
  - V. The establishment of commercial relations between cooperatives;
- c. Access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and
- d. Developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

## VI. PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.

## ANNEX 2

ANNEX TO ILO RECOMMENDATION 193/2002 - EXTRACT FROM THE STATEMENT ON THE COOPERATIVE IDENTITY, ADOPTED BY THE GENERAL ASSEMBLY OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE IN 1995

The cooperative principles are guidelines by which cooperatives put their values into practice.

### VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

### MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

### AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### EDUCATION, TRAINING AND INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

### COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies approved by their members.



