



**Intervention by Bruno Roelants, Secretary General of CICOPA,
in the name of the International Cooperative Alliance
at the Committee on Small and Medium-Sized Enterprises
of the 104th Session of the International Labour Conference**

2 June 2015, Geneva

Madam Chair, greetings to you and to all participants from the International Cooperative Alliance and from cooperatives. I wish to congratulate the ILO for the very good report it has published on SMEs. It contains many key issues such as job creation, start-ups, finance, formalization, value chain development etc.

However, we regret that cooperatives are not mentioned in the report, in spite of the fact that they are mentioned in the ILO 1978 Recommendation on SMEs.

I should also underline that, for the last 15-20 years, we have suffered from a substantial fall in development programmes focusing on cooperatives. This generates a vicious circle, as less data on cooperatives' impact is available.

This being said, we do have data which shows that cooperatives and cooperative employment are important and are growing, and, more importantly for this discussion, that both cooperative SMEs and cooperatives of SMEs are growing, as well as employment in them. Certainly, statistics on them are still lacking in many countries, but the situation is improving in others, and in some countries we do have very good statistics at hand.

According to preliminary estimates from a study which we presented last year¹, employment within the scope of cooperatives involves at least 250 million people. In the G20, the proportion is 12% of the employed population. The vast majority of these jobs are within the scope of cooperatives of SMEs and small producers, involving around 224 million people out of the 250 million, who find their activity stabilized and reinforced by the cooperative. Such cooperatives of SMEs are found mainly in agriculture, but also, and increasingly, in other sectors like construction trades, artisans (90% of German bakers), retail (20% of retail trade in France is in the hands of cooperatives of groceries and supermarkets), but also doctors, architects, lawyers etc.

Quantitative and qualitative evidence that we have gathered shows that in many instances, cooperatives have made it possible for many SMEs and small producers to remain on the market. Indeed, cooperatives

¹ Roelants B., Eum H. & Terrasi E. (2014) Cooperatives and Employment – a Global Report (Brussels & Lévis: CICOPADesjardins), downloadable at www.cicopa.coop/IMG/pdf/cooperatives_and_employment_a_global_report_en_web_21-10_1pag.pdf

of SMEs have a strong clustering function, which is horizontal and democratically controlled, providing inputs, marketing opportunities, advisory services etc., as analyzed by a 2010 ILO report².

Cooperatives of SMEs also tend to promote decent work and labour standards because of the democratic checks and balances existing in them and because they are community-based. They also play an important role in helping small informal economy producers operate a transition towards the formal economy, as we argue in another document³.

Besides cooperatives of SMEs, we also have cooperative SMEs, namely primary SMEs organized internally under the form of a cooperative. These cooperatives are much smaller in numbers (around 60 000 of them in industry and services, employing around 3 million people). But they are growing steadily, and particularly in sectors such as health, education, social services, environmental services, tourism, energy production, and increasingly among the youth. These cooperative SMEs have a strong qualitative value for SMEs at large, as they generate among themselves a very strong clustering effect, with an array of effective and innovative business support services at national or regional level (marketing, training, financing, advisory services). There is an evolutionary process by which the more they multiply the more they tend to produce such services among themselves. This is one of the reasons for the particularly strong resilience they have shown to the crisis, in terms of enterprise survival, employment and capital to debt ratio⁴.

They also increasingly create horizontal groups among themselves. We have already identified several hundreds of such groups, big and small, in our network. A very big one, the Mondragon group in Spain, is a good example because it is one of Spain's first business groups and first employers, with a very high internationalization rate. But most of its hundred or so industrial cooperatives are actually SMEs. The group provides economies of scale, in particular in the fields of innovation and internationalization. This is an example for all SMEs and a source of inspiration for policy-making.

Indeed, what I have mentioned above, both in terms of cooperative SMEs and cooperatives of SMEs, has not only taken place spontaneously, it has also been backed by targeted legislation and public policies.

As you can see, Madame Chair, there is a huge potential for cooperation between SMEs and the cooperative system, and public policy should take this very seriously. This can be decisive to the future of the world of work and of SMEs.

² Goeler von Ravensburg N. (2010) Economic and other benefits of the entrepreneurs' cooperative as a specific form of Enterprise cluster; Geneva: ILO & COPAC, downloadable at www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_173050.pdf

³ Roelants B. (2015) Cooperatives are Key to the Transition from the Informal to the Formal Economy; Brussels: CICOPA, downloadable at [www.cicopa.coop/IMG/pdf/cicopa - cooperatives are key to the transition to the formal economy.pdf](http://www.cicopa.coop/IMG/pdf/cicopa_-_cooperatives_are_key_to_the_transition_to_the_formal_economy.pdf)

⁴ Roelants B., Dovgan D., Eum H. & Terrasi E. The Resilience of the Cooperative Model ; Brussels : CECOP Publications, downloadable at http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf