



International Co-operative Alliance ICA

Position Paper:

Promotion of Cooperatives: Revision of ILO Recommendation No. 127

Introduction – ICA Position – Proposed Revisions to the Text

Introduction

ICA welcomes the ILO initiative to revise its Recommendation no. 127 on the "Role of Cooperatives in the Economic and Social Development of Developing Countries" and underlines that the instrument should:

- /// provide a long-term policy reference framework for the Member States of the ILO
- /// be global in nature and scope,
- /// have the flexibility of addressing the needs of all types of co-operative organizations
- /// focus on ensuring that enabling conditions exist for co-operatives to function and thrive especially with regard to the role of the state.

The International Co-operative Alliance (ICA) is an international non-governmental organization which unites, represents and serves co-operatives worldwide. Its 253 national and international member co-operative organizations represent all sectors of economic activity in over 101 countries in all regions of the world. ICA has a long-standing relationship with the ILO and its Cooperative Service which was established in 1920.

ICA Position: Basic principles for the revision

The ICA requests the ILO constituency to consider the following important points when reviewing the R.127:

1. Definition of a co-operative

The revision should include the ICA Co-operative Identity Statement to define what is a co-operative. The Co-operative Identity statement clearly notes the autonomous nature of co-operatives, sets its values and principles and defines its role in promoting economic, social and cultural development. The Co-operative Identity Statement was adopted in 1995 after a long consultation process among co-operatives throughout the world.

ICA Co-operative Identity Statement

Definition: A co-operative is 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.

Co-operative Values: Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Co-operative Principles: Voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community.

2. Autonomy of co-operatives

The revision should ensure that autonomy of co-operatives is guaranteed. In this regard, the role of government is to create and maintain as conditions change, an enabling environment for co-operative development. The revision should avoid references to the role of government as promoting co-operatives as this may attribute an active role to government in setting up co-operatives rather than providing the conditions under which co-operative can be formed and effectively operated.

3. Equal Opportunities for Co-operatives – Level Playing Field

Co-operatives must enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character.

4. Co-operatives are for Everyone

Co-operatives exist in all sectors of the economy; they can be formed by anyone and everyone. The revision must not limit the scope of co-operative activity to any group of persons or sectors. In the context of the proposed revision, too much emphasis is laid on defining the types of co-operatives that could be formed and communities that co-operatives should serve.

Proposed changes to the draft text

Source: International Labour Office
International Labour Conference, 89th Session 2001
Promotion of cooperatives - Report V (2)

PROPOSED CONCLUSIONS

A. Form of the instrument

1. The International Labour Conference should adopt an instrument on the promotion of cooperatives.
2. The instrument should take the form of a Recommendation.

B. Preamble

3. The instrument should contain a preamble referring to relevant ILO instruments which might include the following: the Employment Policy Convention, 1964, and Employment Policy (Supplementary Provisions) Recommendation, 1984; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; and the Job Creation in Small and Medium-sized Enterprises Recommendation, 1998.

C. Objective, scope and definition

4. **Members should ~~adopt measures~~ provide an enabling environment to promote the potential of cooperatives, in all countries, ~~irrespective of their level of development~~, to assist their membership to:**
 - (a) create employment and expand access to income-generating activities;
 - (b) develop their business potential, including entrepreneurial and managerial capacities, through education and training;
 - (c) increase savings and investment; and
 - (d) improve social well-being, with emphasis on gender equality, housing, health care and community development.

5. **The instrument should apply to all types and forms of cooperatives, both worker and client owned, and to all economic and social sectors, such as rural and urban, primary, secondary and tertiary, formal and informal, in which cooperatives operate.**

6. **The instrument should define “cooperative” as “an autonomous association of persons who have united voluntarily joined together to achieve a common end to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the enterprise in which the members actively participate enterprise.”**

7. **The instrument should encourage the promotion and strengthening of the identity of cooperatives based upon the following cooperative values and principles as defined in the Statement on Cooperative Identity¹:**

(a) Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

(b) The cooperative principles are guidelines by which cooperatives put their values into practice, namely:

i. (a)-voluntary and open membership;

ii. (b)-democratic member control;

iii. (c)-member economic participation;

iv. (d)-autonomy and independence;

v. (e)-education, training and information;

vi. (f)-cooperation among cooperatives; and

vii. (g)-concern for community.

8. **The instrument should encourage the adoption of measures enabling cooperatives, like any other form of enterprise and organization, to respond to the people’s needs, of disadvantaged groups.**

D. Role of governments, employers’ and workers’ organizations and cooperative organizations and relationship between them

9. Members should limit the role of governments to the regulation of cooperatives as follows:

(a) the establishment of a policy and legal framework based on the cooperative principles listed in Point 7;

(b) the establishment of an institutional framework allowing for registration of cooperatives in a rapid and simplified manner;

(c) the establishment of a policy and legal framework for the promotion of a vertical cooperative structure, according to the needs of cooperative members; and

(d) the adoption of measures for the oversight of cooperatives on equal terms to those applied to other forms of enterprise.

10. Employers’ organizations should be encouraged to:

(a) extend membership to cooperatives wishing to join them and provide appropriate support services such as:

¹ **International Co-operative Alliance: Statement on Co-operative Identity, 1995.**

- (i) the exchange of experience and establishment of commercial linkages between cooperatives and other forms of enterprise;
- (ii) the establishment of programmes for cooperatives aimed at improving productivity, product and service quality and access to market opportunities; and
- (iii) their participation in studies on social and labour market issues of interest to cooperatives.

(b) **assist their members in enabling their employees to create ~~consumer, savings and credit and housing cooperatives~~; and**

(c) **carry out other activities for the promotion of cooperatives, including in the informal sector economy.**

11. Workers' organizations should be encouraged to:

(a) ~~advise~~ **enable their members to establish cooperatives** ~~with the special aim of facilitating access to basic consumer goods, loans, housing and social services;~~

(b) **promote the establishment of cooperatives in the informal economy**, ~~in the informal sector in order to improve the competitiveness of micro-enterprises and to organize social services;~~

(c) participate in committees and working groups at the national and local levels to consider economic and social issues having an impact on cooperatives;

(d) participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, for example in the case of the conversion of enterprises in the private and public sectors;

(e) participate in programmes for cooperatives aimed at improving productivity and equality of opportunity; and

(f) **carry out other activities for ~~the promotion~~ enabling of cooperatives development.**

12. Cooperative organizations, and in particular their unions and federations, should be encouraged to:

(a) ~~establish an active partnership~~ **collaborate with employers' and workers' organizations and relevant governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;**

(b) finance and manage their own technical support services, including, where feasible, management consultancy, human resource development and external audit;

(c) furnish commercial and financial services to affiliated cooperatives;

(d) **represent the ~~national~~ cooperative movement at the international level; and**

(e) **carry out other activities for the promotion of cooperatives**, ~~including in the informal sector.~~

E. Policy framework

13. (1) **Members should ~~consider~~ create, and maintain as conditions change, a supportive and enabling environment for cooperative development** ~~the promotion of cooperative~~ **based on the principles set forth in Point 7 as one of the objectives of national economic and social development.**

(2) **Members should treat cooperatives on terms not less favourable than those accorded to other forms of enterprise and social organization.** ~~However, special consideration may be given to the needs of members of disadvantaged groups organized in cooperatives.~~

14. (1) Members' policies should, inter alia:

(a) facilitate access to credit for cooperatives;

(b) promote education in cooperative principles and practices;

- (c) develop the technical and managerial abilities of both members and managers;
- (d) disseminate information on cooperatives;
- (e) improve the level of productivity of cooperatives and the quality of goods and services they produce;
- (f) facilitate access of cooperatives to markets; and
- (g) **improve national statistics on cooperatives** ~~with a view to the formulation and implementation of development policies.~~

(2) Such policies should:

- ~~(a) decentralize to the regional and local levels, where possible, the formulation and implementation of policies and regulations regarding cooperatives; and~~
- (b) limit the legal obligations on cooperatives to areas such as registration, audit, the receipt of licences and the establishment of business reports to the same extent as is required by national law of any other form of enterprise.

F. Implementation of policies for the promotion of cooperatives

15. (1) **Members should adopt** ~~specific~~ **legislation on cooperatives and periodically revise such legislation.**

(2) Such legislation should recognize explicitly the cooperative principles listed in Point 7.

(3) Members should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of relevant cooperative legislation.

16. (1) Cooperatives should have access **equal to that of other enterprises**, to support services in order to strengthen their business viability and their capacity to create employment and income.

(2) These services should include the following:

- (a) training programmes for the improvement of the entrepreneurial capabilities of members, managers and employees of cooperatives;
- (b) research and management consultancy services;
- (c) access to finance and investment;
- (d) accountancy and external audit;
- (e) management information services;
- (f) information and public relations services;
- (g) consultancy services on technology and innovation;
- (h) legal and taxation services; and
- (i) other services as required by cooperatives operating in specific economic sectors.

(3) Support services should, where feasible and appropriate, be financed by cooperatives and their organizations.

17. Members should adopt measures to facilitate the access of cooperatives to investment finance and credit. Specific measures should:

- (a) enable credit and other financial facilities to be offered, as far as possible under market conditions;
- (b) simplify administrative procedures, remedy the low 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.

18. ~~For the promotion of the cooperative movement,~~ **Members should create conditions favourable to the development of technical, commercial and financial linkages among all forms of cooperatives in order to encourage an exchange of experience and the sharing of risks and benefits.**

G. International cooperation

19. Members should take appropriate measures to facilitate international cooperation through:

- (a) the exchange of information on policies and programmes which have proved to be effective in employment creation and income generation for members of cooperatives;
- (b) the encouragement and promotion of linkages 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 or 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; and
 - (iv) the promotion and protection of cooperative values and principles;
- (c) access of cooperatives to national and international data such as market information, legislation, training methods and techniques, technology and product standards.