

CONSULTATION DOCUMENT

**ON RECOMMENDATIONS
FROM THE ICA RESTRUCTURING WORKING GROUP**

**DEALING WITH STRUCTURAL AND MEMBERSHIP ISSUES
AND WITH A PROPOSAL FOR A NEW ICA SUBSCRIPTION FORMULA**

**SUBMITTED TO
ICA MEMBER ORGANISATIONS**

FOR COMMENTS BY 20 FEBRUARY 2008

**PREPARED BY THE ICA RESTRUCTURING WORKING GROUP
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1. PREAMBLE

In recent years, the International Co-operative Alliance (hereafter referred to as “ICA”) has pursued the on-going process of regionalisation and has been engaged in an important internal strategic review to improve its efficiency and to better address the challenges lying ahead for its members. In 2007, it further focused its efforts on the definition of a new vision and mission and a drafting of an ambitious four-year strategy plan. The highlights of the exercise are as follows:

Vision

To be prized as the organisation of reference which provides an effective and efficient global voice and forum for knowledge, expertise and coordinated action for and about co-operatives.

Mission

The International Co-operative Alliance (ICA) unites co-operatives worldwide. It is the custodian of co-operative values and principles and makes the case for their distinctive values-based economic business model which also provides individuals and communities with an instrument of self-help and influence over their development. The ICA advocates the interests and success of co-operatives, disseminates best practices and know-how, strengthens their capacity building and monitors their performance and progress over time.

Key Strategic Objectives

- **Consolidate and increase membership**
- **Increase global influence in promoting the growth of co-operative enterprise as a preferred values-based business model**
- **Build ICA'S financial sustainability**
- **Improve efficiency effectiveness and good governance of ICA**
- **Build a competent and committed people base**

In the course of all these undertakings, it became clear that it was also important to attend to three aspects in particular: 1) the organisation of ICA's membership, 2) the organisation's structure, and 3) the subscription formula. These issues are nothing new. A case in point is the subscription formula. Given the complexity and difficulty of application of the current subscription formula, a number of attempts at reform have already been made: in 1976, in 1989 and in 2005. The important work done by various ICA working groups on such issues as “regionalisation” and “governance” helped to clarify the issues at stake which are as complex as they are difficult. This has led to the decision, at the September 2006 ICA Board in Stockholm, to create the ICA Restructuring Working Group (hereafter referred to as RWG). Its mandate is to table recommendations on membership strategy and revised subscription formula as well as on the most suited organisational global structure for the Alliance which would best support the fulfillment of the proposed mission, vision and 4-year strategy plan for the organisation.

The RWG has reported on its work in progress at several ICA board meetings over the last year. Its main recommendations and proposal for a new subscription formula have been fully endorsed by the Board members at an extraordinary Board meeting held on 14 September 2007 in Paris and favourably received by the ICA General Assembly in Singapore on 19 October 2007. They will be submitted for final approval by the ICA delegates at an extraordinary General Assembly which will take place on 5-6 June 2008 in Rome (Italy).

It is essential to bear in mind that all recommendations presented must be understood within the context of the adopted strategic plan and orientations for improved governance within ICA. Therefore, it is highly recommended that, prior to reading on the next pages of this consultation document and expressing their views on its contents, ICA members take a few minutes to consult the ICA website to obtain the required contextual information. Executive summaries of the strategic plan and of the code of governance are available under: www.ica.coop

2. OBJECTIVES OF THE CONSULTATION

This consultation aims mainly at surveying ICA members' opinion on the recommendations proposed by the RWG and on the proposed subscription formula. The important feedback obtained through this exercise will help adjust, if need be, certain recommendations with the view to securing the widest support possible amongst members for their approval at the next ICA General Assembly and for their future implementation. The consultation document is divided into 2 parts: the first deals with the main recommendations on membership strategy and structural issues and the second deals with the subscription formula. ICA members are asked to use the response sheet to record their answers and have returned it by no later than February 20th 2008 to the addressees indicated on the form.

3. MAIN RECOMMENDATIONS ON STRUCTURAL AND MEMBERSHIP ISSUES

Foreword regarding the main recommendations

Not all recommendations made in this document carry the same weight. Some suggest improvements in the area of operational efficiency whereas others are more strategic given their "structuring" character. Whether they speak of membership or structural issues, many of them are interrelated. Some of the recommendations are within the jurisdiction of the ICA Board of Directors that will decide upon their implementation at the opportune time. Others, as indicated, require amendments to the ICA Rules and Standing Orders. Members' comments will be taken in consideration by the ICA Board. Formal proposals for Rules' changes will be sent to members at least two months prior of the extraordinary General Assembly on 5-6 June 2008. We recommend that you read through all the recommendations before starting to fill in the response sheet.

Presentation of the recommendations dealing with membership issues

R#1: *“that eligibility be rigorously restricted to those organisations conforming with the ICA Statement on the Co-operative Identity on the basis of a predefined set of evaluation criteria”*

(Rules' changes)

R#2: *“that an ad-hoc working group consisting of appropriate representatives be set up and submit to the ICA Board, for final adoption by ICA General Assembly, recommendations on whether ICA should accept mutual organisations of various sectors as members”*

R#3: *“that the view of “global membership” to ICA be the only one applicable with the corresponding single global dues' contribution (with the exception of ICMIF members, until further recommendations are tabled) and that a defined period of transition be provided”*

(Rules' changes)

R#4: *“that there be two categories of members : members (full members with voting rights) and associate members”*

1. Members (full members):

- *National unions or federations of co-operative organisations*
- *National confederations of co-operative unions (Apex)*
- *National co-operative business organisations with majority individual ownership*
- *Individual co-operative organisations (of a national or multi-regional nature)*

2. Associate members:

- *Organisations who are not otherwise eligible to be full members:*
 - *organisations which are supporters of co-operatives or are owned and controlled by co-operatives*
 - *educational, research and other institutions which promote or finance co-operatives and the co-operative movement*
- *Organisations entitled in principle to full member status, but that need a period of time before becoming full members (typically, organisations that want to become acquainted with ICA by participating, in the first years, mainly at the regional or sectoral level)*
- *International and regional (supranational) federations or unions of co-operative organisations*

(Rules' changes)

Presentation of the recommendations dealing with membership issues

R#5: "that ICA accommodate and assist those national co-operative representative organisations wishing to be responsible for the co-ordination of ICA dues' collection within their country, in respect of existing institutional and operational arrangements between national representative organisations for co-operatives and their members"; that ICA also permit members of a given country to voluntarily agree to a different allocation of ICA dues amongst themselves as long as their total aggregated contribution in dues equals that calculated according to the new formula for all members of that country"

(Rules' changes)

R#6: "that ICA staff and board members stand by a firm application of the membership policy concerning dues' payment, limiting the granting of special treatment to a few exceptional well-documented cases"

R#7: "that ICA establish in 2008 a data management system for the collection and use of key statistical data on ICA members and their national movements, collaborating with all parts of the ICA including its members, and build on readily available systems and data, to avoid any duplication of work and maximize limited available resources"

R#8: "that ICA Board create a committee, "Membership Committee" to propose eligibility criteria, to support ICA in the activities relating to the promotion and correct implementation of the dues' formula as well as in designing a member recruitment strategy and that the Committee report to the Board with recommendations on all these issues"

(Rules' changes)

R#9: "that ICA seek to further diminish its reliance on annual membership dues as rapidly as possible through alternative sources of funding that are fully researched, fully costed and that do not damage the reputation of ICA. These include as first steps the possibility of setting up an ICA Foundation and/or seeking out business opportunities"

Presentation of the recommendations dealing with structural issues

R#10: "that the current organisational model be maintained and that global co-ordination of the specific and complementary contributions of all ICA structural components to the overarching strategic direction be strengthened"

R#11 : "that a report be produced, within the timeframe of the current strategy plan, on the feasibility, according to Swiss law, of establishing the ICA as a co-operative"

Presentation of the recommendations dealing with structural issues

R#12: *“that the number of ICA regions remain unchanged for the time being. If a sound business case is made in the future for a further region/sub-region, then the proposal should be presented to the Board and approved by the General Assembly”*

R#13: *“that the ICA sectoral organisations be represented collectively through formal representation with two seats on the ICA Board; that these representatives be nominated and elected by the ICA sectoral organisations themselves, based on criteria and terms of reference to be established by the “ICA Election committee” and that these representatives be formally elected by the ICA General Assembly”*

(Rules' changes)

R#14: *“that all sectoral organisations be required to carry out a “SWOT” analysis (strengths, weaknesses, opportunities and threats) and provide recommendations to the ICA Board for reinforcing their respective organisation and create synergies beneficial to the whole ICA and that any change to the number and nature of existing ICA sectoral organisations be examined on a case by case basis with well-argued support documentation”*

R#15: *“that current thematic committees and working groups be required to carry out a SWOT analysis (strengths, weaknesses, opportunities and threats) and report to the ICA Board and that any change to their number and nature be examined on a case by case basis with well-argued support documentation”*

R#16: *“that all structural components of ICA make an assessment of their work programmes to enable an alignment with the ICA Strategy Plan; that they report to the ICA Board with their strategy plans”*

R #17: *“that the Board ask the ICA Director General to present a well-documented assessment of the human and financial resources required at all levels to deliver the new strategy plan and mandate him to improve and optimise co-ordination between ICA structural entities in the delivery of added-value services for its members”*

R#18:

- *“that committees and working groups be limited in number and their mission be directly connected to the global strategy; that their terms of reference be adopted by the Board;*
- *that committees be concerned with internal matters of the organisation, have a permanent character, be composed exclusively of board members and that these be: (1) the Audit & Risk control Committee (with relevant financial experience), (2) Governance Committee, (3) Membership Committee and (4) Human Resource Committee; that these committees be able to call on external expertise for advice when necessary;*
- *that all working groups be concerned with strategic issues of the entire co-operative movement, have an ad-hoc character and an open membership;*
- *that an Intelligence Working Group be established;*
- *that these committees and working groups regularly report to the Board;*
- *that the external auditor be nominated by the ICA General Assembly”*

(Rules' changes)

Presentation of the recommendations dealing with structural issues

R#19: "that the voting rights of ICA thematic committees and ICA sectoral organisations at the General Assembly be withdrawn and that the ICA rules be amended accordingly"

(Rules' changes)

R#20: "that the Governance Working Group of the Board assess the voting system within ICA and report to the Board"

R#21: "Following the decisions by the ICA General Assembly on proposed revisions of rules and subscription formula, that the Governance Working Group present recommendations to the Board to improve the harmonisation of ICA regional and sectoral bodies' rules with those of the global ICA"

4. PROPOSAL FOR A NEW ICA SUBSCRIPTION FORMULA

Foreword regarding the revision of the current ICA subscription formula

In practice, a small percentage of ICA members apply the subscription formula correctly. Under the current ICA formula, set out in the ICA Rules and Standing Orders and available on the ICA web site, the subscription fee varies according to economic indicators by sector (capital and reserves for banking and savings/credit co-operatives, premium income for insurance co-operatives, housing units built or managed for housing co-operatives, and turnover for agriculture, consumer, worker, tourism, health and other co-operatives). Representative organisations having no economic activities of their own must apply the formula to their entire membership, that is to calculate the amount due on behalf of all those co-operatives, as above, that they represent using the different formulas that apply to their members and to "members of their members", often referred to as "indirect members". This proves quite arduous to do. Indeed, few members calculate the dues on this basis; many simply decide arbitrarily to pay ICA the minimum dues of 5 500 CHF or less.

A large number of ICA members, that are representative organisations for co-operatives, argue that they have difficulty securing economic data from their own members. The collection of the economic data and support documentation, which has historically been problematic, imposes a significant amount of work on Apex-type members who usually have limited resources. The current formula also requires a fine knowledge of such questions as whether the member has economic activities, whether these are significant, whether it is involved in various sectors of activities and which ones, whether it has subsidiaries whose results should be taken into account if these are controlled by the member, whether the financial data provided is the correct one (considering varying terminology used in the presentation of financial statements from one country to the other, as accounting standards often differ).

This has led to an increasing number of requests for special consideration regarding dues and further non compliance to the subscription formula. In 2006, of the 145 ICA members that are multisectoral or sectoral representative organisations for co-operatives, only 45 paid a subscription higher than 5,500 Swiss francs. More than half of the dues' income for the Alliance in 2006 came from the generous contributions of only 17 members, out of a total of 225 members. Clearly, the subscription formula no longer works, it also leads to a perception of unfairness within the membership and is undermining the Alliance's financial sustainability and image.

ICA's Rules and Standing Orders stipulate that the subscription formula must be reviewed every four years. The last three attempts of 1976, 1989 and 2005, to find a better subscription formula, have failed. After several years of work, the working groups responsible for designing the new formula simply could not conceive a sound alternative. This is testimony to the complexity of the issue. Of course, the RWG members recognize that the level of dues to be paid by any member, under any new subscription formula, will, in the end, be appraised by that member from the perspective of the benefits it feels the Alliance provides. The strategic initiatives included in the new four-year strategy plan should help members to better appreciate the worth of their ICA membership and contribute to further developing a sense of belonging and pride in the organisation.

Adopted criteria for a new subscription formula

The RWG has sought alternative approaches to enable ICA to implement a subscription formula that will offer the best compromise in the difficult reconciling of such criteria as diversity of types¹ and internal organisation of members, fairness, ease of application by ICA members and of monitoring by the Alliance and its Board. The formula should also enable ICA to minimally obtain the financial resources required for its core activities at all levels of the organisation. Preliminary work has shown that clearly, there is no perfect formula and no single one can satisfy all ICA members. Further, resistance to change is always to be expected in this type of issue. Of all the alternatives studied over the past year by the RWG, only one obtained consensual support from the group and from ICA Board members at an extraordinary meeting held in Paris on 14 September 2007. This proposal was thereafter presented at the ICA General Assembly of Singapore with the understanding that it would be first submitted to ICA members for consultation at the beginning of 2008 and thereafter, to ICA delegates for formal endorsement at an extraordinary ICA General Assembly which is scheduled for 5-6 June 2008.

¹ multi-sectoral co-operative organisations, representative organisations at the international/ national / regional / local levels, co-operative federations with economic activities, primary co-operatives, institutions supporting co-operatives including promotional institutions, education and training institutions, etc.

As a basis for a new subscription formula, this model proposes to use the total number of individual co-operators (member-owners) that an ICA member either has or represents, be they individuals or organisations. The main advantages of this criterion are that it is based on membership, an indicator which has the merit of being the most important asset of any co-operative organisation. It is also a very logical criterion to use for the membership organisation that is ICA. Individual membership statistics will be easier to collect than other financial-based indicators which have been difficult to obtain from members. Financial data is also more complex to manage given the required exchange rate conversions into figures of a single currency, the differences in terminology and accounting practices and the numerous languages. The number of members is a variable that does not usually fluctuate as much as financial ones such as turnover and is more stable than the number of co-operative organisations in a given country which may be decreasing in light of the current trend of consolidation within co-operative networks. The monitoring of this variable over time may in fact provide good insight into the relative strength and vigour of the co-operative movement in any given country.

In the case of a primary co-operative, the formula would be based on its total number of members. In the case of a representative organisation for co-operatives, it would be based on the aggregated number of co-operators that its direct members collectively represent (including “members of members”, all the way down until the level of the “end-user” of the primary co-operative is reached), as per the current formula. The representative organisation would have to consider, in its count, all of its members, the total of which may differ from that of the country’s co-operative movement. Any double counting of members amongst ICA members in a given country would be eliminated, as described later (when, for instance a primary co-operative is a member of ICA and affiliated to a representative organisation which is also an ICA member). The proposed formula for an organisation in the “members” category consists of a base fee which is weighted on scales based on the number of members. To take further into account the relative wealth of the members without having to use difficult to obtain and complicated economic data, this fee is then coupled with their country’s ranking according to the World Bank Country Income Index (WBCII). The subscription fee is thus calculated by multiplying these three parameters:

$$\text{Subscription fee for "members"} = \text{base fee} \times \text{membership weighting} \times \text{WBCII weighting}$$

Guiding principles for the implementation of the proposed new formula

Applicable to the category "members"

The principles supporting the calculation of the annual dues of any ICA member under the proposed formula would be:

1. The basis for the calculation of dues for implementation in 2009 would be the 2006 data provided by the ICA members. This data includes the number of members they have or represent, as well as links of affiliation with other ICA members. Failing to obtain this data, the Alliance would use the data it can find or would evaluate the organisation to the best of its knowledge;
2. As shown in illustration on page 12, to avoid any double counting of members, considering the links of affiliation between some ICA members in a given country, the formula would firstly be applied to the primary co-operatives that are direct members of ICA. Their respective membership would thereafter be subtracted from that of the other direct members of ICA in that country to which they are affiliated. The dues for the sectoral or multisectoral representative organisations in ICA membership would thereafter be calculated on the remainder of co-operators they represent;
3. Members of a given country could enter into an institutional arrangement to split differently between themselves the aggregated total fees calculated for all ICA members of that country (reference to Recommendation #5);
4. A maximum amount of 275 000 CHF would be set by country and, in cases where the sum of the individual dues of all members in a country would exceed that set upper limit, the contribution from these individual members could be proportionally decreased or redefined on the basis of a particular institutional arrangement as described in principle 3;
5. Due to the complexity and quasi-impossibility of eliminating the double counting in organisations for co-operatives that have an international or supra-national reach (ex: WOCCU, Asian Confederation of Credit Unions, etc.), those organisations would be eligible to "associate member" status associated with a flat fee of 6 000 CHF;
6. Those organisations that currently are ICA members as well as ICA sectoral members would no longer have to pay sectoral fees as those would be covered via their global ICA membership (reference : recommendation #3 on global membership);
7. Those ICA members who would see their dues increase by more than 20 % and by more than 3 000 CHF under the new formula could avail themselves of the opportunity to reach the new level of dues over a maximum period of 3 years. They would be asked to pay, in year 1, 30% of the gap to fill up, adding another 35 % in year 2 and the remainder 35 % in year 3;

As for those members who would see their contribution decrease by more than 1 000 CHF, they would benefit from the reduction in a gradual manner over a period of 3 years. They would see their annual dues decreased by 15 % of the amount of the gap between the last amount paid and new dues, by another 25 % in year 2, and by the remainder 60% in year 3. They also would be invited to kindly redirect the difference into the ICA Foundation, if existing, or into a sponsorship of a major initiative of the Alliance, in order to stabilize as much as possible the revenue base stemming from annual dues;

8. The subscription formula would undergo a review every four years, coinciding with the coming of a new four-year strategy plan. Each year, all ICA members would be asked to provide the Central Office with the required updated data on the number of members that they have or represent and state of affiliations with other ICA members. However, rather than being calculated yearly, ICA members would see their amount of dues payable in year one of the implementation of the new formula, slightly adjusted for inflation in subsequent years. The ICA Board would determine the indexation rate for years two, three and four. For the 2009 implementation of the formula, the data used would be that of 2006 whereas for future cycles of application of the formula, the data used would be that of the year preceding that of the beginning of the new four-year strategy plan;
9. The ICA Board would maintain its discretionary power to modify a specific dues' contribution (lower or higher) to take into account circumstantial elements that are truly of an exceptional nature or take into account a blatantly unfair situation.

Illustration of the application of the formula for the ICA "members"

To better illustrate the application of the new formula, an example and explanations are provided on the following page. The base fee and multiplying factors provided in the chart were arrived at on the basis of the latest set of simulations that used the revised, yet incomplete data, provided by ICA members or obtained through other sources. They are the ones proposed for future implementation of the formula, on the basis of the partial information available.

Base fee= 4000CHF X Membership classes and multipliers

X World Bank Country Income Index

Number of members – classes	Weighting
Less than or equal to 2 500 members	***
Greater than 2 500 and lower than 100 000	0,5
Equal to or greater than 100 000 and lower than 500 000	1,0
Equal to or greater than 500 000 and lower than 3 000 000	2,0
Equal to or greater than 3 000 000 and lower than 5 000 000	3,0
Equal to or greater than 5 000 000 and lower than 10 000 000	7,0
Equal to or greater than 10 000 000 and lower than 30 000 000	8,0
Equal to or greater than 30 000 000	20,0

WBCII - classes	Weighting
Low	0,5
Lower middle	1
Upper Middle	1.5
High Income	4

***= flat fee of 750 CHF for organisations representing 2 500 members or less (no WBCII multiplier applicable)

Illustration of the application of the formula to fictitious ICA members and country

COUNTRY: ARCADIA		WBCII: Upper middle (UM)	
SITUATION	TYPE OF MEMBER	# OF MEMBERS	LINKS OF AFFILIATION
Member A	Arcadia National multisectoral Apex	10 000 000	Has B and C as direct members
Member B	Arcadia Banking Sectoral organisation	5 000 000	Member of A
Member C	Arcadia Consumers Sectoral organisation	3 500 000	Member of A
Member D	Insurance Co-operative	2 500 000	No links
Member E	Co-operative Bank	700 000	Member of B
Member F	Credit union	6 000	Member of B
Member G	Worker co-op	350	No links
DUES' CALCULATIONS			
Member G = for less than 2 500 members= flat fee of 750 CHF (no WBCII multiplier applicable) = 750 CHF			
Member F= 4 000 (base flat fee) X 0,5 (multiplier for # of members between 2.5 and 100 K) X 1,5 (WBCII multiplier for UM) = 3 000 CHF			
Member E= 4 000 (base flat fee) x 2 (multiplier for # of members between 500 K and 3 M) X 1,5 (WBCII multiplier for UM)= 12 000 CHF			
Member D= 4 000 (base flat fee) X 2 (multiplier for # of members between 500K and 3 M) x 1,5 (WBCII multiplier for UM) = 12 000 CHF			
Member C= 4 000 (base flat fee) x 3 (multiplier for # of members between 3 and 5 M members) x 1,5 (WBCII multiplier for UM) = 18 000 CHF			
Member B: total # of members = 5 000 000, minus 700 000 (membership of member E, Coop Bank), and minus 6 000 (membership of member F, Credit Union)= balance of 4 294 000 members on which the formula will be applied (= category between 3 and 5 M members with multiplier "3")			
Member B= 4 000 (base flat fee)) X 3 (multiplier for # of members between 3 and 5 M members) x 1,5 (WBCII multiplier for UM) = 18 000 CHF			
Member A: total # of members = 10 000 000, minus 5 000 000 (Banking Sectoral organisation), minus 3 500 000 (consumers Sectoral org).= balance of 1 500 000 on which the formula will be applied (= category between 500 K and 3 M members with multiplier "2")			
Member A= 4 000 (base flat fee) x 2(multiplier for # of members between 500 K and 3 M) X 1,5 (WBCII multiplier for UM) = 12 000 CHF			
Total contribution from ICA members from the country of Arcadia = sum of the respective contributions of all members after elimination of double counting as illustrated above + 750+3K+12K+12K+18K+18K+12K= <u>75 750 CHF</u>			

The special case of ICA sectoral members

As per recommendations #3 and #4 on “global membership”, the category “sectoral members” would no longer exist. Any ICA member and its affiliated members would be able to participate in the activities of ICA that are offered at the international, regional and sectoral levels (in accordance with the economic activities of the member, for the latter). Those recommendations will eliminate any arbitrary approach to choosing a type of membership and permit a stronger ICA.

In the case of the current ICA sectoral members, three situations could apply. In designing the proposed subscription formula, the ICA RWG tried to take into account the limited capacity of some of these members. *Firstly*, they could become “members”. Indeed, the very small ICA member organisations with 2 500 members or less and with limited capacity to pay, could become full members at a much more affordable fee than before, that is at the flat fee of 750 CHF with no WBCII multiplier applicable. *As second option*, those who are already affiliated to an ICA member in their country, could access the ICA service offering through that affiliation which would permit them to participate in the activities of the ICA sectoral organisations of their economic sector in their own name, without charge, since it would be covered by the contribution of the direct member. It is felt that this flexibility would not only benefit some organisations with less financial capacity but could perhaps benefit the representative organisations for co-operatives who may attract more members for these reasons. *As third option*, they could become “associate members” for a flat fee and benefit from a grace period of some 3 years before joining as “member”.

Presentation of the proposed model for the category “associate members”

There would be three types of members in this category: 1) those organisations that cannot qualify as full members and which support, promote, study and/or help finance the development of co-operatives without being formal representative organisations for co-operatives (ex.: research or educational institutions, governmental agencies, training centers), and 2) those organisations eligible for full ICA membership that wish to become ICA members but need a transition period of time before doing so, including the current ICA sectoral members who wish to migrate towards the status of full “members” and 3) the international and supra-national members (ex. : WOCCU, ACCU, etc.) .

The formula to be applied to the “associate members” would be that of flat rate, generally lower than that applicable to ICA members, and a symbolic different flat rate for those members operating in countries classified as “low income” countries according to the WBCII.

For “associate members” with WBCII ranking= low, the subscription fee = 500 CHF for members
For “associate members” with other WBCII rankings: the subscription fee = 3 000 CHF for members

With the exception of :

“International and supra-national members” : the subscription fee= 6 000 CHF

Summary results of the application of the formula to both categories of ICA members

In order to validate the proposed dues formula, the RWG has proceeded with a request for data to all ICA members. As for the sectoral members of ICA, this request was made to each ICA sectoral organisation.

Overall, 25 % of ICA members responded to the request. The RWG was also able to obtain data from other sources (central office in Geneva, ICA regional directors, members' web sites, Global 300 statistics, etc.) for another 50 % of the members. Globally, the RWG considers that it has reliable data for 70 % of the ICA members. As for the sectoral members, some information was received from four out of the nine ICA sectoral organisations.

Although we did not have access to data on all ICA members, we are confident that the parameters of the proposed formula, for members as for associate members, are sound. The income generated through annual dues would be redistributed to the central and regional offices as well as to the ICA sectoral organisations as per decisions of the ICA Board. Under the proposed formula, expected annual revenues would amount to roughly 3.6 millions CHF compared to an amount of 2.7 millions CHF in 2006. However, the annual dues will need to cover the operating budget of the ICA sectoral organisations at the global level, considering the global membership approach favoured in recommendation #3. The aggregated budgets of the sectoral organisations operating at the global level are estimated at a minimum of 400 000 CHF (excluding the special case of ICMIF, the insurance sectoral organisation), thus leaving a security margin of some 500 000 CHF. This margin is notably necessary to accommodate possible dues' fluctuations during the transition period. It is proposed to implement the base fee of 4000 CHF considering the importance of securing the ICA revenues. The ICA Board should have the authority to lower or increase the base fee and other parameters should the ICA dues change significantly or should other sources of revenues materialize, following the implementation of recommendation #9.

Some observations could be highlighted from the simulations:

- Out of 225 members of ICA (excluding the ICA "sectoral" members), 97 members would benefit from no change or from a lowering of their annual dues for 2009, compared with what they paid in 2006;
- 81 members would see an increase in their dues for 2009 of 20 % or more over what they paid in 2006. (An increase of less than 20 % could be considered as marginal, notably when we consider that this increase would include inflation for 2007, 2008 and 2009). Of these 81 members, 77 paid in 2006 the equivalent of minimum dues of 5 500 CHF or less (including 17 members who paid no dues at all);
- Of these 77 members who paid 5500 CHF or less in 2006, the increase for the 2009 dues would represent less than 3 000 CHF for 32 members;
- For the remaining 45 members with an increase of more than 20 % representing more than 3 000 CHF for 2009 but that paid 5 500 or less in 2006, 11 represent each over 5 million co-operators, 13 others represent each over 1 million cooperators and 11 others represent each over 500 000 co-operators;
- When the results are looked at by country, we observe that there is no direct correlation between a raise in total dues or the country and the situation of the individual ICA members. Some members go up and others go down;

- As for the current ICA sectoral members, these being organisations who pay dues directly to one of the sectoral organisations that ICA has set up at the international level, responses on the data collect operation were obtained from four bodies: CICOPA, ICBA, ICA Housing and Consumer Cooperative International. These four ICA sectoral organisations represent 86 members in total (excluding associate members), at the international level. These members can either be direct members of ICA, indirect members of ICA or members paying dues only to the ICA sectoral organisation in which they participate.

Out of these 86 members, only 19 members participate exclusively in the activities of the ICA SOs without paying dues at the global level or indirectly through their sectoral or multisectoral national Apex;

Of these 19 members, we were able to calculate dues to become ICA members (members with full democratic rights) for only 15 members who had provided data on the number of individual members that they have or represent.

Of the 15 members for which the calculation of dues under the proposed formula was done, 4 members would see a decrease in dues and 11 members, an increase in dues. All 11 members are currently paying below 1 000 CHF to their SO or no dues at all. Seven of these 11 members would have an increase of less than 1 000 CHF. The other increases are of less than 2 100 CHF, with one exception: an increase of 7 772 CHF for a worker co-op of 35 000 members, who paid 228 CHF in dues in 2007. All would be given three years to bring their contribution up to par. Those sectoral members who would view the subscription fees to become full members as being too high, could change their status to that of “associate members” and enjoy a grace period of 3 years before joining as a “full” member.

APPENDIX 1

TERMINOLOGY

To avoid any confusion or misinterpretation in the terminology used and in the various concepts put forward, here are some definitions to keep in mind when reading the text:

ICA members: organisations that have formally applied for ICA membership by following the procedure (filling out the required forms and providing the support documentation) and whose candidacy has been approved by the ICA board. These organisations are featured in the ICA list of members and we can trace a date of admittance in the Central Office's files.

Indirect members: organisations which are member organisations of existing ICA members.

Apex members or representative organisations: organisations that are representative organisations for co-operatives. They can be of an international, supra-national (European, Asian, African, American) or national scope and serve co-operatives from a given sector of activity (sectoral Apex) or from several sectors of activity (multi-sectoral Apex).

Non-economic organisations: applicable mainly to Apex members whose main mission is to represent their members (promotion of the business model, lobbying, etc) as opposed to generating economic activity. Their main source of revenues is derived primarily from membership subscription fee and from some external subsidies in some cases. They may engage in some economic activities like the sale of publications or some seminars but the proceeds from these activities is considered marginal.

Primary co-operatives: individual co-operatives societies selling goods and services in a given economic activity sector with a commercial purpose (not representative organisations for co-operatives)

ICA sectoral members: organisations that are members of one of the nine sectoral organisations that were set up by ICA

Supra-national members: organisations whose membership comes from several countries of the same continent

Base fee: flat fee of reference before any weighting factor is applied