

Expert Group Meeting
“Cooperatives in a world in crisis”
New York, NY
28 - 30 April 2009

Aide-Mémoire

Mandate of the meeting

The Division for Social Policy and Development (DSPD) of the United Nations Department of Economic and Social Affairs (UNDESA) is organizing an Expert Group Meeting (EGM) on Cooperatives on 28-30 April 2009 at UN Headquarters in New York, NY. The meeting responds to resolution 62/128 which seeks to promote the contribution of cooperatives to the UN development Agenda within the context of the Copenhagen Social Summit on the role of cooperatives in reducing poverty, creating employment and promoting social inclusion. Among other things, the resolution urges the strengthening of cooperatives and to raise public awareness of the over-all socio-economic impact of cooperatives. In addition, the resolution also requested to consult with Member States and cooperative stakeholders on the desirability and feasibility of proclaiming an International Year of Cooperatives.

Background

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally-owned people-centred businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality, rapid climate change and increased environmental degradation, it is increasingly compelling to

consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) by 2015.

The current financial crisis characterised by the massive public bail-out of private, investor-owned banks worldwide has underlined the virtues of a customer-owned cooperative banking system. Financial cooperatives in the form of cooperative banks, credit unions, and building societies, by focusing primarily on the needs of their members, have displayed prudence and avoided the excessive risk-taking that plagued many large global financial institutions. As cooperative banks continue to operate and provide loans to their clients and enjoy the trust and confidence of their members and depositors, they play an even more critical role as consumers and businesses face a credit crunch. For example, the European cooperative banks (around 4200, under the aegis of the European Association of Cooperative Banks) serve 149 million customers and SMEs. There are some 49,000 credit unions serving 177 million members in 96 countries, under the umbrella of the World Council of Credit Unions that continue to operate despite the current financial crisis.

The cooperative enterprise is also relevant in addressing the problem of food insecurity. The World Bank estimates that food demand will double by 2030 as the world's population increases by another two billion people. There is an urgent need for developing countries to increase the output of food yet, as the World Bank's 2008 World Development Report on Agriculture for Development has shown, the rural economy has been badly neglected. One solution is to encourage farmers to mobilise collectively in agricultural and marketing cooperatives that engage in the production, processing and marketing of agricultural products and give them access to markets. Farmer cooperatives are growing in most developing countries. For example, India's 100,000 dairy cooperatives collect 16.5 million litres of milk from 12 million farmer members every day, making a significant contribution to India's food supply.¹ Nevertheless, farmer cooperatives have yet to reach their full potential as they address their requirements for financing and technical support.

Cooperatives can contribute to the achievement of the MDGs by 2015 because of their inherent characteristics. Because cooperatives are economic associations, they provide the opportunity for poor people to raise their incomes. Because they are democracies with each member having one vote, they empower people to own their own solutions, and because they pool risks at the level of the enterprise and offer micro-insurance they increase security.ⁱⁱ In addition, there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several of the other MDGsⁱⁱⁱ, such as primary education for children, gender equality and reducing child mortality.

The cooperative enterprise also presents an important model as many of the world's poorest and disadvantaged face social exclusion, lack of access to opportunities and growing economic inequality. As the uneven effects of globalisation have led to a rise in the unregulated informal economy, workers in the informal sector have formed shared service cooperatives and associations to assist in their self-employment^{iv}. In rural areas, savings and credit cooperatives provide access to banking services which are lacking in many communities. Credit cooperatives also play an important role in the formation of small and micro businesses. They can affect the kind of financial 'deepening' that the World Bank envisages, as they consistently reach the poor in a sustainable way.^v

The United Nations, along with the ILO and other international agencies, continues to support and promote cooperatives in recognition of the contributions of cooperatives to socio-economic development. The World Bank, in its World Development Report (2008), noted the role of cooperatives in revitalising the agricultural sector and the rural economy. An IMF survey in 2007 showed that "cooperative banks have become important parts of many financial systems, with attendant potential financial stability issues".^{vi}

In order to highlight the importance of cooperatives and enhance their impact on development, a UN International Year of Cooperatives is being considered. This proposal and how to move forward will be discussed and evaluated during the expert group meeting.

Objectives of the expert group meeting

The main objectives of the expert group meeting are:

1. To assess the contributions of cooperatives to socio-economic development especially in poverty reduction, employment creation and safety net provision, with focus on the role of agricultural and financial cooperatives in light of the current food and financial crisis.
2. To provide the forum for the sharing of national and regional experiences and lessons learned on strengthening cooperatives and to identify policy measures to enhance and scale up the impact of cooperatives on socio-economic development.
3. To discuss the proposed International Year of Cooperatives, and lay the groundwork for setting objectives, desired outcomes, programs and activities, resource requirements and partnerships.

Expected Output of the Meeting

1. Analytical paper prepared and submitted by each expert two weeks before the expert group meeting, 5 to 10 pages long in single space. Individual papers should focus on one or more aspects included in the annotated agenda, provide qualitative and quantitative evidence, analyse the roles of cooperatives, provide conclusions and policy recommendations to relevant stakeholders.
2. A set of policy recommendations as evaluated and discussed by experts in the course of the meeting.
3. A report on the proceedings of the meeting. This will serve as input to the report of the Secretary-General to be presented to the 64th General Assembly session in 2009.

Organizational set up

The EGM is organized by the Division for Social Policy and Development in coordination with the International Co-operative Alliance (ICA) and the International

Labour Organisation (ILO). The meeting will take place at the UN Headquarters in New York, NY from 28-30 April 2009. About 16 experts, identified and invited by the Division for Social Policy and Development, are expected to attend. Representatives from international organizations, UN departments and agencies are also invited. The Secretariat will provide a preliminary list of substantive issues to be explored in an annotated agenda of the EGM (attached).

Prior to the meeting, experts are required to submit written papers (in English) to the United Nations Secretariat by 13 April 2009.

Participants are expected to arrive on 27 April 2009 and stay through out the duration of the meeting. The participants will meet in 10 working sessions.

- Each session will have presentations by experts (10 minutes or less each) which will introduce the topic and provide context for the ensuing discussion.
- A rapporteur for each session will lead the group summary discussions and be responsible for writing summary of proceedings.
- Brainstorming will be the preferred method of work and no formal conference-style presentations are envisioned.
- The working language of the meeting will be English. There will be no translations provided.

ⁱ Figures quoted by US Overseas Cooperative Development Council (2007) *Cooperatives: pathways to economic, democratic and social development in the global economy*, at www.coopdevelopmentcentre.coop

ⁱⁱ See Birchall, J (2003) *Rediscovering the Co-operative Advantage: Poverty reduction through self-help*, ILO, p20-25

ⁱⁱⁱ See Birchall (2004) *Co-operatives and the Millennium Development Goals*, ILO , Ch.4 for case studies, and Simmons, R and Birchall, J (2008) 'The role and potential of co-operatives in poverty reduction' ICA Research Conference, Trento, October, for findings from a survey of cooperatives in Tanzania and Sri Lanka

^{iv} Smith, S and Ross, C (2006) *Organising out of Poverty: how the Syndicoop approach has worked in East Africa*

^v See World Bank (2007) *Finance for All*, Washington

^{vi} <http://www.imf.org/external/pubs/ft/survey/so/2007/RES0925B.htm>, accessed 10 December 2008.