

EXPERT GROUP MEETING ON COOPERATIVES AND EMPLOYMENT

Shanghai, 15 – 19 May 2006

DRAFT RECOMMENDATIONS

Cooperatives through their self-help enterprises play an important role in promoting livelihoods and job creation. Several forms and types of cooperatives have the potential to facilitate job creation and employment generation in various sectors and segments of society.

1. Cooperatives and job creation in rural and urban areas, including the informal economy

A broad range of cooperatives, including worker cooperatives, in rural, urban, formal and informal economies can assist in job creation through self-help entrepreneurship. The role of cooperatives in microfinance as enhancing job creation was also highlighted. To this end:

Cooperatives and stakeholders are encouraged to:

- promote cooperatives by investing more in education (technical, management and social education) with focus on the entrepreneurial and social vision and diversifying job creation; where possible, create Co-operatives School Centers in developing countries;
- support the agriculture sector, and promote agricultural cooperatives and agro-entrepreneurial activities, including raising the competitiveness of co-operatives;
- facilitate capacity building by providing technical assistance, management and marketing skills;
- recognise the importance of cooperatives in the provision of microfinance services which help facilitate livelihoods and jobs, particularly in the informal economy.

Governments should:

- adopt long term commitment to promote a cooperative-friendly environment by instituting relevant legal, financial, social, and environmental policies to ensure the smooth functioning of cooperatives in a level playing field with particular focus on legislation, tax incentives, financial aid/credit;
- strengthen coordination among government agencies as well as between government agencies and CSOs through institutionalization of relevant participatory mechanisms;
- enhance collaborative efforts towards capacity development of cooperatives as an ongoing institution building process, including the provision and sharing of technical assistance;
- provide funding support for cooperative development as viable member-controlled enterprises during the start-up stage;
- facilitate provision of technical assistance;
- enact legislation to support worker cooperatives, especially cooperatives for older persons.

National cooperative movements should:

- launch adequate advocacy efforts to improve image and constituency among the government and the civil society, for example by making use of mass media, platform of national and international bodies, and CSOs;
- promote and build capacities for networking, for example through Co-op to Co-op business development and services, rural-urban linkages, inter- and intrasectoral, organization to organization;
- promote the clustering of cooperative businesses to enhance competitiveness and sustainability;
- empower workers in all sectors (consumers, services, credits, agricultural, etc) to become members of cooperatives and to participate in the Governing Council (Board of Directors)
- work among primary cooperatives (those with ten to twenty or forty worker members) towards a more efficient use of resources and to enhance their financial as well as research capacities, specifically those in the agricultural sector and in particular the dairy sector;
- work with national governments, the ICA, UN agencies and other development partners to encourage the creation of policies, strategies and initiatives that recognize the importance of credit unions in microfinance, and encourage further development in this area;
- encourage member credit unions with closed bonds to open their bonds to the larger community and to take steps to offer access to new groups of members.
- identify opportunities for collaboration with credit unions in providing microfinance and other financial services to low-income individuals. They should

also identify opportunities for collaboration with cooperative movements in other countries, as well as at the regional and global levels.

- work to create legislation that promotes the development of strong credit unions and encourages microfinance, where they do not exist;
- incorporate credit unions into the same regulatory and supervisory framework used for banks, microfinance institutions and other financial institutions, with provisions for their unique cooperative structure, including the possibility of cooperative examiners familiar with cooperatives.

UN Agencies and other development partners should:

- promote the contribution of credit unions and other financial cooperatives to employment generation due to their important role within the financial sector, as well as their role as one of the largest providers of microfinance in the developing world;
- encourage national governments to adopt legislation that promotes the development of strong credit unions and promotes microfinance;
- recognize and mitigate the negative impact of external subsidies, including subsidized credit and excessive grant funding on the development of national credit union movements, especially when credit unions are viewed as channels for distributing credit to specific populations;
- provide additional resources for technical assistance programs that encourage the development of strong credit unions capable of providing microfinance.

ICA should:

- urge member credit unions with close bonds in developing countries to open their bonds to the larger community and to provide microfinance services where feasible;
- support member cooperatives to identify partnerships between credit unions and other types of cooperatives that help expand the outreach of microfinance through credit unions;
- encourage member cooperatives in developed countries to support the provision of microfinance and other employment-creating financial services through credit unions in developing countries.

2. Cooperatives and job creation under fair globalization

Cooperatives have a strong presence in the agricultural sector. In developing countries where a majority of the poor live and work in the agricultural sector, agricultural cooperatives offer the means by which jobs are created and the incomes of poor farmers can be increased and stabilized. Measures to enable cooperatives to remain sustainable and competitive are necessary in an increasingly globalizing world.

Enhancing Fair Trade practices, diversifying job – service sector, agro-tourism, and out-sourcing – opportunities should be researched and considered.

Cooperatives should:

- identify niche markets, create their own brands and develop a local identity;
- identify opportunities for moving up the value-chain and cutting out middlemen;
- participate in Fair Trade linkages to improve marketing opportunities;
- establish consumer-producer links and promote horizontal and vertical networks among co-operatives at all levels;
- contribute to job creation in the service sector in both developing and developed countries by establishing service cooperatives in non-agricultural services such as cleaning, security, IT, tourism etc;
- enhance collaboration with trade unions to create cooperatives through joint action; related to this, ICA should extend an invitation to the ICFTU (International Confederation of Free Trade Unions) to attend the ICA Conference in Singapore;
- work with governments and mobilize policy makers to enact legislation for the promotion of worker co-operatives.

3. Cooperatives and equal job opportunities for specific groups: Women, Youth, Indigenous Peoples and Persons with disabilities

Consistent with the right of all to decent jobs, cooperatives of special groups have been organized and are providing jobs to vulnerable and excluded groups. These cooperatives have harnessed the potential contribution of these groups to their communities and the overall development of societies. To further capture the productive potential and overcome exclusion and discrimination of these groups, some measures are recommended below.

Cooperatives in partnership with International Organizations should:

- encourage the involvement of women, youth, Indigenous Peoples, and persons with disabilities in membership activities, board composition and committee structures of the co-operative movement;
- encourage the development of co-operatives among and for women, youth, Indigenous Peoples, and persons with disabilities;
- ensure inclusive workplaces with policies and practices that encourage and promote full participation by women, youth, Indigenous Peoples, and persons with disabilities;
- increase co-ordinated efforts to promote the co-operative model in a clear and effective manner within co-operative and educational institutions

- around the world;
- assist Indigenous Peoples, women, youth and persons with disabilities to use the co-operative model more extensively by:
 - encouraging governments to adopt procurement practices that provide good business opportunities for cooperatives;
 - developing mentoring and apprenticeship for Indigenous Peoples, women, youth and persons with disabilities;
 - developing innovative and responsive funding capacities;
 - building stronger networks and business opportunities for fair and ethical trade; and
 - developing, along with governments and educational institutions, capacity building mechanisms for local communities in their own language, taking into account different cultures, economic situations and languages;
 - encourage the development of branding activities that specifically, prominently and honestly advertise their commitments to environmental safeguards and inclusiveness for disadvantaged groups;
 - promote social cooperatives as a concrete instrument to reach the goal of full inclusion of persons with disabilities; noting in particular the successful experience of social cooperatives in Italy in organizing persons with disabilities to be full citizens, worker and entrepreneurs;
 - consult with representative groups to consider practices and policies within co-operatives regarding people with different abilities to ensure their full involvement in existing co-operatives and to encourage them to develop co-operatives that address their specific social and economic needs.

4. Cooperatives and job creation in Post-Conflict and crisis situations

Cooperatives, as local community organizations, have played an important role in rebuilding communities, including job creation, in post-conflict and post-disaster period. Activities of cooperatives assist in creating much-needed employment, critical to avoiding dependency on emergency aid and preventing a relapse into active conflict. To further strengthen the role of cooperatives in post-conflict and post-disaster period:

Cooperatives should:

- prepare for disasters such as drought, floods, earthquakes, etc. that destroy the livelihood of people by having a plan of action in the event of such disasters;
- mobilize cooperative solidarity all over the world to rebuild cooperative movements after such calamities.

International institutions and donor agencies should coordinate to:

- promote the activities and expansion of cooperatives in countries at risk for conflict or crisis, particularly those that contribute to job creation, economic and social empowerment, democratic governance, education and training;
- avoid jeopardizing the sustainability of cooperatives during the reconstruction phase by providing excessive operational subsidies or credit concessions to co-operatives;
- create the necessary links among agencies and institutions, such as NGOs, the UN, Governments, bilateral and multilateral agencies, to promote activities that permit cooperatives to add value to the work done by others in post-conflict and post-disaster environments, or in the prevention thereof, to create a more sustainable future;
- urge governments to involve cooperatives in the development of policies and strategies that result in sustainable growth and development;
- coordinate among themselves for efficient use of assistance and to avoid duplication of activities.

5. Promoting decent work

National cooperative movements, governments and development agencies should:

- promote the role of cooperatives in furthering simultaneously all four pillars of the Decent Work concept, i.e. protection of workers' rights, employment creation, social protection and social dialogue.

National government, employer's organizations and trade unions should:

- include the promotion of co-operatives as a key component of decent work country programmes.

Co-operative apex organizations should:

- take measures to advance the concept of decent work among their affiliates.

Governments should:

- Encourage governments to implement policies that guarantee the rights of all people to full and productive employment. Governments should promote the role of cooperatives in providing and protecting employment. Encourage, further, the implementation of ILO Recommendation 193 through effective and preferential policies that promote the development of cooperatives and economic organizations, strengthen capacities through education and training of professional skills, promote a network of employment

information that offer essential guidance and help for young people and women.

- Address the problems of farmers, agriculture and the rural areas, in particular by improving infrastructure, such as the supply of water and electricity, and roads, in order to boost the rural economy and create rural employment; facilitate access to credit, extension services and technical assistance. Government must ensure that labour law is applied consistently in all circumstances.
- Encourage governments to support cooperatives, while respecting autonomy of co-operatives, recognising their added social-value and comparative advantage in servicing the poor and marginalized and overall in economic development and distributive justice which are essential components for attaining MDGs and PRSPS.

UN DESA should:

- Encourage national governments, through intergovernmental processes, to develop national policies conducive to the promotion of cooperatives, including policies which address the challenges of transition economy cooperatives;
- Promote the UN Guidelines aimed at creating a supportive environment for the development of cooperatives to allow for a level playing field for cooperatives to operate at equal footing with other businesses and enterprises;

ILO should:

- Increase its contribution to international cooperative development by improving the technical capacity of its Co-operative Branch both at HQ and in field offices.
- Introduce and assist in the implementation of Recommendation 193 on promoting cooperatives and introducing new cooperative laws at the national level in countries that have not done so.
- Mobilize ILO Tripartite Constituents in all member states in order to promote employment creation through co-operatives.
- Organize, in collaboration with ICFTU and ICA, a conference in Latin America to promote a proper understanding of the worker cooperative concept among governments, social partners and civil society.

FAO should:

- Promote strategic partnership and alliance building in support of agricultural cooperative enterprise development with UN, UN agencies, Cooperative movement, CSOs, expert institutions and donors.
- Promote job creation in rural areas by optimizing the use of its comparative advantages as UN technical agency for Food and Agriculture.

- Enhance mobilization of its financial and human resources for provision of technical assistance to improve rural livelihoods of small scale producers and other vulnerable rural poor as successful cooperative entrepreneurs.

ICA should:

- Increase awareness about cooperatives and their role in poverty reduction and job creation through creating a conducive policy environment
- Promote the role of cooperatives in poverty reduction by creating jobs in pilot countries
- Raise awareness through workshops and fact sheets on the role of cooperatives for partners, including trade unions and CSOs;
- Initiate joint activities with trade unions in addressing reduce reduction in the informal economy by organizing workers in the informal economy (SYNDICOOOP), and to help improve living conditions of union members (service co-ops owned and run by union members)
- Promote and initiate co-operative to co-operative linkages (trade links, information sharing, etc), and produce, collect and disseminate knowledge on successful initiatives and good practice
- Further promote the Cooperating out of Poverty Campaign of ILO (details at www.outofpoverty.coop)