

# **Making a Difference**

## Co-operative solutions to global poverty

Edited by Andrew Bibby and Linda Shaw

## Acknowledgements

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# Foreword

Billions of pounds, euros, dollars and yen are spent every year on helping poorer countries. This has many names, such as technical assistance or overseas aid. However, one of the most commonly used terms is ‘development co-operation’.

Remarkably, very few of the organisations which specialise in development co-operation actually recognise the co-operative movement as a partner.

This publication by the Co-operative College demonstrates how working without co-operative organisations makes it less likely that international efforts to make poverty history – something our generation can achieve – will succeed.

Experts agree that poor people themselves must be centrally involved in the global campaign against poverty. How is this to happen in a sustainable way? Time and again, all over the world, as the case studies here explain, poor people have used co-operatives – democratically owned and controlled enterprises – to provide goods and services which the state or private enterprise cannot provide.

Co-operatives are unique – being both enterprises and part of civil society.

Development co-operation without co-operatives is like Hamlet without the prince.

**Iain Macdonald**

Director General of the International Co-operative Alliance



# Introduction

## **Co-operatives: A role to play in global development**

The world has become an increasingly unequal place, as the gap between the haves and the have-nots has widened.

Despite efforts at development, over fifty countries are now poorer than they were ten years ago. Life expectancy has fallen in over thirty countries. Access to basic services such as drinking water is, in some countries, getting worse.

At the same time, the world is increasingly becoming globalised. Our lives in Britain are inextricably linked through trade with those of others we will never meet elsewhere in the world.

There is no turning back from this process. But it is not surprising if voices are being raised against the present way in which globalisation is taking place. More and more people are looking for global alternatives to the profit-dominated imperatives of multi-national companies.

Co-operatives can offer such an alternative. They are businesses, engaged in the 'real' world of commerce and work. They are, however, businesses which are based on social and ethical values and on the principles of democracy and self-help.

Co-operatives have a particular role to play in international development, a fact acknowledged by the UN and other international bodies. But this has not always been recognised here in Britain, even by those with a good

understanding of co-operatives. Many active in the co-operative movement are interested in and committed to international development, but far fewer appreciate the potentially significant part which co-operatives can play.

A questionnaire of co-operative members, staff and customers was undertaken in 2004 by the Co-operative College. Over 500 replies were received.

- ▶ Almost two-thirds viewed international development as 'very' or 'quite' important.
- ▶ Less than a third claimed to be aware of the UN Millennium Development Goals.
- ▶ Under half (41%) considered that the co-operatives gave a high priority to international development issues.

This is changing. A number of British co-operative organisations (headed by the Co-operative College) have come together in a strategic partnership with the Department for International Development (DFID). Among the aims of this partnership are to raise awareness within the British co-operative movement of international development issues.

This publication, which is based on a report written for DFID, represents a contribution to this process. The basic premise is this: that the co-operative sector has historically played a significant role in the empowerment of the economically disadvantaged, and that there is a real opportunity now to put co-operatives back on the development 'map' from which they have been largely absent for the past twenty years. The co-operative sector has the capacity to make a far greater contribution to world development in the century ahead.

## **An international movement**

Co-operation is a natural part of being human and there are co-operatives throughout the world.

In many developed and developing countries, co-operatives play a major role in both economic and community life – though sometimes the role and importance of co-operatives is hidden from sight.

It is difficult to know for sure, since international co-operative statistics are not recorded, but one report suggested that co-operatives contribute

directly to improving the living standards of half the world's population.<sup>1</sup> Another estimate is that co-operatives between them generate 100 million jobs globally (this figure is likely to be an underestimate).

Collecting international data on co-operatives is harder than it may at first seem, not least because co-operative legal forms vary widely from country to country. Many national statistical services do not have the means to identify and or gather regular data on co-operatives. Furthermore, some co-operatives do not brand themselves as such, using instead a 'neutral' brand name (examples include Land o' Lakes, Sunkist, Amul and Arniston Bay).

The British co-operative movement is affiliated to, and plays an active role in, the work of the international organisation for co-operatives, the International Co-operative Alliance (ICA). The ICA was established in 1895, and brings together over 230 affiliated bodies (typically national apex bodies, such as our own Co-operatives<sup>UK</sup>) from more than a hundred countries. Its head office is in Geneva.

In total, the ICA represents an estimated 760 million co-operative members worldwide. It is the largest NGO (non-governmental organisation) in the world.

In addition to the ICA there are two other international co-operative organisations.

- ▶ The International Raiffeisen Union (IRU), established in 1968, links banks and financial institutions and promotes agricultural and savings co-operatives. It has 77 affiliates in 41 countries and an estimated total of 190 million members.
- ▶ The World Council of Credit Unions (WOCCU) was established in its current form in 1970 with a membership from credit unions and co-operative financial institutions in 79 countries, which between them have over 118 million members.

## A diverse movement

Both in Britain and internationally, the co-operative movement is large and diverse, much broader than the retail co-operative sector which British readers may immediately associate with the name 'Co-op'.

Globally, the co-operative model has been applied to most forms of economic activity.



“The co-operative movement is one of the largest organised segments of civil society, and plays a crucial role across a wide spectrum of human aspiration and need. Co-operatives provide vital health, housing and banking services; they promote education and gender equality; they protect the environment and workers’ rights. Through these and a range of other activities, they help people in more than a hundred countries better their lives and those of their communities ... They are a key partner of the United Nations system.”<sup>2</sup>

KOFI ANNAN, GENERAL SECRETARY OF THE UNITED NATIONS

The list is a long one. There are farmers' and **agricultural** co-operatives, and **fisheries** co-operatives. There are banking and insurance co-operatives, including the worldwide credit union network. There are co-operatives providing **housing** for their members. There are co-operatives delivering **health care** and other social and community services. Co-operatives supply utilities such as **water and electricity** in many countries. There are co-operative shops and **retail** operations. And in many other areas too, as diverse as petroleum refining and catering, the co-operative form of business can be seen working well.

## **A movement united on common principles**

Despite the diversity, the movement has a universally accepted set of agreed values and principles. These were agreed in 1995, at the Centenary Congress of the ICA.

The *Statement on Co-operative Identity* gives the definition of a co-operative as follows:

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 are agreed as follows:

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.

The 1995 ICA Congress also reformulated seven principles of co-operatives. These, in summary form, are as follows:

- 1 Voluntary and open membership
- 2 Democratic member control
- 3 Member economic participation
- 4 Autonomy and independence
- 5 Education, training and information
- 6 Co-operation among co-operatives
- 7 Concern for the community

## **A movement for the 21st century**

The ICA *Statement on Co-operative Identity* is important not just in itself, but also because the international debate which it generated gave the co-operative movement the confidence to reassert itself in many countries and to put itself more centrally on the global map.

This debate has involved the recognition that the co-operative model for development had been sullied by attempts in the 1960s and 1970s to create top-down 'co-operative' organisations, centrally driven and under state or government control. This was the case, for example, in several post-colonial countries as well as in some soviet states. In the process, the democratic nature of co-operatives and the importance of member control was lost.

The key challenge for the new century is to encourage the development of an enabling rather than a controlling environment for co-operatives, one which stresses self-organising by those facing poverty rather than one imposed from above. This important principle has been recognised recently not just by the ICA but by other international organisations. It is particularly appropriate given new approaches to encourage self-help by women and by those in the informal economy.

In Britain, too, the last few years have been a time of co-operative renewal, focused on the high-level Co-operative Commission of 2000-1. Consumer co-operatives are returning to their original values and principles and a new emphasis on responsible retailing, including support for Fair Trade. The Co-operative Group, for instance, has in recent years stressed its ethical banking stance and is now actively developing an ethically based trading policy.

# Focusing on the Millennium Development Goals

The main focus for international action against global poverty and underdevelopment in recent years has been the Millennium Development Goals (MDGs), an ambitious programme which the world community adopted in September 2000 at a special Millennium Summit of the UN.

The MDGs identify specific targets which developed and developing countries working together in partnership aim to meet, in most cases by the year 2015. There are eight MDGs in total:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

With the UN adoption of the Millennium Development Goals there is now a set of agreed international goals and targets, even if there is less agreement on how to achieve them. On the positive side, the MDGs reflect a recognition that poverty has many dimensions and that education, gender equality and environmental sustainability need to underpin real reform and improvement.



A member of Quatro Pinos agricultural co-operative in Guatemala where women farmers are helping improve production and sell to new markets.

© Canadian Co-operative Association

## **MILLENNIUM DEVELOPMENT TARGETS**

### **MDG1 Eradicate extreme poverty and hunger**

*Target for 2015:* Halve the proportion of people living on less than a dollar a day and those who suffer from hunger.

### **MDG2 Achieve universal primary education**

*Target for 2015:* Ensure that all boys and girls complete primary school.

### **MDG3 Promote gender equality and empower women**

*Target for 2015:* Eliminate gender disparities at all levels (eliminate gender disparities in primary and secondary education preferably by 2005).

### **MDG4 Reduce child mortality**

*Target for 2015:* Reduce by two-thirds the mortality rate among children under five.

### **MDG5 Improve maternal health**

*Target for 2015:* Reduce by three quarters the ratio of women dying in childbirth.

### **MDG6 Combat HIV/AIDS, malaria and other diseases**

*Target for 2015:* Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.

### **MDG7 Ensure environmental sustainability**

*Targets:* Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

*Target for 2015:* Reduce by half the proportion of people without access to safe drinking water.

*Target for 2020:* Achieve significant improvement in the lives of at least 100 million slum dwellers.

### **MDG8 Develop a global partnership for development**

*Targets:* Develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally. Address the least developed countries' special needs and the special needs of landlocked and small island developing states. Deal comprehensively with developing countries' debt problems. Develop decent and productive work for youth. In co-operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. In co-operation with the private sector, make available the benefits of new technologies, especially information and communication technologies.

In Britain, the aims and policies of the UK Department for International Development (DFID) are now linked directly to the MDGs. DFID's budget for aid and development has been increasing, and in 2003/2004 DFID's expenditure on eliminating poverty in poorer countries stood at £3,804 million. About 30% of this amount (£1.05 bn) was channelled through the development programmes of the European Union, while 50% was in the form of bilateral assistance where DFID engaged directly with individual countries and/or agencies working there.

At the global level, it is the World Bank which finances the largest amount of development aid and assistance. Development policy, as established by the World Bank and by its sister institution the International Monetary Fund, has been dominated until recently by perspectives which stressed the need for market-led reform, with an emphasis on rolling back the state and the adoption of trade liberalisation policies by developing countries. But achieving sustained economic growth and equitable social development has proved elusive for the majority of developing countries. As well as the need to look to the private sector to generate economic development, there is an increasing emphasis on the development of effective and well-governed institutions to promote pro-poor growth.

It is here where co-operatives can play their part.

Major international conferences such as the World Summit for Social Development (1995), the 4th Women's Conference (1995), Habitat II (1996) and the World Food Summit (1996) highlighted the contribution of co-operatives to development and their potential to play a greater role. A key report in this respect was the UN Economic and Social Council study *The Status and Role of Co-operatives in the Light of New Economic and Social Trends* (1996).

It is heartening that the United Nations and its agencies have already on several occasions acknowledged the contribution which co-operatives can make. The UN General Assembly resolution 54/123 emphasised the importance of co-operative organisations in social development, poverty reduction, employment creation and participatory development. Subsequent to this, the UN Secretariat issued a set of *Co-operatives in Social Development* Guidelines (2001). These recognise the 'co-operative movement as a distinct and major stakeholder in both national and international affairs'. They advise member states to adopt a policy



“ Governments recognise that the co-operative movement is highly democratic, locally autonomous but internationally integrated, and a form of organization of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.”<sup>3</sup>

UN GUIDELINES, CO-OPERATIVES IN SOCIAL DEVELOPMENT

framework to recognise co-operatives as legal entities and to give co-operative organisations and institutions equality in relation to other associations and institutions.

As the guidelines put it, “In order to ensure equality, the special values and principles of co-operatives must receive full recognition as being desirable and beneficial to society and that appropriate measures are taken to ensure that their special qualities and practices are not the cause of discrimination and disadvantage of any kind”.

The UN specialist agency the Food and Agriculture Organisation (FAO) has a long history of working with (primarily rural) co-operatives. Its technical assistance is focused on three areas:

- ▶ Design of national policies, strategies and legislation to enhance the role of co-operatives in rural development.
- ▶ Support for coalition building and partnerships.
- ▶ Institutional capacity building of co-operatives.

In 1998, FAO produced a training manual for trainers on Agricultural Co-operative Development, recently revised. The FAO has also updated and revised (2004) *New Strategies for Mobilising Capital in Agricultural Co-operatives*.

For co-operatives internationally, the most important of the UN’s family of specialised agencies is the Geneva-based International Labour Organization. The ILO was established in 1919 and has responsibility for the world of work and employment issues. It is unique among UN agencies in that it is not a forum simply where governments are represented: instead, it is a tripartite body, which brings together governments, employers’ representatives and workers’ representatives (trade unions). The concept of social dialogue is therefore enshrined at the heart of the ILO’s work, including its annual decision-making International Labour Conference.

In 2002, the ILO Conference adopted what is a vitally important tool for co-operatives: *Promotion of Co-operatives Recommendation*, recommendation 193. This document states that the promotion of co-operatives should be considered as one of the pillars of national and international economic and social development.

Other key points in the Recommendation are that:

- The 1995 ICA statement of co-operative identity should act as the basic definition for all forms of co-operatives.
- Measures should be adopted to promote the potential of co-operatives in all countries.
- Co-operatives should be enabled to respond to their members' needs and the needs of society, including disadvantaged groups, in order to achieve their economic participation and social inclusion.
- Special consideration should be given to increasing women's participation in the co-operative movement at all levels.

ILO Recommendation 193 provides specific guidance on the roles of government, employers' organisations, workers' organisations and co-operatives themselves.

The role of *government* is summarised as follows.

- To provide a conducive policy and legal environment.
- To facilitate access to support services.
- To provide oversight of co-operatives in ways which respect their autonomy.
- To ensure they enjoy equal treatment with other types of enterprises.
- To develop partnerships with co-operatives.

The role of *co-operative organisations* in summary is:

- To work with the social partners to create a favourable climate for co-operative development.
- To promote the horizontal and vertical integration of co-operatives.
- To invest in human resource development.
- To represent co-operatives at the international level and encourage international collaboration.

Since the adoption of Recommendation 193, a number of countries have started to reform their co-operative laws and policies.

An information and education pack *Promoting Co-operatives: A Guide to ILO Recommendation 193* has recently been produced by the UK Co-operative College in collaboration with the ILO, the ICA and DFID.

Another important recent milestone has been the formal *Memorandum of Understanding* agreement between the ILO and the International Co-operative Alliance, signed in February 2004. This commits both organisations to formulating a Common Co-operative Agenda, among



Dame Pauline Green, Chief Executive & Secretary Co-operatives<sup>UK</sup>, President ICA Europe, holding a copy of the *Promoting Co-operatives: A Guide to Recommendation 193* at the launch event held at the House of Commons on July 6th 2004.

other things focused on ways in which co-operatives can contribute to the achievement of the Millennium Development Goals.

The ILO and the ICA together have agreed to:

- ▶ Design and implement technical co-operation programmes with co-operative organisations, aimed at reducing poverty and creating jobs in developing countries.
- ▶ Work on scaling up successes to national level, in collaboration with national organisations and governments.
- ▶ Influence the Poverty Reduction Strategy Papers process, by working together to incorporate co-operative perspectives into PRSPs. [NB: PRSPs are the tool which developing countries are encouraged to use to set out their overall anti-poverty strategy.]
- ▶ Clearly demonstrate at national and international level the contributions that co-operatives can have on poverty reduction.

The ILO/ICA agreement emphasises that co-operatives have a significant contribution to make to *all* the MDGs, but there is a stress on the role that co-operatives can and do play in rural areas. We shall now turn to look in more detail at some successful examples from around the world.

## A CO-OPERATIVE LEGACY

There are significant lessons to be learned from previous attempts, particularly in the years 1950-1980, to use co-operatives as a strategic element in development policy and in poverty reduction. Co-operatives benefited from formal policy endorsement in many developing countries, and from support and aid from agencies in developed countries. In the main, this activity primarily benefited those who found employment in co-operative development, as well as the more affluent farmers who were in a better position to make use of co-operative services.

There was a contradiction between reconciling democratic co-operative structures with top-down central planning. In many countries, the Minister in charge of co-operatives (or, in former British colonies, the Registrar of co-operatives) could, and often did, intervene directly in the affairs of individual co-operatives. They could amalgamate, divide and annul co-operatives, amend annual resolutions, instruct on co-operative investments, issue directives to co-operatives and intervene in internal disputes. In many cases this discredited and disabled co-operatives as effective agencies of development and wealth creation.

State-led co-operative development often resulted in poor quality management. National planning and co-operative departments had established co-operatives at a fast pace, beyond the availability of skilled managers.

Co-operatives also had monopolies in trade, with prices centrally determined often by state marketing boards. They often reflected and did not challenge prevailing patterns of gender inequality, and were often seen by local people as external resources utilised in the interests of local politicians and elite groups.

Criticisms began to be voiced by the mid-1970s of the role of co-operatives in integrated rural development strategies. In the following decade, much of the infrastructure for sustaining the co-operative sector in developing countries began to fall apart under the impact of economic and market reforms, including such things as trade liberalisation, foreign direct investment, abolition of state marketing boards, privatisation of state banks and the promotion of open markets and private enterprise. These market-led reforms created major difficulties for both primary and secondary co-operative organisations.

It is clear, therefore, that the mistakes of the past need to be avoided. In many respects, the potential of co-operative approaches in development and poverty reduction has yet to be fully realised. Unfortunately, some current policy-setting is based on these past experiences. There is a need for much of the research on co-operatives and development to be updated.

# Co-operatives and Agriculture

Co-operatives play a significant role in agriculture around the world, in developed as well as in developing countries. Over 50 per cent of global agricultural output is marketed through co-operatives.

In developing countries, particularly in Asia, South and Central America, agricultural marketing and supply co-operatives perform a dual role, providing farmers with the agricultural supplies they need and also offering a mechanism for the sale of their crops. Many co-operatives of this kind offer additional services to members, including such things as credit facilities, insurance and transportation. They are often the only providers of off-farm waged employment in rural areas.

The development of the concept of Fair Trade, as a partnership between producers in developing countries and distributors and consumers in the North, is reinforcing the role of agricultural co-operatives. To gain Fair Trade status, farmers must join a farmer-owned and controlled organisation; in nearly all cases, this is structured as a co-operative. (Since 1997 the volume of Fair Trade-labelled sales in the US, Canada, Japan and 14 western European countries has tripled.)

As is the case with Kuapa Kokoo (see panel), agricultural co-operatives may also be able to contribute funds to help improve rural social services – such things as education, primary health, water and electricity supplies, care facilities and other community needs.



## Selling produce from agricultural co-operatives in Nicaragua.

© National Co-operative Business Association

Cotton marketing co-operatives in West Africa, for example, do not distribute their surplus to individual members but rather use it to provide community facilities. In Cameroon, a large programme of rural road construction was funded by the UCCAO co-operative.

Rural poverty remains a major global challenge. Rural areas are where the poorest of the poor live, where jobs are scarce and basic services are weak. Strengthening the capacity of local co-operatives can have an immediate and direct impact on rural poverty.

## Kuapa Kokoo, Ghana



Buy a 'Divine' chocolate bar in a British supermarket, and you'll be eating the produce of a pioneering and highly successful co-operative of cocoa growers in Ghana.

Kuapa Kokoo (the name means 'Good cocoa farmers' in the Twi language) not only provides the raw materials for 'Divine', it also owns a one-third equity share in the UK company Day Chocolate which produces the bar and has two seats on the Board of Directors. Established in 1993/4, the co-operative has grown very rapidly. It currently links together in one co-operative organisation almost a thousand village societies, which in turn provide a collective structure locally for individual farmers. 45,000 cocoa farmers now use Kuapa Kokoo, both for marketing their crops and (through Kuapa Kokoo's credit union) as a source of finance and credit.

Cocoa is important in Ghana: a million and a half people are involved in the industry, and unusually most of the cocoa grown comes from small



FAR LEFT:  
Women's meeting, Kuapa Kokoo.

LEFT:  
A water well built from the Fair Trade premium.

Both images  
© Day Chocolate Company

family-run farms rather than (as in other countries) from large plantations. Women in Ghana play a significant and socially accepted role in cocoa production and trading.

The village societies form the core units on which Kuapa Kokoo is built. The only criteria for membership is "to be a cocoa farmer", allowing the widest possible membership, and enabling women, share croppers and tenant farmers to join.

Each society has its own distinctive character, based on its style and size and the particular history of its formation, but all are run as co-operatives and based on the co-operative principles of grassroots and participatory democracy, transparency and open decision making. Keeping minutes, for example, is a society rule.

Members elect their own village society Committee which is responsible for making decisions on behalf of the village. Each society also employs a



“recorder” who is responsible for weighing and bagging the cocoa from the village and who is directly accountable to the elected Committee. This is important: buying agents from other cocoa companies frequently cheat the farmers, for example by using scales biased in their own favour. The Kuapa Kokoo operating structure and line of direct accountability, in addition to the practice of using scales easily understood by illiterate farmers, is highly valued by members.

Co-ordinating the work of Kuapa Kokoo nationally is the central body, the Kuapa Kokoo Farmers’ Union. This is made up of 13 executive members, of whom at least four must be women. The co-operative also runs the Kuapa Kokoo Farmers’ Credit Union and the Farmers’ Trust, which uses premiums paid by Fair Trade business to fund community development projects. To date, Kuapa Kokoo has enabled the construction of 174 local water wells, four schools and 27 corn mills.

The limited market for Fair Trade cocoa at present is only able to absorb a very small part of Kuapa Kokoo’s total production. The bulk of its cocoa is sold internationally through more conventional channels.<sup>4</sup>



## Cooperativa Café Timor, East Timor

FAR LEFT AND ABOVE:

Cooperativa Café Timor members weighing and sacking their coffee beans for export in East Timor.

© National Co-operative Business Association

East Timor, a former Portuguese colony, was invaded by its giant neighbour Indonesia after the colonial powers withdrew in the mid-1970s and was only able to obtain its independence in 2002 after a bitter period of warfare.

Not surprisingly, the long period of war and unrest has left the country impoverished, with much of its infrastructure destroyed. Despite international goodwill, the country faces a long uphill road ahead.

However, the last few years have seen the encouraging development of coffee production co-operatives. With the assistance of the US National Co-operative Business Association (NCBA), the Cooperativa Café Timor was started in 1994. It rapidly became the country's largest coffee exporter, processing almost one-third of the country's coffee crop. The organisation

was even able to withstand the worst period of the war, in 1999, when CCT's warehouses were looted and much of its capital equipment destroyed.

CCT is based on a network of 20,000 small-scale farming families reaching approximately 120,000 rural people. The focus of the co-operative is the production and processing of high value specialty coffees for the export market, and Fair Trade and organic coffee are both important in this respect.

As well as processing and exporting coffee, CCT manages a number of demonstration plots and training facilities, designed to show farmers first-hand how appropriate pruning, natural pest control, shade management and weeding can vastly improve productivity. The demonstration plots typically increase coffee production by a factor of four.

The co-operative has become East Timor's largest private sector employer and exporter, making up the most important income generating activity in the country outside the public sector. It is also an important employer of women in the capital city, Dili, who work hand-sorting and grading the coffee beans.

Since 1999, the co-operative has also developed a primary health care service for its farmer-members. The clinics treat more than 20,000 patients every month, and also provide essential pre- and post-natal care for mothers.<sup>5</sup>

## Milk Vita, Bangladesh

The story of the Bangladesh Co-operative Milk Producers Union is important, not only because the co-operative helps many thousands of small dairy farmers but also because of the way it successfully transformed itself from a government-imposed top-down organisation into an accountable co-operative business.

The co-operative was first established in 1974, shortly after Bangladesh obtained its independence. It was modelled on similar dairy co-operatives in India, and rapidly established the successful 'Milk Vita' brand, supplying milk and dairy products to the country's urban communities. Milk Vita broke the monopoly which milk buyers had previously maintained over

small farmers, and substantially expanded milk production in the north-east of the country.

However, whilst Milk Vita established primary co-operatives in villages and (for milk distribution) in city areas, the organisation was itself run by civil servants and was accountable to the Bangladeshi government, rather than to the co-operative members. In 1991, the government withdrew and Milk Vita had to transform itself into a genuine farmer-owned co-operative. This was a difficult period. However by the late 1990s the business had successfully adopted a more commercial approach, and in recent years it has been able to expand its activities.

The co-operative is run by an independent board of directors, who are elected mainly by the 390 village-based primary co-operatives, which in turn have over 40,000 individual farmers as members. Employment in urban areas is also created by the co-operative, including 300 milk rickshaw pullers and 700 employees of the dairy processing plants.

Bangladesh is a country of small, often very impoverished, farmers working the rich flood plains. Dairy production is valuable, in that it brings in regular cash income, as well as providing milk for family members. However, it is difficult for individual farmers to raise the initial investment to buy the livestock they need, or to arrange for milk to be transported to city areas in the limited time available before it goes off. The success of Milk Vita has demonstrated that a co-operative business approach can help these farmers become established.

Milk producers' earnings have increased ten-fold, lifting the earnings of around 300,000 households to well above the poverty line. Furthermore, in many households the income from milk production is managed by women and thus is more likely to be spent directly on family needs.<sup>6</sup>

## Livestock Producers Co-operative, Mali

The capital of Cote D'Ivoire, Abidjan, is a potentially important market for beef farmers in the neighbouring country of Mali. Demand for beef in Abidjan is both high, and unmet.

But Malian livestock producers who attempted to export cattle to Cote d'Ivoire faced a problem: the high illegal 'taxes' (bribes) which they were forced to pay to officials and middlemen at the border and along the shipping routes, to enable them to successfully transport their livestock.

Their solution was a co-operative one. With the assistance of the US National Co-operative Business Association (NCBA), a group of Malian livestock co-operatives joined together in the formulation of a cross-border marketing co-operative, the Société de Gestion du Marché Frontalier (SOGEMAF). The co-operative successfully petitioned the government to address the problems and provide security for the export transactions. As a result of this co-operative advocacy and the rapid growth in the market, the co-operatives have exported a total of 125,000 head of cattle to markets not only in Cote d'Ivoire but also in Ghana, Burkina Faso and Guinea. In 2001, the exports by the co-operatives amounted to 71 per cent of the country's livestock exports.

SOGEMAF is a secondary co-operative, made up of 95 livestock co-operatives which in turn are owned by 7,000 farmers.<sup>7</sup>

# Co-operatives and Finance

Co-operatives have a long history of operating in the financial sector. British readers will be familiar, for example, with the work of the Co-operative Bank and Co-operative Insurance Society, both part of the larger Co-operative Group.

Co-operative banking has a presence, and a long tradition, in many other parts of the world, in particular in Japan, USA, France, Germany, the Netherlands and Italy. In insurance, too, there are a significant number of established and successful co-operative and mutual insurance companies, with a 40 per cent share of global markets.

The global sectoral body for the co-operative and mutual insurance sector is the International Co-operative and Mutual Insurance Federation (ICMIF) which is based in Altrincham, Cheshire. It offers support and contacts with potential partner companies as well as training and development programmes. ICMIF, for example, has arranged reinsurance for the Asian Confederation of Credit Unions, to ensure that its micro insurance products remain sustainable.

Credit unions, too, can be found across the world. These are co-operative financial institutions which are owned and controlled by the members who use their services and which provide a range of financial services, including such things as savings facilities, access to credit and insurance.

Credit unions date back to the beginning of the twentieth century, and in their present form originated in north America. The credit union movement is still relatively small in Britain, but is an important feature of life in the

USA, in Caribbean countries and in Ireland, as well as in many other parts of the world. Credit unions range from small local institutions to powerful large national ones.

The World Council of Credit Unions estimates that there are 118 million members of over 40,000 credit unions worldwide (2002 figures):

Region	Credit Unions	Membership
Africa	4,406	3,065,797
Asia	16,586	10,897,528
USA/Canada	10,592	87,921,421
Latin America	1,937	5,536,274
Australia, Fiji, New Zealand	348	3,790,655
Caribbean	350	1,435,499
Europe	6,039	5,621,450
<b>Global</b>	<b>40,258</b>	<b>118,268,624</b>

The World Council of Credit Unions (WOCCU) provides technical assistance and training to credit unions and national networks in developing countries.

Credit unions can play a particularly important role in developing countries, where many people do not have access to traditional banking or insurance facilities. In Ecuador, for example, 860,000 people out of a total working population of four million are credit union members. Because savings has exceeded demand for loans, credit unions here have begun to extend their work, including providing finance for micro-enterprises. Loan products available include 'open end' lines of credit (similar to the familiar overdraft facility in Britain), loans for fixed asset acquisition, factoring, letters of credit, and third party guarantees.<sup>8</sup>

Credit unions are also helping migrant workers in developed countries send money back home to their families. The World Bank estimates that remittances sent back by migrant workers totalled as much as \$88 bn in 2002. In many countries, these contributions are much the most important source of new capital. However, workers are often heavily penalised in terms of the charges made by commercial banking companies for processing such transfers.



Beatrice Jumpah is a teller at the KAMCI Credit Union in Accra, Ghana.

© Canadian Co-operative Association

In 1995, a credit union in California started a service whereby its members from El Salvador could easily and cheaply send money back to credit union accounts in their country of origin. This service was quickly expanded by the WOCCU, so that by 2004 over 225 credit unions in 35 countries offered a similar money transmission service, and credit unions in six countries were able to receive these funds. In Guatemala, for example twenty-five credit unions together received 30,000 payments a month originated by Guatemalans working abroad. On average, these transfers cost only \$6, much less than the rates charged commercially.<sup>9</sup>

### CREDIT UNIONS IN RWANDA

Credit unions are playing a valuable role in helping Rwanda recover from the terrible genocidal war which engulfed the country in the mid-1990s.

In total, there are about 148 credit unions (*banques populaires*) in Rwanda, together serving about 315,000 members. They are linked together in a national association, the Union des Banques Populaires de Rwanda. Credit unions, according to the WOCCU, are successfully operating without discrimination between the two ethnic groups, the majority Hutu and minority Tutsi communities: in over three years, only one case of ethnic discrimination (involving the widow of a soldier from the previous regime) has come to light.

The credit unions are providing an essential savings vehicle for those who have only a very small amount of money to save: two-thirds of passbook deposits are for less than \$23. Loans, too, are often for small amounts, with the average loan size just \$215.

WOCCU research suggests that members have a greater degree of trust in their credit unions than in commercial banks, and are also more confident in working together in groups than non-members.<sup>10</sup>

The importance of insurance for development is now beginning to be re-evaluated as the understanding of the relationship of poverty to vulnerability is increasingly recognised. Development requires both risk reduction and asset protection.

Co-operatives have a particular role to play in the provision of insurance, as a recent study from ICMIF<sup>11</sup> pointed out. Co-operative structures provide an effective and sustainable mechanism to deliver micro insurance to the poor, against the impact of risks such as disease, theft, violence, disability and fire. However, micro insurance schemes require a greater level of technical expertise and actuarial capacity than simple micro-credit lending, and there can be a risk of insolvency. Partnerships between micro insurance initiatives and the established co-operative sector can help to ensure that sound actuarial policies can be developed to protect against these risks.

There is also a need for education and information on insurance, as the concept of paying money for a service which may not appear to be 'used' is, understandably, an alien one to many workers, particularly those who work in the informal economy.

## La Equidad, Colombia

The Latin American country of Colombia tends to make the headlines for all the wrong reasons – the civil and political unrest which the country has experienced in recent years, and the US-backed attempts to attack the drug production cartels which have their base in the country.

For over thirty years, however, Colombians have been able to rely on the protection of La Equidad, a co-operative insurance society which has more than 3.3 million people as its members and customers. La Equidad was formally established in 1970, when forty-one co-operatives in Colombia combined forces to create their own insurance arm. Today more than 1,200 organisations, mostly co-operatives, jointly own the firm.

Colombia has recently seen an influx of foreign insurance companies, who have tried to establish themselves in the country through aggressive price wars. La Equidad has responded by stressing both the quality of its service and its reliability and financial solvency.

La Equidad can also point to the work carried out by its educational foundation Fundequidad, the Foundation for the Development of Solidarity. The foundation, established in 1990, has the motto 'United for the wellbeing of all' and has powers to engage in artistic, cultural, scientific, technical, educational and social activities that promote the development of solidarity. It engages in co-operative leaders' training, through a series of workshops. It also works with young people, who have their own programme of activities and training in the principles of co-operation.

After the reform of Colombia's social security system in 1994, La Equidad established SaludCoop (Health Coop), which provides health insurance and health services to over four million Colombians. SaludCoop is exploring ways in which similar co-operatively run health services can be provided in Ecuador, Mexico, Venezuela and El Salvador.<sup>12</sup>

# Co-operatives and Social and Community Services

## Health care

SaludCoop in Columbia (see previous page) is by no means unique. Indeed, according to a 1997 UN study, health care co-operatives can be found in more than 50 countries. Perhaps as many as 100 million households round the world are receiving health services (including such things as medical treatment, rehabilitation, services for those with disabilities and health education) the co-operative way.

Health care co-operatives are particularly important in some countries. In Brazil, for example, a third of the country's medical practitioners are members of the co-operative health care provider Unimed. In the Philippines the ORT Health Plus Scheme, which provides a wide range

There have been a number of recent initiatives by co-operative bodies around the world, focusing on HIV/AIDS. In Swaziland, for example, a regional consultative meeting on the role of co-operatives in the fight against HIV/AIDS took place in 2000. In India, co-operative leaders participated in a workshop held in April 2004 designed to stimulate awareness for prevention of HIV/AIDS. This event was run in collaboration with UNAIDS India and the National Co-operative Union of India.

The ICA Gender Equality Committee is now calling for an ICA strategy to undertake a more systematic programme around HIV/AIDS to raise awareness in the co-operative movement, encouraging co-operatives around the world to become involved in the issue.

of maternity care for women members as well as more general health care benefits, is run by the ORT Community Multi-Purpose Co-operative.

Co-operatives can also have an important role to play in relation to HIV/AIDS, a contribution which was acknowledged by Kofi Annan, UN Secretary General, in his 2004 International Women's Day statement.

In eastern and southern Africa, credit unions are helping HIV/AIDS sufferers. In Kenya, credit unions affiliated to KUSCCO (the Kenya Union of Savings and Credit Co-operatives) and the rural based KERUSSU (Kenya Rural Savings and Credit Societies Union) have reported a growth in emergency loans, including borrowing for medical bills and hospital fees. These credit unions can also play an important part in HIV/AIDS prevention work.

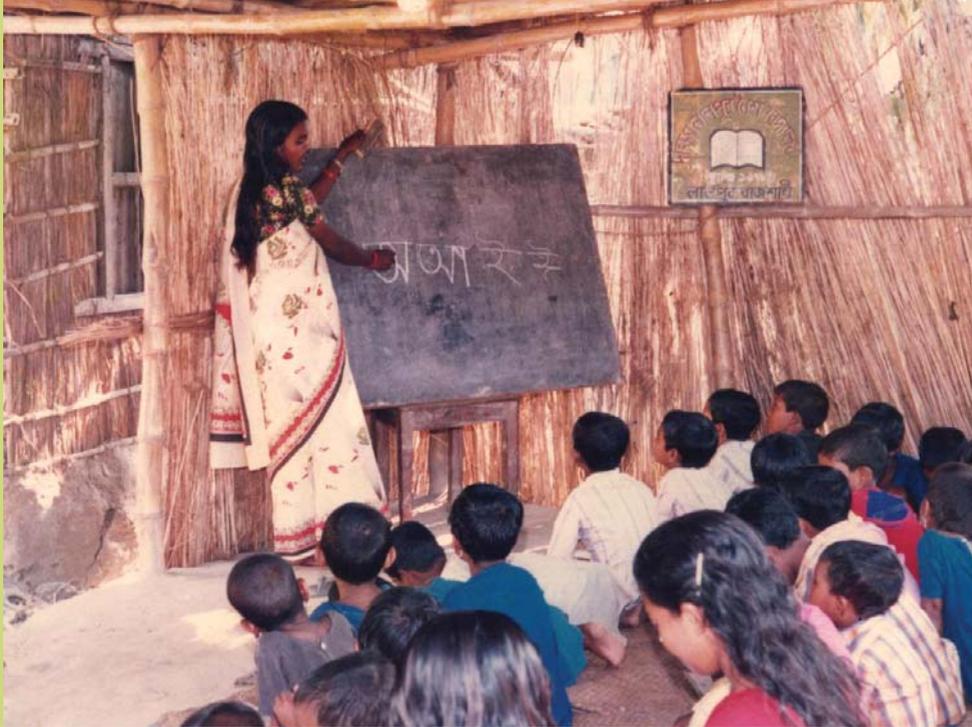
HIV/AIDS poses a real threat to co-operative development, as to other aspects of economic and social development, in those countries most affected. The ICA Regional Office for East, Central and Southern Africa conducted a survey in April 2004 which found that savings and credit unions are experiencing difficulties, with a rise in defaults on loans, as the HIV/AIDS impact is felt. Teachers' co-operatives are losing people who cannot be easily replaced and insurance co-operatives are forecasting payout difficulties.

## Public utilities

In Britain, we take the supply of utilities, such as electricity and drinking water, completely for granted. The situation in many parts of the developing world is very different. Two billion people currently live without access to electric power, for example.

The neoliberal agenda, promoted in recent years by the international financial institutions, has urged countries to look to private sector market solutions for the supply of what were once deemed to be public services. In many countries, steps to privatise or liberalise publicly owned utilities have been highly unpopular and controversial.

Co-operatives can offer an alternative approach to that taken by profit-driven commercial private companies. Services such as electricity and water are well suited to co-operative provision, as our examples from Bolivia and



Bangladesh make clear. In transport, too, as with the Balsa co-operative in Brazil, communities can benefit from a co-operative approach.

It is not only in the developing world that electricity is supplied by co-operative businesses. In the US over 34 million people, in three-quarters of the country's land area, receive their electric power from co-operatives. This dates back to the rural electrification initiatives which were developed under the New Deal programmes. The National Rural Electric Co-operative Association (NRECA) brings together some 1,000 electric distribution utilities owned by rural communities. The NRECA also seeks to help developing countries: its international assistance programme was started in 1962 and since then has helped establish rural electric co-operatives in a number of countries including Bolivia, India, Vietnam, Nicaragua and Bangladesh (see case study).



## Providing electricity in rural Bangladesh

FAR LEFT:

A local co-operative supplies electricity in rural Bangladesh.

ABOVE:

Lighting the world – electricity helps to develop rural industries.

Both images © National Rural Electric Co-operative Association International Ltd

The Bangladesh Rural Electrification programme dates back to 1977-8. In the years since then, over seventy rural electric co-operatives have been created, serving over four million customers in 2002 and reaching over 25 million people. Creating the infrastructure has been costly, with over \$1bn invested by a number of donor agencies. The network is continuing to expand, with many new connections being made each week. The co-operatives themselves are increasingly reaching the point where they are financially self-sustainable.

The co-operatives, or Palli Bidyut Samities, are each headed by a democratically elected board which deals with policy issues. Remarkably the bill collection rate is over 98% and the system loss at only 16%.

Providing electricity in this way to rural Bangladesh has achieved much. Household incomes have increased, typically by about 16%. Infant mortality has fallen. Enhanced employment opportunities have resulted in people migrating to villages which have power, and a variety of new industries have been started. At the level of individual households, electricity has helped improve hygiene and health awareness, school enrolment and immunisation coverage.<sup>13</sup>

## SAGUAPAC water co-operative, Bolivia

Santa Cruz is a city in the far east of Bolivia, a long way geographically from the country's capital city of La Paz. Santa Cruz has expanded fast in recent decades, turning itself from a relatively small town in the 1950s to a city of over a million people today.

Since the 1970s, many people in the city have received their drinking water from a water co-operative, known as SAGUAPAC. SAGUAPAC has around 100,000 consumer members, who are automatically members of the co-operative and who can play their part in the democratic structures of the organisation.

The city is divided by SAGUAPAC into a number of districts, each of which holds a district assembly every two years. This meeting elects members both to a SAGUAPAC district council and to the citywide general assembly, which has thirty-six representations. The general assembly in turn elects members to the co-operative's administrative board, which appoints the general manager and oversees the work of the business. This electoral system works against corruption and the co-operative structure shields managers from political interference.

Water charges are low and affordable by unskilled workers. A recent study found it was one of the best run water companies in Latin America.<sup>14</sup>



## Balsa Co-op, Brazil

The Balsa Co-op, Brazil, provides transport for cars and their passengers across a fast flowing river.

© David Rodgers

The Balsa Co-op in the Rio Grande province of Brazil uses rafts to ferry cars across a shallow but fast-flowing river which runs through a sandy coastal plain. It is not economic to build a bridge across the river, and diverting to the nearest bridge will add forty miles to your journey distance.

Rather than competing with each other, the villagers chose to form a co-operative to maximise the economic benefit of running a fleet of rafts across the river. They keep the price they charge roughly the same as the extra fuel costs of driving forty miles further, with the advantage that drivers save considerably in time by using the ferry.

The rafts are constructed of balsa wood and are owned and maintained by the co-operative. This has enabled the maintenance costs required to run the service to be kept low.



LEFT:  
Co-operative  
Housing in  
Brazil.

© David Rodgers

RIGHT:  
Co-operative  
housebuilding  
in Paraguay.

© Swedish  
Co-operative Centre

## Housing

With up to a third of the global urban population living in slums, decent housing is a priority in many parts of the world. Housing costs are also one of the most important expenditure items for individuals and households, typically representing 15-40 per cent of their total monthly expenditure. So what role can co-operatives play in helping to improve this situation?

The situation varies from country to country, and the exact form of co-operation in the housing sector takes many different forms, ranging from shared mutual ownership of properties and management co-operatives to house building co-operatives. Savings and mortgage co-operatives and credit unions also play a role in helping to finance house construction and ownership.



In several Central and South American countries, 'popular housing alternatives' for slum dwellers are being pioneered, in projects supported by the Swedish Co-operative Centre. Among the aims is the attempt to develop viable models of self-management and to help co-operative structures become strengthened. In Guatemala, for example, the aim is to support new housing co-operatives for 125 families who currently live in shanty-towns and slums, and who make what living they can from the informal economy. In Nicaragua, the focus is on about 650 families on low incomes, who are working in small enterprises and in agriculture.<sup>15</sup>

#### **CO-OPERATIVE HOUSING IN SOUTH AFRICA**

South Africa has emerged from its dark years under the apartheid regime, but the economic problems for the majority of the population which apartheid engendered remain a reality for large numbers of people.

One problem is that many households living in the townships have no income left over after meeting their everyday needs to be able to improve their living situation. Co-operative housing initiatives are trying to resolve this difficulty, by combining the construction of new housing with income generating measures.

One such scheme is under way in East London, where German and South African non-governmental organisations are providing finance and technical assistance.<sup>16</sup>

# Co-operatives and the Informal Economy

The processes of globalisation have resulted in growing numbers of people who have to earn their livelihood in what is described as the 'informal' economy.

In other words, they undertake work which is not officially recognised and therefore is not subject to any form of protection under employment, health and safety, or other legislation. Working outside the formal economy, and perhaps also in semi-legal or illegal ways, leaves the individual involved potentially vulnerable to all kinds of exploitation.

Many developing countries have also witnessed the shrinkage of opportunities for decent work in the formal sector. The ways in which conditions for informal sector workers, especially women, can be improved has been the subject of considerable debate and activity recently.

Co-operatives are a potentially valuable way in which poor people who are currently completely unprotected can combine, in order collectively to gain some leverage in relationships with the state and its representatives. As a report from the International Labour Organization recently put it, "Where there are major constraints to informal operators or workers joining existing employers' organisations or trade unions or establishing their own organisations, the most effective membership based organisational structure may be that of a co-operative."<sup>17</sup>

The same ILO report makes a distinction between smaller informal organisations which are pre-co-operative in nature but "which show great

vibrancy and potential” and the formal co-operative movement. It comments that “the potential benefits that could be obtained by associating the informal organisations that already exist, or that could be encouraged to exist, with a genuine, officially recognised, co-operative movement are obvious”.

Shared service co-operatives have proved successful both in Britain (among taxi drivers and small retailers, for example) and in developing countries. A good example of the latter is the shoe-shiners’ co-operative in Kampala, featured on the next page.



Greenhouse farmers in Guatemala.

© Victoria Arriaga

## Shoe-shiners' co-operative, Uganda

What began informally in 1975 during the time when Idi Amin was the dictatorial head of state in Uganda, when five shoe-shiners in Kampala decided to establish their own co-operative organisation, has gone on to become a properly registered co-operative society, the Shoe-shiners Industrial Cooperative Society Ltd. In 2000, the organisation had 370 members, including 124 full members and 246 part-timers. More recently, the numbers involved have increased to over 600, and the co-operative has extended its reach outside Kampala to other cities in Uganda.

The co-operative is affiliated to the Uganda Cooperative Alliance and to the Uganda Cooperative Savings and Credit Union, which means that its members have access both to a savings and loan service and to the co-operative training programmes put on by the Alliance. The co-operative has struck deals with the KIWI shoe polish company, and also operates a brush-making project producing fifty shoe brushes a day.

The co-operative has received support from a Ugandan NGO and from the government, but there is still the struggle of maintaining an organisation of people who, because of the nature of their work, are on very low incomes.<sup>18</sup>

## Self Employed Women's Association, Gujarat

Perhaps one of the most successful and best known organisations for informal sector workers is the Self Employed Women's Association, based in Gujarat in north-west India. SEWA has over 500,000 women members and organises women in a number of different ways – including trade unions and co-operatives.

SEWA Bank is the largest co-operative within SEWA with over 90,000 depositors. It has pioneered innovative micro finance initiatives such as doorstep banking. SEWA has also set up rural production co-operatives, health care and child care co-operatives, and co-operative associations for midwives.

# A Global Partnership for Co-operative Development

The work of building the global co-operative movement is one which requires partnership and solidarity between the developed world and developing countries. It is a project where the movement's principles can be directly put into practice.

Recent years have seen, at the international policy level, a far-reaching re-assessment of the role, scope and extent to which co-operatives can contribute to poverty reduction and to meeting development goals. We have seen the first major overhaul for many years of UN and ILO guidance on co-operative development and support.

We have, therefore, a base on which to build. However much more work needs to be done to strengthen this reform agenda, both in international bodies such as the World Bank and IMF and at national level. For example, the UK's Department for International Development historically has favoured predominantly the investor-owned private sector business model, rather than the co-operative model.

There is a direct role for co-operatives themselves to play. Internationally, the larger co-operative enterprises in developed countries (especially the European consumer co-operatives) have extensive global supply chains. These co-operatives are an important source of foreign direct investment in developing countries.

A commitment to support for Fair Trade is now increasingly important for the UK's Co-operative Group, a stance it shares with the Swiss co-operative

## CO-OPERATIVES WORKING FOR DEVELOPMENT

In several countries in the global North (particularly the US, Canada, Sweden, Norway and Japan) long-standing international development policies have been in place which specifically focus on supporting the development of co-operatives in developing countries. In general, these policies favour partnership arrangements with home-country specialised co-operative development agencies (CDAs), some of which have been working in relationship with developing countries for over forty years and have built-up considerable international experience.

In the United States, for example, the US international assistance programme has since 1962 provided funding for a range of American overseas co-operative development initiatives. The US Overseas Co-operative Development Act, passed by Congress in October 2000, expands the government's mandate in its overseas programmes specifically to promote credit unions, agricultural co-operatives, rural electric and telecommunications co-operatives, insurance co-operatives and community based co-operatives that advance self-help housing, environmental improvements and job creation. In 2000, the US government provided about \$175 million to fund international co-operative development activities.

Canadian and Swedish national co-operative bodies have had similar long term partnership arrangements with a number of overseas co-operative development agencies. The Royal Netherlands Embassy and Belgian Technical Cooperation have worked on co-operative banking with, respectively, the Rabobank Foundation and the Belgium Raiffeisen Foundation while the Swiss Development Cooperation Agency has collaborated with a number of Swiss co-operative federations on rural development. Some of these agencies also run training courses and develop specialised training materials. Some provide help with the drafting of new co-operative legislation.

The Mondragon group of co-operatives based in the Basque country in Spain established its own Mundukide Foundation in 1999 to reflect Mondragon's commitment to international co-operation. The Foundation aims to ensure the direct involvement of a number of different Basque co-operatives from the business world and from the agricultural sector.

In Britain, the record is unfortunately not so strong, although the Co-operative College has run courses for overseas co-operators throughout its 80 year existence, and together with the Plunkett Foundation has long supported overseas co-operative development. Prior to the establishment of DfID its predecessor body the Overseas Development Agency had a long term technical assistance relationship with the Plunkett Foundation on the promotion and development of agricultural and other forms of rural co-operative organisations.



Tea plantation workers in Bangladesh seeing a packet of the co-operative tea they grow for the first time. The Co-operative Group visits the plantation on a regular basis to ensure labour standards are being observed.

© Stirling Smith

retailer Migros and the Italian Legacoop federation. Taking this commitment one step further, the Co-operative Group is an active member of the Ethical Trading Initiative which is working to identify and promote good practice in the implementation of codes of labour practice. The aim has to be to ensure that the working conditions of workers in companies that supply goods to consumers in the UK meet or exceed international standards.

The links between co-operative enterprises internationally already help foster trade and business links. One good example is the Global trading agreement with the All-China Federation of Supply and Marketing Co-operatives which was signed in 2002 by co-operatives from the UK, Canada, Singapore and Japan. The focus of the agreement is the supply of food and of non-food goods such as clothing, houseware items and furniture. Importantly, the retail co-operatives will be able to monitor labour standards and practices in the co-operative factories supplying the goods.

At a time when economic power and wealth is increasingly becoming concentrated in a small number of multinational corporations, it is vital to remind ourselves of the role which co-operatives can play in economic and social development. The wealth that co-operative organisations generate remains within their communities. Co-operatives have good reason to affirm that the idea of Corporate Social Responsibility which some companies are now trying to embrace lie at the very heart of the co-operative movement's value system.

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# Action Points

This is a time of renewal in the co-operative movement, both in Britain and internationally.

It is the time when co-operatives need to assert firmly their place on the development agenda. Co-operative forms of business offer an important alternative internationally to the type of globalisation represented by multinational corporations.

To maximise the potential which co-operatives represent, adequate support measures need to be taken.

## **What do co-operatives need?**

- Their autonomy and independence respected.
- A level playing field: an enabling environment no less favourable than that afforded to other forms of business.
- Appropriate and modern legal and political frameworks (ILO Recommendation 193 provides the guidance).

## **What support do co-operatives need?**

- Recognition that co-operatives are businesses, operating in the private sector – but with democratic forms of stakeholder accountability.

- ▶ Recognition by governments and by NGOs for the part co-operatives can play in development.
- ▶ Understanding of the role of co-operatives can play in meeting the Millennium Development Goals.
- ▶ Recognition of this role when Poverty Reduction Strategy Papers (PRSPs) are being debated and prepared.
- ▶ Appropriate support to promote co-operative business development (both in business skills and member governance skills).
- ▶ Help with market access (including north/south co-operative to co-operative trading links).

## **What can co-operatives offer in return?**

- ▶ Co-operatives stimulate democratic structures and encourage collective self-help.
- ▶ Co-operatives deepen civil society.
- ▶ Co-operatives enable small producers jointly to access markets and capture more of the value chain.
- ▶ Co-operatives assist in capital accumulation, the provision of micro-finance, credit and banking.
- ▶ Co-operatives offer stability and security, by providing appropriate forms of insurance (including 'micro-insurance').
- ▶ Co-operatives provide much-needed goods and services, including health care, education, water and housing.
- ▶ Co-operatives offer an appropriate means of exit for unprotected workers in the informal economy.
- ▶ Co-operatives can play a particular role in empowering women and fighting forms of gender discrimination.
- ▶ Co-operative forms of governance encourage decent work practices.
- ▶ Co-operatives operate across the globe and have international structures, committed to mutual trade and mutual support.

# Resources

## Three key organisations

### **The Co-operative College**

The Co-operative College leads and co-ordinates the Strategic Grant Agreement (SGA) between the co-operative movement and Department for International Development. College staff have experience of working in development issues and of working with DFID in other contexts. The College works closely with the ICA (which is represented on the SGA steering group by its Development Director) and ILO's COOP Branch.

The Co-operative College, Holyoake House  
Hanover Street, Manchester M60 0AS  
Tel: (+44) 161 246 2926  
Email: [enquiries@co-op.ac.uk](mailto:enquiries@co-op.ac.uk)  
<http://www.co-op.ac.uk>

### **International Labour Organization**

The ILO's Co-operative Branch (which has the acronym COOP) is a source of very useful thinking about co-operatives, with a strong institutional memory of organisations and past projects and extensive holdings of publications.

Tel: (+41) 22 799 7302  
<http://www.ilo.org>

In addition, the ILO STEP programme (Strategies and tools against social exclusion and poverty) located in the Social Security Policy and Development Branch has a focus on the role of mutual and co-operative health insurance.

ILO, 4 route des Morillons, CH-1211 Geneva, Switzerland

<http://www.ilo.org/step/public/>

### **International Co-operative Alliance**

The ICA has a network of regional offices who can advise on affiliated members, on-going projects, link with other donors, and co-operative legislation in different countries.

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Tel: (+254) 2 434 3060

## The ICA also has a series of sectoral bodies

<i>Fisheries</i>	<a href="http://www.ica.coop/ica/ica/sb/fish.html">http://www.ica.coop/ica/ica/sb/fish.html</a>
<i>Banking</i>	International Co-operative Banking Association ( <a href="http://www.ica.coop/icba">http://www.ica.coop/icba</a> )
<i>Consumer</i>	Consumer Coop International ( <a href="http://www.ica.coop/ci">http://www.ica.coop/ci</a> )
<i>Housing</i>	International Co-operative Housing Organisation ( <a href="http://www.ica.coop/ica/ica/sb/housing.html">http://www.ica.coop/ica/ica/sb/housing.html</a> )
<i>Tourism</i>	TICA ( <a href="http://www.ica.coop/ica/ica/sb/tourism.html">http://www.ica.coop/ica/ica/sb/tourism.html</a> )
<i>Worker Co-operatives</i>	Industrial Organisation of Artisanal & Service Producers Co-operatives ( <a href="http://www.ica.coop/ica/ica/sb/cicopa.html">http://www.ica.coop/ica/ica/sb/cicopa.html</a> )
<i>Finance</i>	International Co-operative and Mutual Insurance Federation (ICMIF) <a href="http://www.icmif.org">http://www.icmif.org</a>

ICMIF is based in the UK, at Denzell House  
Denzell Gardens, Altrincham, Cheshire, WA14 4PD  
Tel: 0161 929 5090

## Other agencies and organisations

### **Belgian Raiffeisen Foundation – Belgium**

BRS supports poor people in Third World countries who take the initiative to build a better life for themselves and a future for their children.

<http://www.brs-vzw.be>

### **Canadian Co-operative Association (CCA)**

For over a quarter century, CCA has assisted co-operatives of all types and descriptions in over 40 countries through its International Development Program and the Co-operatives Development Foundation of Canada.

<http://www.coopscanada.coop>

<http://www.cdfcanada.coop>

**Centre International du Cr dit Mutuel (CICM) – France**

<http://www.cmutuel.com/cicm>

**Cera Foundation – Belgium**

The Cera Foundation provides support to projects in Belgium and abroad, working on projects that fulfil real social needs and produce lasting effects.

<http://www.cera.be>

**Confcooperative – Italy**

Confcooperative promotes the establishment of new co-operatives and sustains and strengthens co-operative development.

<http://www.confcooperative.it>

**Cooperative Development Center – USA**

The Center was created by the Overseas Co-operative Development Council, its members and other partner organisations to create a centre of excellence concerning key issues and challenges in co-operative development.

<http://www.coopdevelopmentcenter.coop>

**CHF International****(Co-operative Housing Foundation International) – USA**

A nonprofit humanitarian organisation dedicated to the development of community, habitat, and finance.

8601 Georgia Ave, Ste 800, Silver Spring, MD 20910, USA

<http://www.chfhq.org>

**Deutscher Genossenschaft und Raiffeisenverband (DGRV) – Germany**

The International Department mobilises support in kind and expertise within the co-operative movement in Germany.

<http://www.dgrv.de>

**D veloppement International Desjardin (DID) – Canada**

DID specialises in providing technical support and investment to the community finance sector in emerging or developing countries.

<http://www.did.qc.ca>

### **Fair Trade Labelling Organisations International**

FLO is the worldwide Fair Trade Standard setting and Certification organisation. It permits more than 800,000 producers, workers and their dependants in more than 45 countries to benefit from labelled Fair Trade.

<http://www.fairtrade.net>

### **Federation of Danish Co-operatives (FDC)**

FDC is involved in international co-operation on an ad hoc basis, mainly with organisations in Africa, Asia or Latin America.

<http://www.danskeandelsselskaber.dk>

### **Fonds voor Ontwikkelings-samenwerking (FOS) – Belgium**

FOS assists organised groups of marginalised people in other countries in the South. It is the International solidarity arm of the Socialist Organisations from the Flemish Community in Belgium.

<http://www.fos-socsol.be>

### **Food and Agriculture Organization of the United Nations (FAO)**

<http://www.fao.org>

### **International Confederation of Free Trade Unions**

The major trade union confederation representing trade unions from both northern and southern countries. The ICFTU works closely with a number of sectoral Global Union Federations, including Public Services International, Union Network International, Education International and International Transport Workers' Federation.

<http://www.icftu.org>

<http://www.global-unions.org>

### **International Federation of Agricultural Producers (IFAP)**

This Paris-based body has a standing committee on agricultural co-operatives.

<http://www.ifap.org>

### **International Raiffeisen Union**

The IRU sees its priority task in the promotion of the exchange of experiences between its member organisations, from developing countries, newly industrialised countries and industrialised countries.

<http://www.iru.de>

**Irish Foundation for Co-operative Development Ltd (IFCD)**

Established by the Irish Co-operative Organisation Society to provide a practical response from the Irish co-operative movement to Third World issues.

<http://www.icos.ie>

**KOOPI – Sweden**

Koopi contributes to the growth of the co-operative sector, reinforces established co-operation and promotes the development of the co-operative movement in new areas, including the social economy.

<http://www.koopi.se>

**Land O'Lakes – USA**

Land O'Lakes is a food processing, marketing and agricultural supply co-operative, which is also involved in assisting farmers, private sector co-operatives and agribusinesses in developing nations.

<http://www.landolakesinc.com>

**Legacoop – Italy**

Legacoop organises projects and programmes carried out by member societies and its own regional and sectoral structures.

<http://www.legacoop.coop>

**National Co-operative Business Association (NCBA) – USA**

The International Co-operative Development Department manages long-term projects and undertakes short-term consultancies in many countries.

<http://www.ncba.coop>

**National Rural Electric Cooperative Association**

The national association of the US rural electric co-operatives

<http://www.nreca.org>

which has a international assistance programmes outlined at

<http://international.nreca.org>

**Oikocredit**

Oikocredit is a worldwide co-operative society using investment capital of church related organisations for investment in development projects.

<http://www.oikocredit.org>

### **Open University Co-operatives Research Unit**

The only specialist UK academic research unit focusing on co-operatives.

<http://technology.open.ac.uk/cru/>

### **Rabobank Foundation – the Netherlands**

The Foundation's aim is to contribute to the humanisation of society and to an equitable distribution of welfare and prosperity, by supporting people at home and abroad in their efforts to attain independent status within society.

<http://www.rabobankgroep.nl/rabobankfoundation>

### **Royal Norwegian Society for Development (NRD)/NORCOOP**

NORCOOP promotes rural development and supports co-operative organisations in developing countries.

<http://www.norgesvel.no/global>

### **Société de coopération pour le développement international (Socidevi) – Canada**

SOCODEVI contributes to sustainable development in partner countries with a view to empowering their inhabitants, through the involvement of its member institutions and through promotion of the co-operative movement and other forms of association.

<http://www.socodevi.org>

### **The Swedish Co-operative Centre (SCC)**

Set up to support co-operative development in developing countries. Member organisations provide expertise through the secondment of co-operative consultants to SCC projects.

<http://www.utangranser.swecoop.se>

### **Twin Trading**

UK Fair Trade importer and supplier that also works with some of its supply co-operatives.

<http://www.twin.org.uk>

### **UK Society for Co-operative Studies**

Promotes research into co-operatives and publishes the Journal of Co-operative Studies.

<http://www.co-opstudies.org/>

### **Wereldsolidariteit/Solidarité Mondiale (WSM) – Belgium**

WSM defends the rights of men, women and children in the third world, fighting for those who are exploited, underpaid and whose rights are continuously violated.

<http://www.wsm.be>

### **World Bank**

<http://www.worldbank.org>

### **World Confederation of Labour**

<http://www.cmt-wcl.org>

### **World Council of Credit Unions (WOCCU)**

WOCCU's co-operative development programme is supported by co-operatives and international organisations.

<http://www.woccu.org>

## **Other resources and publications**

AAC/MIS [Americas Association of Cooperative/Mutual Insurance Societies] (nd, 2003?) Internal Program Review, case studies from Colombia and Dominican Republic, available online at

<http://www.coopdevelopmentcenter.coop/CDP%20case%20studies/ACMIS%20Case%20Study.pdf>

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<http://www.coopdevelopmentcenter.coop/Sector/Energy%20and%20Rural%20Electrification/ReadmoreCH8-Bangladesh.pdf>

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ICA/CHF *International Housing and Development Practitioners Handbook* (forthcoming)

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# Asian Tsunami Appeal

## Co-operative Aid Development Fund

*To support the growth of jobs, homes  
and education for the people of the region*

The massive earthquake and consequent devastating tsunami that swept the coastal areas around south east Asia and India has resulted in one of the worst natural disasters in living memory. As the days and weeks go by, the longer term needs of the survivors become more pressing. There will be a desperate need amongst other things for housing, for rebuilding the economy of local communities and to replace schooling for the future.

The co-operative movement in the United Kingdom believes that at this crucial juncture, its strong connections with the indigenous co-operative movements in the countries concerned puts it in a strong position to make a contribution to the rebuilding of their devastated communities.

In this context Co-operatives<sup>UK</sup> is asking for contributions to a Co-operative Development Fund of £500,000 specifically for the purpose of creating jobs, homes and education in the affected regions. The co-operative movement in the UK is a founder member of the International Co-operative Alliance and will work with the ICA's development wing, alongside other international co-operative funders, to identify sound, viable development projects.

***Your support, no matter how large or small, would be very welcome***

Cheques should be made payable to: Co-operatives UK Tsunami Appeal

And sent to:

Co-operatives UK, Holyoake House  
Hanover Street, Manchester M60 0AS

Direct payments can be made into: Co-operatives UK Tsunami Appeal  
The Co-operative Bank  
Account number 53001519  
Sort code 08 09 00

