



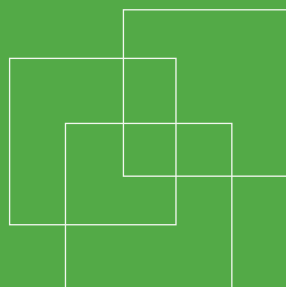
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Promoting cooperatives

An information guide to ILO
Recommendation No. 193



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Promoting cooperatives:

An information guide to ILO Recommendation No. 193

Revised Second Edition 2014

Prepared by Stirling Smith
Co-operative College

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Foreword

More than a decade ago, in 2002, the ILO's tripartite International Labour Conference adopted the Promotion of Cooperatives Recommendation (No. 193), a landmark international policy guideline, which provides a modern framework for cooperatives. Since its adoption, close to 100 countries have made use of the Recommendation to revise and develop their cooperative policies and laws.

Recently and particularly since the beginning of the global crisis in 2008, we have witnessed increased attention being paid to alternative economic models, including cooperatives. In the 1980s and 1990s, with deep trust in unbridled market forces in many quarters there was a tendency to dismiss the potential of cooperatives and they were often portrayed as models from a previous era that had 'outlived their usefulness'. Since then, the extraordinary power of the simple idea of cooperatives – democratically owned and controlled enterprises, serving their members' needs, rooted in their communities – has again proved its resilience and global relevance. Cooperatives have demonstrated that they are 21st century businesses which can make a significant contribution to socially inclusive sustainable development.

This second, revised edition of the guide to Recommendation 193 comes ten years after the publication of the first edition. It has been out of print for several years, and there have been repeated calls for a reprint. The new edition comes at an opportune time for those who want to know more about ILO Recommendation No. 193 and how this useful tool provides a basis for developing law and policies on cooperatives. The guide also shows why and how one needs to campaign for and promote the cooperative business model.

The United Nations International Year of Cooperatives 2012 (IYC) created a new momentum around the cooperative model as a sustainable, resilient and democratic form of enterprise. As a follow-up to the IYC, the International Co-operative Alliance produced a Blueprint for a Co-operative Decade, with a vision of making the cooperative model the acknowledged leader of

sustainability and the business model preferred by people. This Information Guide is a direct contribution of the Blueprint's legal framework pillar.

We hope that the momentum will be maintained and that the role and contribution of cooperative enterprises in tackling the challenges of the post-2015 development agenda for sustainable development will be fully recognized. The ILO, the Alliance and the Co-operative College have collaborated to foster cooperative development for many decades, and once again we have joined forces to promote the cooperative model as a major instrument for achieving sustainable development. We encourage countries, organizations and individuals to join this cooperative journey and use this information guide to provide a more conducive legal environment for cooperative enterprises.



Dame Pauline Green
President
International Co-operative Alliance



Guy Ryder
Director-General
International Labour Organization

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Abbreviations

CEACR	The Committee of Experts on the Application of Conventions and Recommendations
ICA	International Co-operative Alliance
ILC	International Labour Conference
ILO	International Labour Organization
IYC	United Nations International Year of Cooperatives 2012

Foreword to the first edition

Co-operation is one of the most natural things in the world. Human beings do it every day – in their everyday life, at work, at leisure.

Co-operatives are also one of the most ‘natural’ phenomena in the world. After all, we have more than eight hundred million members.

But co-operatives have become invisible in many countries and in much development theory. They are too often dismissed as a relic from the past. Our model of solidarity combined with enterprise is too often ignored by policy makers.

Recent years have seen a growing realisation that co-operatives have a great deal to offer, not only for our members, customers and employees, but also for society as a whole.

An expression of that renewed interest in co-operatives is the ILO’s Promotion of Co-operatives Recommendation, 2002 (No. 193).

The ICA and its members have worked together with ILO constituents in order to incorporate the co-operative view into the text of the instrument. As Mr Juan Somavia, the ILO’s Director General, has pointed out, the Recommendation

is the only international policy framework for co-operative development that has the added value of being adopted by governments, employers’ organisations and trade unions, and supported by relevant civil society organisations.

Recommendation 193 provides a framework for governments to develop the laws, administrative systems and policies that can enable co-operatives to flourish. The ICA played a central role in developing the Recommendation. ICA members were present in all three constituencies at the International Labour Conference that adopted the Recommendation – governments, employers and workers.

Recommendation 193 is not an end in itself. It must be translated into action. We need to ensure both that national poverty-reduction strategies promote co-operatives and that we develop the mechanisms to enable people to organise themselves and bring the power of co-operation into their communities.

We have a valuable tool in the Recommendation. We need to see that it is used. This Guide, prepared by the Co-operative College in the UK in collaboration with the International Co-operative Alliance and the Co-operative Branch of the ILO, will help co-operators, workers, employers and government officials to realise the importance of the Recommendation, and how it can be used. Only with the active support and partnership of all these players can Recommendation 193 be turned from aspiration into reality.

Ivano Barberini
International Co-operative Alliance President

1. Introduction: Why this guide?

The first edition of this guide to the ILO Recommendation No. 193 was published in 2004. It has been out of print for many years, and there have been repeated requests for a re-print.

The adoption by the International Labour Conference (ILC) in 2002 of Recommendation No. 193 was an important step forward for the ILO and the global cooperative movement. We now have more than 12 years of experience of using Recommendation No. 193 to promote the better operation of cooperative enterprises.

In the last decade, there has been ample evidence that the cooperative alternative is needed more than ever. What started in 2008 with a banking crisis became a full blown recession; despite some recovery, global unemployment is expected to climb above its current level of 200 million.

The cooperative enterprise model has meanwhile demonstrated its resilience. For example, cooperative banks accounted for only 7 per cent of all the European banking industry write-downs and losses between the third quarter of 2007 and first quarter of 2011, even though they had 20 per cent of the market.¹ The Director-General of the ILO has noted that “the survival rate of worker cooperatives in several countries appears to equal or surpass that of conventional firms”.²

The United Nations further recognized the importance of cooperatives in December 2009, when the UN General Assembly proclaimed 2012 as the International Year of Cooperatives.

¹ Birchall, Johnston, Resilience in a downturn: The power of financial cooperatives, Geneva: ILO, 2013. Available at http://www.ilo.org/empent/Publications/WCMS_207768/lang--en/index.htm

² ILO DG Guy Ryder's opening remarks to the UNRISD Conference on Social and Solidarity Economy, Geneva, 6 May 2014, available at http://www.ilo.org/global/about-the-ilo/who-we-are/ilo-director-general/statements-and-speeches/WCMS_212653/lang--en/index.htm

Since its inception in 1919, the International Labour Organization has been involved with cooperatives. Albert Thomas, the ILO's first Director, was a leading figure in the international cooperative movement in the early years of the last century.

This new edition of the guide to Recommendation No. 193 provides updated statistics and evidence about the global cooperative movement and demonstrates why the ILO's constituents – governments, employers' and workers' organizations – should work with the cooperative movement to develop this unique form of enterprise.

As with the first edition, it is hoped that Recommendation No. 193 can be used as a template for national policies on cooperatives. The information guide may be useful for two groups:

1. Cooperators who wish to know more about the ILO, its system of international labour standards, and the Recommendation's application to their national contexts.
2. The ILO's constituents (representatives of employers' and workers' organizations, and relevant ministries), who want to learn more about cooperatives.

We are confident that the ILO constituents and the cooperative movement, working together, can use this information guide to help make the cooperative enterprise model become the option for achieving sustainable development.

How to use the guide

You can use the information guide alone, or working together with other colleagues. It is designed to be particularly useful for joint meetings or workshops bringing together the ILO's constituents and representatives of the cooperative movement.

You do not need to read through the guide from start to finish. You can refer to those sections which apply to your specific needs at the time.

CHOOSING THE RIGHT SECTION FROM THE GUIDE	
If you do not know much about the ILO, or International Labour Standards...	Look at the sections “What is the ILO?” “What are the International Labour Standards?”
If you do not know much about the cooperative movement...	Read the section “What is a cooperative?”
If you need an overview of why the Recommendation is so important and what is in it...	Read the section “Why is Recommendation No. 193 so important?”
If you need to know what impact the Recommendation has had...	Read the section “The impact of the Recommendation”
If you want to discuss how Recommendation No. 193 could influence national law or policy...	Read the section “Putting the Recommendation into practice”

2. What is the ILO?

The International Labour Organisation (ILO) is a specialized agency of the United Nations (UN) which deals with the world of work. It was founded in 1919 under the Treaty of Versailles and became the first UN specialized agency in 1946.

Each part of the UN system is responsible for a particular area – its ‘mandate’, in UN jargon. The ILO’s mandate is to promote social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. Its main aim is to promote Decent Work, which includes decent employment opportunities, enhanced social protection and dialogue on work-related issues. Issues such as industrial relations, child labour, youth employment, vocational training, employment creation, safety and health at work and cooperatives are some of the topics the ILO deals with.

As with all UN organizations, the work of the ILO is mainly financed by member states. Countries join the ILO separately and it currently has 185 member states.

In 1919, after the First World War, workers were demanding that one outcome of the suffering caused by the war should be social justice. As the preamble to the ILO’s constitution states:

universal and lasting peace can be established only if it is based upon social justice.

The huge social unrest in 1919 was one reason for the establishment of the ILO. But the idea of international legal action for workers was not something completely new. There had been movements for such an organization for many years.

Tripartism

What makes the ILO unique among intergovernmental organizations is its tripartite nature. All the other intergovernmental organizations – the UN itself, the World Bank, World Trade Organization etc., are run exclusively by governments. But in the ILO the work is based on tripartism, where governments, workers and employers are all represented at the International Labour Conference and on the ILO Governing Body, where they should work together and seek consensus on issues which affect them.

At the yearly International Labour Conference, each member state sends four delegates. Two government representatives, one employers' representative and one workers' representative. These form three groups: government, employers' and workers' organizations.

The Governing Body of the ILO, which runs its affairs, is composed in the same way: out of 56 full members, 28 are from the governments, and 14 each are elected by the delegations of workers and employers.

Activities of the ILO

The main activities of the ILO are:

- Standard setting – the adoption of international labour standards (Conventions and Recommendations).
- Research, publications and meetings.
- Technical cooperation.

Standard setting

ILO standards have been developed in all work-related issues, such as: fundamental principles and rights at work³; employment promotion and vocational training; social security; conditions of work; occupational safety and health; labour administration and labour inspection; maternity protection; the protection of indigenous peoples and migrant workers; and for special groups of workers, such as seafarers, plantation workers and women.

There is a comprehensive supervisory mechanism for the application of conventions and recommendations.

³ These include: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

Research, publications, meetings

The ILO undertakes much research into work related issues, and assists other organizations with their research. The ILO has the largest library in the world specialising in labour subjects. It collects and publishes labour statistics from all over the world.

The ILO is a major publisher in several languages. Some of its publications are the World of Work Report, Global Employment Trends, Yearbook of Labour Statistics, Key Indicators of the Labour Market, and journals including the International Labour Review. The ILO also publishes many technical and research reports.

The most important meetings of the ILO include the annual International Labour Conference, the Governing Body meetings and Regional meetings. Tripartite technical meetings – involving governments, employers and workers – for key economic sectors are held on a regular basis to promote consensus and best practice.

Technical cooperation

Technical cooperation is a tool for translating the ILO's guiding principles and standards into practice. It can take many forms from long-term projects to short-term training events. Among the best known ILO programmes are the International Programme on the Elimination of Child Labour (IPEC) and Better Work. There is a long history of technical cooperation in the field of cooperatives, run by the ILO's Cooperatives Unit.

Box 1. Examples of ILO support for cooperatives

SYNDICOOP was a pilot project in Africa for the purpose of improving the working and living conditions of unprotected informal economy workers. The project started in 2002, and covered Kenya, Rwanda, South Africa, Tanzania and Uganda. The project ended in April, 2006. At international and national level, the project was governed through formal relationships between the trade union and cooperative movements. More than 7,000 workers were organized into trade unions or cooperatives as a result of the project.

COOP^{AFRICA} ran between 2007 and 2012 and covered nine countries in Eastern and Southern Africa. More than 4,000 cooperatives were supported resulting in nearly 300,000 members benefiting from new work opportunities and increased incomes. Turnover in participating cooperatives increased by more than 25 per cent and more than 4,000 jobs were created.

For more information, see also ILO COOP website: ww.ilo.org/coop

Box 2. My.Coop – Managing your agricultural cooperative

“My.Coop – Managing your agricultural cooperative” is a training package and programme on the management of agricultural cooperatives. Initiated within the framework of ILO’s COOP^{AFRICA} programme, it has been developed and designed in partnership with several international organizations, cooperative development agencies and cooperative colleges and universities. Launched in 2012, My.Coop has been translated to ten languages and adapted to over dozen country contexts. The package is being used by cooperative organizations in three different continents to improve agricultural cooperative management and increase the impact these can have on their members and communities. In addition to face-to-face trainings, My.Coop is offered as a distance learning training of trainers course, providing capacities to plan and implement My.Coop trainings through a diversity of participatory methodologies.

For more information, log into My.Coop platform at: <http://www.agriculture-my.coop>

Cooperatives and the ILO

The ILO has been involved with cooperatives since its very foundation.

1919 Albert Thomas, an active cooperator, becomes ILO’s first Director. Albert Thomas (1878 – 1932) was a French historian, journalist, politician, international civil servant, cooperator and a member of the Executive Committee of the International Co-operative Alliance.

1920 Establishment of the ILO’s Cooperatives Service

The Peace Treaty foresees that the ILO should not only be concerned with the conditions of work but also with the conditions of workers. By and large, it is under the organisational form of cooperatives that this concern is best addressed for the largest part of the population. The Cooperative Section will not limit itself to the questions of distribution, but will also research into the question of housing, leisure time of workers and transportation of the workforce etc.

– Extract from Annex 3 of the second meeting of the ILO Governing Body, 1920

Albert Thomas set up the Cooperatives Service on the occasion of the third meeting of the Governing Body in March 1920. At first, it assumed the role of one of the 14 independent technical branches of the ILO. However, during his time as the Director of the ILO, Albert Thomas pushed actively to give cooperatives an equal say in the ILO vis-à-vis employers and workers.

It seems to me that the ILO should be, within the group of organisations belonging to the League of Nations, the institution to which the cooperative movement should be attached.

– Albert Thomas, letter to delegates to the National Cooperative Congress of France, 1920

- 1924** First issue of ILO's Cooperative Information, which continued for over fifty years, was published.
- 1932** The technical cooperation programme commenced. The first cooperative technical assistance mission was undertaken by ILO staff to Morocco at the request of the Moroccan Government.
- 1944** The 26th session of the International Labour Conference, held in Philadelphia, adopted Recommendation No. 70 on Social Policy in Dependent Territories. A section stressed the importance of cooperatives and the need for specific legislation applicable to all cooperatives. The Recommendation underlined the need for assistance and development of cooperative societies, including cooperative organizations of workers for the promotion of health, housing and education.
- 1946** The ILO Constitution was amended and included a reference to cooperatives, authorizing the Organization to "make suitable arrangements for such consultation... with recognized non-governmental international organizations, including international organizations of employers, workers, agriculturists and cooperators (Article 12.3).
- 1960s** Large portfolio of technical cooperation projects which supported the development of cooperatives in 70 countries.
- 1961** The Indian Prime Minister, Jawaharlal Nehru, suggests that the UN General Assembly establish an International Cooperative Year.
- 1966** Recommendation No.127, concerning the Role of Co-operatives in the Economic and Social Development of Developing Countries, is adopted.
- 1978** The cooperative training projects, Material and Techniques for Cooperative Management (MATCOM) and Cooperative and Organizational Support to Grassroots Initiatives in Western Africa (ACOPAM) are initiated by the ILO.
- 1988** The Africa Regional Conference of the ILO deliberated on a report by the ILO Director-General on "Cooperatives in Africa". The report examined the experience of the Africa cooperative movement and

ILO's experience in working with cooperatives on the continent. It contemplated the prospects for cooperatives in Africa in the future.

- 1993** Three major programmes launched: INDISCO for indigenous and tribal peoples; COOPNET for cooperative human resource development, management and networking with cooperative organizations and institutions; and COOPREFORM for cooperative legislative reform.
- 1993** Meeting of Experts on Cooperatives reviews Recommendation No. 127.
- 1995** Meeting of Experts on Cooperative Law. Consensus that Recommendation No. 127 is outdated and needs replacing.
- 2002** Recommendation No. 193 is adopted.

It's the first time a formal official policy has been produced by an international organisation of the status of the ILO. – Iain Macdonald, Director General, ICA.⁴

- 2002** Mr Juan Somavia, ILO Director-General, addresses the ILC in 2002.

Cooperatives empower people by enabling even the poorest segments of the population to participate in economic progress; they create job opportunities for those who have skills but little or no capital; and they provide protection by organising mutual help in communities. – Juan Somavia.

- 2004** The ILO and ICA sign a Memorandum of Understanding.
- 2007** COOP^{AFRICA} programme is launched.
- 2012** United Nations International Year of Cooperatives with the slogan “Cooperative Enterprises Build a Better World”.
- 2013** The 19th International Conference of Labour Statisticians passes a resolution on statistics on cooperatives.
- 2014** ILO COOP and the ICA jointly produce a publication on cooperatives and the sustainable development goals.

⁴ World of Work Magazine No.48, September 2003, available at http://www.ilo.org/global/publications/magazines-and-journals/world-of-work-magazine/articles/WCMS_081309/lang-en/index.htm

3. What are International Labour Standards?

International labour standards are legal instruments drawn up by the ILO's tripartite constituents. The system of international labour standards takes the form of Conventions and Recommendations. They are adopted by the International Labour Conference, which meets every year in Geneva during the month of June. A tripartite committee will discuss the text line by line, normally over two years. When the committee agrees on a text, it is sent to the entire conference for adoption.

International Labour Conventions are drawn up under international law. When a text is finally adopted by the International Labour Conference, countries can then choose to ratify. Just because a country voted for the text of the convention, does not mean it is bound by it. Ratification of the convention is a separate and voluntary process. No country can be forced to ratify or sign a convention.

A minimum number of member states must ratify an ILO convention before it comes into force. For most conventions the number of ratifications required is two; normally, the convention comes into force 12 months after the minimum number of ratifications has been achieved. 'Coming into force' is a legal term which means that the convention is now a part of binding international law.

When a country ratifies a convention, it undertakes to apply the provisions, to adapt national law and practice to the requirements, and to accept international supervision. Conventions are international treaties which are binding for the countries which ratify them.

Representations about alleged non-compliance may be made by the governments of other ratifying States or by employers or workers organizations and procedures exist for investigation and action upon such complaints.

By the end of 2013, the International Labour Conference had adopted 189 Conventions and 202 Recommendations.⁵

⁵ <http://www.ilo.org/dyn/normlex/en/f?p=1000:1:0::NO::>

Unlike Conventions, International Labour Recommendations are not international treaties. They set non-binding guidelines which may orient national policy and practice. Governments do not ratify Recommendations. Sometimes a recommendation is adopted by the International Labour Conference as a supplementary to a convention, to give more detailed guidance on how the provisions in the convention can be applied. Other Recommendations – like Recommendation No. 193 – are not linked to a Convention at all and are known as “autonomous” Recommendations.

Although they are not open for ratification, member states have certain important procedural obligations in respect of Recommendations:

- to submit the texts of the recommendations adopted by the International Labour Conference to their legislative bodies;
- to report to the ILO on the action resulting; and
- to report occasionally at the request of the Governing Body of ILO on the measures taken or envisaged to give effect to the provisions of the Recommendation.

The process of adopting Recommendation No. 193

In common with most other ILO standards, Recommendation No. 193 was adopted as a result of two major discussions at the International Labour Conference. The first discussion took place in June 2001 at the 89th Session of the ILC which deliberated the ‘Proposed Conclusions’ or the provisions proposed to be incorporated in the new instrument. These ‘Proposed Conclusions’ were formulated on the basis of responses to a questionnaire circulated to ILO member States in January 2000. The 89th ILC adopted ‘Conclusions’ which in turn were utilised by the International Labour Office as the basis for a proposed draft of the new Recommendation. The proposed text was circulated to member States in August 2001 and their responses were collated and incorporated in a new text, which was the subject of a second and final deliberation at the 90th ILC in June 2002. This discussion paved the way for the adoption of a new ILO Recommendation on the Promotion of Cooperatives – Recommendation No. 193.



Source: Mark Levin 2003: ILO Recommendation No. 193 on the Promotion of Cooperatives. *Revue internationale de l'Économie sociale*.⁶

⁶ http://www.recma.org/sites/default/files/ILO_RECOMMENDATION_NO._193_ON_THE_PROMOTION_OF_COOPERATIVES.pdf

ILO's fundamental labour standards

There is a group of ILO conventions which are regarded as basic human rights and are often referred to as the fundamental labour standards. The ***Declaration on Fundamental Principles and Rights at Work*** was adopted at the International Labour Conference in 1998.⁷ The Declaration says that all member states, by the very fact of their membership of the ILO, should abide by the rights and principles contained in the fundamental conventions.

The International Labour Conference,

1. Recalls:

- (a) that in freely joining the ILO, all Members have endorsed the principles and rights set out in its Constitution and in the Declaration of Philadelphia, and have undertaken to work towards attaining the overall objectives of the Organization to the best of their resources and fully in line with their specific circumstances;
- (b) that these principles and rights have been expressed and developed in the form of specific rights and obligations in Conventions recognized as fundamental both inside and outside the Organization.

2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

- a) freedom of association and the effective recognition of the right to collective bargaining;
- b) the elimination of all forms of forced or compulsory labour;
- c) the effective abolition of child labour; and
- d) the elimination of discrimination in respect of employment and occupation.

These principles have been accepted by the international community and incorporated into the United Nations Global Compact.

⁷ See Appendix II for the full text of the Declaration.

Key points of the ILO's fundamental conventions

The key points of the fundamental conventions are:

Forced Labour Convention, 1930 (No. 29)

Aims at the immediate suppression of all forms of forced or compulsory labour.

Freedom of Association and Protection of the Right to Organise Conventions, 1948 (No. 87)

Guarantees the removal of acts of discrimination against workers' organisations; the protection of employers' and workers' organizations against mutual interference; and calls for measures to promote collective bargaining.

Right to Organise and Collective Bargaining Conventions, 1949 (No. 98)

Protects workers who are exercising the right to organize; upholds the principle of non-interference between workers and employers organizations; and promotes voluntary collective bargaining.

Equal Remuneration Convention, 1951 (No. 100)

Underscores the principle of equal pay between men and women for work of equal value.

Abolition of Forced Labour Convention, 1957 (No. 105)

Provides for the abolition of all forms of forced or compulsory labour as a means of political coercion or education; as sanctions against the free expressions of political and ideological opinions; as workforce mobilisation; as labour discipline; as a punishment for taking part in strikes; and as measure of discrimination.

Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Provides for a national policy designed to eliminate, in respect of employment and occupation, all discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin.

Minimum Age Convention, 1973 (No. 138)

Applies to all sectors of economic activity; states must declare a national minimum age for admission to employment; all children are covered whether or not they are employed for wages; states must pursue a national policy to ensure the effective abolition of child labour; the minimum age for entry into work shall not less than the completion of compulsory schooling, although a lower age than 14 years may be adopted for light work, for countries which are less developed; an age level of 18 is set for hazardous work.

Worst Forms of Child Labour Convention, 1999 (No. 182)

States to draw up a time bound programme for the elimination of the worst forms of child labour; while the convention itself gives a list, states shall also draw up their own list of the worst forms.

Cooperatives and labour standards

Recommendation No. 193 has a strong emphasis on the importance of promoting workers' rights within cooperatives. Paragraph 8 in particular, refers to the need to ensure that cooperatives are not set up for, or used for, non-compliance with labour law. Cooperatives must not be used to establish "disguised labour relationships". National policies should combat "pseudo cooperatives" that violate workers' rights, among other measures, by ensuring that labour legislation is applied in all enterprises.

Trade unions are concerned that 'pseudo cooperatives' might be set up, in order to try to avoid implementation of workers' rights.

Box 3. Recommendation No. 193 and promoting workers' rights

8. (1) National policies should notably: (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever; (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;

Trade unions have raised a number of cases within the ILO supervisory machinery where they believe that "pseudo cooperatives" have been established and where governments have failed to prevent this or even actively allowed it.

The Committee of Experts on the Application of Conventions and Recommendations (CEACR), reviewing the experience of the Recommendation since its adoption in 2002, noted a number of these instances and concluded:

The committee accordingly emphasizes the importance of ensuring the application of labour laws so as to avoid the emergence of "pseudo cooperatives", which are only intended to gain access to the benefits related to the status of cooperatives, such as tax advantages or social security benefits, while avoiding the application of labour legislation. Such practices must be combated and eradicated, particularly in workers' cooperatives.⁸

⁸ ILC, *General survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization*. International Labour Conference 99th Session, 2010, available at http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meeting_document/wcms_123390.pdf

Apex cooperative bodies should be vigorous in ensuring that cooperatives do respect workers' rights. Pseudo cooperatives should not be allowed to become members of apex level cooperative bodies.

ILO procedures

An important part of the ILO standards setting system is a set of supervisory mechanisms.

Reporting

Once a country has ratified an ILO convention, it is obliged to report regularly on measures it has taken to implement it. Reports can also be requested for unratified conventions. These reports ask for information on national law and practice.

Governments are required to submit copies of their reports to employers' and workers' organizations. These organizations may comment on the governments' reports; they may also send comments on the application of conventions directly to the ILO.

Committee of Experts

The CEACR examines the government reports on ratified conventions. It was established in 1926 and is composed of 20 eminent lawyers appointed by the Governing Body. The Experts come from different geographic regions, legal systems and cultures. The Committee's role is to provide an impartial and technical evaluation of the state of application of international labour standards.

Reports may also be requested on Recommendations and the CEACR carries out general surveys of the impact of ILO standards. One such survey was published in 2010 and included a discussion of Recommendation No. 193.⁹

The CEACR makes two kinds of comments: observations and direct requests. Observations contain comments on questions raised by the application of a particular convention by a state. These observations are published in the Committee's annual report. Direct requests relate to more technical questions or requests for further information. They are not published in the report but are communicated directly to the governments concerned.

⁹ ILC, *General Survey concerning employment instruments*, International Labour Conference 99th Session, 2010. Available at http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_123390.pdf

3. What are International Labour Standards?

All comments by the Committee of Experts on the Application of Conventions and Recommendations since 1968 are available on the ILO website.

The impact of the ILO supervisory system

The impact of the different supervisory mechanisms has been considerable. The participation of trade unions in the system is unique amongst intergovernmental organizations.

4. What is a cooperative?

Recommendation No. 193 defines “cooperative” as “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.” This definition is derived from the internationally agreed statement on the cooperative identity, which was adopted in 1995 by the International Co-operative Alliance.¹⁰

A cooperative is an enterprise form with a particular ownership model. Enterprises can take many forms including family-owned businesses, state-owned enterprises as well as joint-stock or limited company. This last category is often known as the shareholder owned model of enterprise. The primary purpose of this type of business is to maximise profits for shareholders.

Cooperatives are different. Their purpose is to provide benefits for their members in the form of goods and services in a long-term and sustainable way. The measure of the success of the cooperative is not the profit which it achieves but the greater prosperity or benefits for its members. In some cooperatives, members receive a dividend, which depends on the amount of their trade with the society, not the size of their shareholding. In many cases, some of the surplus earned by cooperative enterprises is used for social purposes.

A cooperative is not an NGO, or a government run agency. It is, in the definition used in Recommendation No. 193, an enterprise with a particular ownership model.

The essential characteristic of a cooperative is that it is a democratic organisation engaged in the market place, providing goods and services. It is nevertheless based on people, not on capital or government direction. In its essence it can never escape, even if it wanted to, the capacity of members to exercise control whenever they wish to do so.¹¹

¹⁰ The text of the statement may be found at <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

¹¹ Ian McPherson, “The Co-operative Identity in the Twenty First Century”, *Review of International Co-operation* 3/94, Geneva, 1994

Are cooperatives competitive?

In a shareholder owned business, the more shares a person owns, the more votes they have in the running of the business. In a cooperative, members normally have one vote each, a system known as “one member one vote”.

Some economists think that this model of business is less efficient. Two objections are raised. The first is that if a cooperative is focussed on its current members’ needs, it is less likely to develop new products or markets. The second objection is that the democratic consensus-based model of governance means that tough business decisions to close down nonperforming assets and move capital into new market segments are more difficult.

However, recent research by the McKinsey consultancy company found that cooperatives grew at nearly the same rate as shareholder based businesses. The McKinsey analysis covered 47,000 cooperatives between 2005-2010, compared with 54 publicly listed companies.¹²

A study prepared for the ILO, synthesizing extensive academic research, found that before the 2008 crisis cooperative banks were as efficient, or a bit more or less efficient, than their competitors. They were at least as profitable, and in several countries more profitable, but they were everywhere more stable than the investor-owned banks.

The crisis of course had an impact on cooperative banks, as upon the entire financial sector. However in general the impact on cooperative financial institutions was less severe than upon conventional investor-owned banks.¹³

It is not only in the financial sector that the cooperative model can compete with investor owned businesses. In the United States, the top 100 cooperative businesses experienced a five per cent increase in revenue between 2011 and 2012.¹⁴ In India, the Indian Farmers Fertiliser Co-operative Limited (IFFCO), successfully runs several fertiliser plants and distributes their output through nearly 40,000 village-based cooperative societies; it operates overseas subsidiaries and regularly turns in annual profits of US\$ 200 million.¹⁵

There is also considerable evidence from developed countries that participative worker cooperatives and employee-owned firms can match or exceed the

¹² McKinsey & Company *McKinsey on Cooperatives*, Fall 2012. Available at http://www.mckinsey.com/client_service/strategy/latest_thinking/mckinsey_on_cooperatives

¹³ Birchall *op.cit.*

¹⁴ Co-operative News, *Review of the year 2013*, Co-operative News, Manchester, 2013

¹⁵ www.iffco.coop

productivity of conventional firms. Agricultural cooperatives regularly generate economic benefits for their members that equal or surpass comparable private sector company returns to their shareholders.¹⁶

When did cooperatives start?

The cooperative movement can trace its origins back to at least the 18th century. Working people responded to the process of industrialization by creating many types of organisation, including trade unions and cooperatives. There are records of cooperatives going back to at least the 1770s.

In Britain, the modern cooperative movement traces its origins to 1844, when a group of workers came together in the town of Rochdale, in North West England, to set up a shop. This was not the first cooperative enterprise, but the first one to be successful based on a set of principles, generally known as the ‘Rochdale’ principles. These principles, amended and modernized, are the basis for the Statement on Cooperative Identity, which is accepted today by cooperatives all over the world. They form part of Recommendation No. 193.

Consumer cooperatives, organised along Rochdale lines, subsequently developed in many countries, particularly in northern Europe. Worker cooperatives became well established by the end of the nineteenth century, notably in France and Italy.

Just a few decades later, in Germany and the Netherlands, cooperatives were being established in rural areas using a model of self-help agricultural credit developed by Friedrich Raiffeisen. Urban cooperative banks were founded by Schulze-Delitzsch.

These different cooperative movements quickly spread to other countries. Each of these traditions can be seen as having developed as a response to economic hardship and distress.

Cooperatives were originally established as a practical means whereby working people could meet their everyday needs, as a route to building a better society. Their vision was not simply about credit or retailing, but about how, through self-help, they could improve their working and living conditions and their communities.

¹⁶ John Logue and Jacquelyn Yates, *Productivity in cooperatives and worker owned enterprises: ownership and participation make a difference!*, ILO, 2005

Cooperatives today

As a source of credit, food, social protection, energy, health services, shelter and employment and representation, cooperatives play an important role. The United Nations estimates that the livelihood of three billion people is made more secure by cooperatives. At least one billion people are members of cooperatives and 100 million are employed by them.¹⁷

Cooperatives represent between 3 to 3.5 per cent of global gross domestic product (GDP). In some countries the contribution that cooperatives make to the national economy is much higher. In terms of percentage of a country's GDP attributable to cooperatives, the proportion is highest in Kenya at 45 per cent, followed by New Zealand with 22 per cent.¹⁸

Financial banks play a major role in the financial and economic system. Their resilience during the crisis made cooperative banks a key driving force in the economic recovery. Europe's cooperative banks represent 56 million members and 850,000 employees and have an average market share of about 20 per cent. With almost 4,000 locally operating banks and 71,000 outlets, they serve more than 215 million customers, mainly consumers, small and medium enterprises and communities.¹⁹

The ICA collects statistics from its member organizations and has also initiated a research project which identifies the largest cooperative enterprises in order to assess their economic impact. This research has demonstrated that more than 2,000 cooperatives in 56 countries have a total turnover of US\$ 2,578.5 billion.²⁰

In Japan, cooperatives play a major part in the nation's economy: An insurance cooperative federation, Zenkyoren, has assets of US\$ 539 billion and an annual surplus of US\$ 976 million.²¹ In Spain, the Mondragón Cooperative Corporation is the seventh largest business in the country, operating in the financial, industrial and retail sectors. Elsewhere in Europe, Co-op Norden, for example, dominates retailing in Denmark, Sweden and Norway

¹⁷ <http://www.un.org/en/development/desa/news/social/cooperatives-2.html>

¹⁸ *Cooperatives in social development*, Report of the Secretary-General United Nations General Assembly 13 July 2009

¹⁹ European Cooperative Banking Association, <http://www.eacb.coop/eacb.php>

²⁰ World Co-operative Monitor, *Exploring the Cooperative Economy*, 2013. Available at <http://www.monitor.coop>

²¹ National Mutual Insurance Federation of Agricultural Cooperative, *Annual Report 2013*. Available at http://www.ja-kyosai.or.jp/about/annual/index_e.html

whilst the Swiss consumer Coop Migros has an 18 per cent market share in its home market.²²

Cooperatives also provide vital goods and services including energy, health care and housing. In the United States, 12 per cent of the population rely upon electricity cooperatives for their power.²³ The largest healthcare provider in Brazil is a cooperative. Almost one third of the Egyptian population are members of housing cooperatives. In Estonia, cooperative housing provides homes for 800,000 people, 65 per cent of the population.²⁴

As Recommendation No. 193 states, “cooperatives operate in all sectors of the economy.”

Box 4. Cooperative statistics

Accurate evidence and information about cooperatives is hampered by the absence of large-scale and comparable statistics. The definition of a cooperative still varies from country to country, especially in those states where the law has not been revised to bring it into line with ILO Recommendation No. 193.

Cooperatives are a specific business type with particular characteristics and they do not always have the possibility of being legally registered as cooperatives or are simply not registered. Statistics therefore can be collected based on legal registration or by compliance to the definition of cooperatives according to the Statement of the Cooperative Identity.

In recent years, the movement has begun to generate some data on the scale and reach of the cooperative economy such as the top 300 global cooperatives but the challenge is now to ensure data on cooperatives are collected and analyzed by national statistical offices and is universally comparable. The 19th International Conference of Labour Statisticians in Geneva, in October 2013, examined some of the problems involved in the collection of statistics on cooperatives.²⁵

²² <http://ica.coop/en/whats-co-op/co-operative-facts-figures>

²³ <http://www.nreca.coop/>

²⁴ Profiles of a Movement: Co-operative Housing around the World, 2012. Available at: <http://www.housinginternational.coop/2013/12/ica-housingcecodhas-publication-profiles-movement-co-operative-housing-around-world-volume>

²⁵ <http://www.ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/19/lang--en/index.htm>

Box 5. The United Nations International Year of Cooperatives

“Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”²⁶

United Nations Secretary-General Ban Ki-moon

In 2009, the United Nations General Assembly declared 2012 as the International Year of Cooperatives (IYC), highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration. The General Assembly resolution which proclaimed 2012 as International Year of Cooperatives is available in all UN six official languages.²⁷ There has never been a United Nations year with a focus on a particular form of enterprise, so the IYC remains unique.

With the theme of “Cooperative Enterprises Build a Better World”, the IYC aimed to encourage the growth and establishment of cooperatives all over the world. It also sought to encourage individuals, communities and governments to recognize the agency of cooperatives in helping to achieve internationally agreed upon development goals, such as the Millennium Development Goals.

The International Year of Cooperatives provided a powerful opportunity for the sector. It heightened a sense of shared purpose, illustrated by the range of activities and celebrations of the IYC. A large number of international conferences and summits were held around the world with agreed outcome declarations. There was widespread take-up of the 2012 International Year logo and slogan “*Cooperative Enterprises Build a Better World*” by cooperatives around the world. It has raised the profile of cooperatives beyond the limits of the sector itself, in civil society and amongst governmental and inter-governmental bodies.

The International Co-operative Alliance is building on the success of the IYC and has developed Blueprint for a Co-operative Decade.²⁸ The ambitious plan in the Blueprint – the “2020 vision” – is for the cooperative form of business by 2020 to become:

- The acknowledged leader in economic, social and environmental sustainability;
- The model preferred by people; and
- The fastest growing form of enterprise.

The 2020 vision seeks to build on the achievements of the International Year of Co-operatives and the resilience demonstrated by the cooperative movement since the great financial collapse.

²⁶ <http://social.un.org/coopsyear/>

²⁷ http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/64/136

²⁸ ICA. Blueprint for a Co-operative Decade, ICA, 2013. http://ica.coop/sites/default/files/media_items/ICA%20Blueprint%20-%20Final%20version%20issued%207%20Feb%2013.pdf

5. Why is Recommendation No. 193 important?

ILO Recommendation No. 193 can be considered the first and only instrument of universal applicability on cooperative policy and law adopted by an international organization. Some key features of the recommendation are:

- **Universality** – The standard includes developed as well as developing countries (Recommendation No. 127 (1966) was limited to developing countries), as it is recognized that cooperatives are important players in economic and social life and in civil society. Cooperatives should be able to be active in all sectors of the economy.
- **Self-sufficiency** – Cooperatives work best where they are least dependent on public supervision and finance. Governments can introduce support measures for the activities of cooperatives when they meet specific social and public policy outcomes.
- **Identity** – Cooperatives are organizations established and managed by working people for clear economic and social purposes. Although the public authorities have the right and obligation to register and regulate any business enterprise and organization, cooperatives should not be regulated to the status of parastatal entities.
- **Human Resources** – Cooperatives require well trained members and elected executive officers to ensure the best standards of internal management and a business capacity to compete in open economies.
- **Legal Framework** – Cooperatives are entities that have or should be attributed legal personality. The law should provide a favourable environment for the establishment and operation of cooperatives as peoples' organizations. Cooperatives should be treated on equal terms with other forms of enterprise. Cooperative law should be limited to regulating the structure of cooperatives only.

At the same time, the law should not be intended as a means of public utilization and administration. According to Recommendation No.193 Paragraph 6 “[the] legal framework [should be] consistent with the nature and function of cooperatives and guided by the cooperative values and principles [...]”

- **Self-governance** – Cooperatives are clearly defined in accordance with the definition arrived at by the cooperative movement itself, namely as “autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”
- **Basic Values and Principles** – Cooperatives are a unique form of business and social organization guided by certain values and principles. These are best expressed by the Statement of Cooperative Identity of the International Cooperative Alliance and should be duly recognized by the ILO Member States. These principles include voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for the community.
- **The role of employers’ organizations** – To extend membership and provision of services to cooperatives wishing to join.
- **The role of workers’ organizations** – To assist cooperative employees to join trade unions; to assist trade union members to establish cooperatives, and to participate in setting up cooperatives to create or maintain employment; to promote productivity, equality of opportunity and rights of worker-members; and to undertake education and training.
- **Cooperatives not to be used to undermine workers’ rights** – Cooperatives should be good employers and follow international labour standards. This point was not mentioned in Recommendation No. 127.

The impact of the Recommendation

Since the adoption of Recommendation No. 193, close to 100 countries have reviewed, revised or adopted policies or laws dealing with cooperatives. There are more countries in which cooperative policies and laws are in the process of review. The overall number of countries where the recommendation has had a specific impact is 115.

Recommendation No. 193 has also contributed to a change in the perception of cooperatives as a viable business form.

Regional instruments

Recommendation No. 193 has influenced a number of regional organizations in proposing uniform model laws on cooperatives.

- In 2003, the Council of the European Union adopted Regulation No. 1435/2003 on the Statute for a European Cooperative Society, as a legislative framework for cross-border cooperatives.
- The 16 member States of the Organization for the Harmonization of Business Law in Africa (OHADA) have proposed to adopt a Uniform Act on cooperatives. The Uniform Act would provide a common legal framework for all the member States of OHADA, offering greater security for the activities of cooperatives and their relations with their partners, while maintaining their specific characteristics.
- The *Ley marco para las cooperativas de América Latina* is a Model Framework Act, adopted in 2008 by ICA-Americas. It was established jointly with the ILO and the participation of other stakeholders. The Model Framework Act reflects the provisions of Recommendation No. 193 and contains 102 sections setting out provisions on general matters, statutes, members, social integration, cooperative bodies, dissolution and liquidation. A cooperative statute for MERCOSUR was proposed in April 2008.

Social dialogue

An interesting example of the influence of Recommendation No. 193 may be found in the United Kingdom where agreement has been reached between six trade unions in the education sector and the coordinating body for cooperative schools. The agreement was negotiated under the auspices of the Trade Union Congress.²⁹ Hundreds of schools have become multi-stakeholder cooperatives in recent years and the agreement specifically provides that trade union membership and the conditions of employees will not be affected by the change. The provisions of Recommendation No. 193 regarding labour standards are specifically referenced.

The continuing need to use the Recommendation

Despite the fact that Recommendation No. 193 has already had a specific impact in more than 100 countries, further dissemination and understanding

²⁹ National Agreement and Statement of Joint Principles between the Schools Co-operative Society, the Co-operative College and the Education Unions, London 2013. Available at http://www.nasuwat.org.uk/consum/groups/public/@journalist/documents/nas_download/nasuwat_011459.pdf

of its provisions is desirable, it is not yet fully implemented. There continues to be an under-recognition of the contribution of cooperatives to economic and social development and therefore too little understanding about this model of enterprise.

In this situation, Recommendation No. 193 will have to be further disseminated and capacity building will have to continue to ensure a wider compliance with the recommendation.

Putting Recommendation No. 193 into practice

The ILO Recommendation No. 193 provides non-binding guidelines in drafting and/or revising national policy and legislation. It has achieved wide acceptance as an opportunity and a template for ILO member states to bring their cooperative law and policy up-to-date.

Additional support is provided by the ILO in the shape of the Guidelines for Cooperative Legislation.³⁰

Tripartite seminar on Recommendation No. 193

It is suggested that one way to promote Recommendation No. 193 would be to hold a tripartite workshop. This would be attended by equal numbers of representatives from government, employers and workers' organizations and the cooperative movement. Possible themes for such a workshop would include:

- to inform all social partners of the provisions of Recommendation No. 193;
- to identify the areas where national legislation would need to be changed to conform to Recommendation No. 193;
- to identify what Technical Cooperation might be required to help comply with the standard.

Training of legal experts on Recommendation No. 193

Emphasis should also be paid on educating and sensitizing legal experts (particularly those working on labour issues) on cooperative legislation, including on Recommendation No. 193. This would help legal experts understand the specificities of cooperatives vis-à-vis other types of enterprises, including on governance, capital structures and control mechanisms, as well as to understand how cooperative laws are developed and implemented.

³⁰ Hagen, Henry, *Guidelines for Cooperative Legislation*, ILO, 3rd revised edition, 2012

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APPENDICES

APPENDIX 1: Promotion of Cooperatives Recommendation, 2002 (No. 193)

Recommendation concerning Promotion of Cooperatives

Preamble

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and

Recognizing the importance of cooperatives in job creation, mobilizing resources, generating investment and their contribution to the economy, and

Recognizing that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and

Recognizing that globalization has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization, and Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration Convention, 1951; the Social Security (Minimum Standards) Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973;

the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; and the Worst Forms of Child Labour Convention, 1999, and

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity", and

Recalling that the realization of decent work for workers everywhere is a primary objective of the International Labour Organization, and

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twentieth day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

1. SCOPE, DEFINITION AND OBJECTIVES

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.
2. For the purposes of this Recommendation, the term "cooperative" means 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.
3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:
 - (a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and
 - (b) cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member

economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:
 - (a) create and develop income-generating activities and sustainable decent employment;
 - (b) develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;
 - (c) develop their business potential, including entrepreneurial and managerial capacities;
 - (d) strengthen their competitiveness as well as gain access to markets and to institutional finance;
 - (e) increase savings and investment;
 - (f) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
 - (g) contribute to sustainable human development; and
 - (h) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.
5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS

6. A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature

and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:

- (a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
- (b) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
- (c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;
- (d) facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
- (e) encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

7.

- (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.
- (2) Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.
- (3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

8.

(1) National policies should notably:

- (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
- (c) promote gender equality in cooperatives and in their work;
- (d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
- (e) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
- (f) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
- (g) promote the adoption of measures that provide for safety and health in the workplace;
- (h) provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;
- (i) facilitate access of cooperatives to credit;
- (j) facilitate access of cooperatives to markets;
- (k) promote the dissemination of information on cooperatives; and
- (l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

- (2) Such policies should:
 - (a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
 - (b) define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and
 - (c) promote best practice on corporate governance in cooperatives.
9. Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the “informal economy”) into legally protected work, fully integrated into mainstream economic life.

III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES

10.
 - (1) Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.
 - (2) Governments should consult cooperative organizations, as well as the employers’ and workers’ organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.
11.
 - (1) Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.
 - (2) These services should include, wherever possible:
 - (a) human resource development programmes;
 - (b) research and management consultancy services;
 - (c) access to finance and investment;

- (d) accountancy and audit services;
 - (e) management information services;
 - (f) information and public relations services;
 - (g) consultancy services on technology and innovation;
 - (h) legal and taxation services;
 - (i) support services for marketing; and
 - (j) other support services where appropriate.
- (3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.
- (4) Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.
12. Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:
- (a) allow loans and other financial facilities to be offered;
 - (b) simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;
 - (c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and
 - (d) include special provisions for disadvantaged groups.
13. For the promotion of the cooperative movement, governments should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS, AND RELATIONSHIPS BETWEEN THEM

14. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.
15. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.
16. Workers' organizations should be encouraged to:
 - (a) advise and assist workers in cooperatives to join workers' organizations;
 - (b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;
 - (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
 - (d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
 - (e) assist and participate in programmes for cooperatives aimed at improving their productivity;
 - (f) promote equality of opportunity in cooperatives;
 - (g) promote the exercise of the rights of worker-members of cooperatives; and
 - (h) undertake any other activities for the promotion of cooperatives, including education and training.
17. Cooperatives and organizations representing them should be encouraged to:
 - (a) establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies

with a view to creating a favourable climate for the development of cooperatives;

- (b) manage their own support services and contribute to their financing;
- (c) provide commercial and financial services to affiliated cooperatives;
- (d) invest in, and further, human resource development of their members, workers and managers;
- (e) further the development of and affiliation with national and international cooperative organizations;
- (f) represent the national cooperative movement at the international level; and
- (g) undertake any other activities for the promotion of cooperatives.

V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

- (a) exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;
- (b) encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:
 - (i) the exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;
 - (ii) the compilation and utilization of research material and other data on cooperatives and their development;
 - (iii) the establishment of alliances and international partnerships between cooperatives;
 - (iv) the promotion and protection of cooperative values and principles; and
 - (v) the establishment of commercial relations between cooperatives;

(c) access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and

(d) developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

VI. FINAL PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.

ANNEX

Extract from the statement on the cooperative identity, adopted by the General Assembly of the International Co-operative Alliance in 1995

The cooperative principles are guidelines by which cooperatives put their values into practice.

Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

APPENDIX 2: ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up

ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up

Adopted by the International Labour Conference at its Eighty-sixth Session,
Geneva, 18 June 1998 (Annex revised 15 June 2010)

Whereas the ILO was founded in the conviction that social justice is essential to universal and lasting peace;

Whereas economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty, confirming the need for the ILO to promote strong social policies, justice and democratic institutions;

Whereas the ILO should, now more than ever, draw upon all its standard-setting, technical cooperation and research resources in all its areas of competence, in particular employment, vocational training and working conditions, to ensure that, in the context of a global strategy for economic and social development, economic and social policies are mutually reinforcing components in order to create broad-based sustainable development;

Whereas the ILO should give special attention to the problems of persons with special social needs, particularly the unemployed and migrant workers, and mobilize and encourage international, regional and national efforts aimed at resolving their problems, and promote effective policies aimed at job creation;

Whereas, in seeking to maintain the link between social progress and economic growth, the guarantee of fundamental principles and rights at work is of particular significance in that it enables the persons concerned, to claim freely and on the basis of equality of opportunity, their fair share of the wealth which they have helped to generate, and to achieve fully their human potential;

Whereas the ILO is the constitutionally mandated international organization and the competent body to set and deal with international labour standards, and enjoys universal support and acknowledgement in promoting Fundamental Rights at Work as the expression of its constitutional principles;

Whereas it is urgent, in a situation of growing economic interdependence, to reaffirm the immutable nature of the fundamental principles and rights embodied in the Constitution of the Organization and to promote their universal application;

THE INTERNATIONAL LABOUR CONFERENCE

1. Recalls:
 - (a) that in freely joining the ILO, all Members have endorsed the principles and rights set out in its Constitution and in the Declaration of Philadelphia, and have undertaken to work towards attaining the overall objectives of the Organization to the best of their resources and fully in line with their specific circumstances;
 - (b) that these principles and rights have been expressed and developed in the form of specific rights and obligations in Conventions recognized as fundamental both inside and outside the Organization.
2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:
 - (a) freedom of association and the effective recognition of the right to collective bargaining;
 - (b) the elimination of all forms of forced or compulsory labour;
 - (c) the effective abolition of child labour; and
 - (d) the elimination of discrimination in respect of employment and occupation.
3. Recognizes the obligation on the Organization to assist its Members, in response to their established and expressed needs, in order to attain these objectives by making full use of its constitutional, operational and budgetary resources, including, by the mobilization of external resources and support, as well as by encouraging other international organizations with which the ILO has established relations, pursuant to article 12 of its Constitution, to support these efforts:
 - (a) by offering technical cooperation and advisory services to promote the ratification and implementation of the fundamental Conventions;
 - (b) by assisting those Members not yet in a position to ratify some or all of these Conventions in their efforts to respect, to promote and to realize

the principles concerning fundamental rights which are the subject of these Conventions; and

- (c) by helping the Members in their efforts to create a climate for economic and social development.
- 4. Decides that, to give full effect to this Declaration, a promotional follow-up, which is meaningful and effective, shall be implemented in accordance with the measures specified in the annex hereto, which shall be considered as an integral part of this Declaration.
- 5. Stresses that labour standards should not be used for protectionist trade purposes, and that nothing in this Declaration and its follow-up shall be invoked or otherwise used for such purposes; in addition, the comparative advantage of any country should in no way be called into question by this Declaration and its follow-up.

ANNEX (REVISED)

Follow-up to the Declaration

I. OVERALL PURPOSE

- 1. The aim of the follow-up described below is to encourage the efforts made by the Members of the Organization to promote the fundamental principles and rights enshrined in the Constitution of the ILO and the Declaration of Philadelphia and reaffirmed in this Declaration.
- 2. In line with this objective, which is of a strictly promotional nature, this follow up will allow the identification of areas in which the assistance of the Organization through its technical cooperation activities may prove useful to its Members to help them implement these fundamental principles and rights. It is not a substitute for the established supervisory mechanisms, nor shall it impede their functioning; consequently, specific situations within the purview of those mechanisms shall not be examined or re-examined within the framework of this follow-up.
- 3. The two aspects of this follow-up, described below, are based on existing procedures: the annual follow-up concerning non-ratified fundamental Conventions will entail merely some adaptation of the present modalities of application of article 19, paragraph 5(e), of the Constitution; and the Global

Report on the effect given to the promotion of the fundamental principles and rights at work that will serve to inform the recurrent discussion at the Conference on the needs of the Members, the ILO action undertaken, and the results achieved in the promotion of the fundamental principles and rights at work.

II. ANNUAL FOLLOW-UP CONCERNING NON-RATIFIED FUNDAMENTAL CONVENTIONS

A. Purpose and scope

1. The purpose is to provide an opportunity to review each year, by means of simplified procedures, the efforts made in accordance with the Declaration by Members which have not yet ratified all the fundamental Conventions.
2. The follow-up will cover the four categories of fundamental principles and rights specified in the Declaration.

B. Modalities

1. The follow-up will be based on reports requested from Members under article 19, paragraph 5(e), of the Constitution. The report forms will be drawn up so as to obtain information from governments which have not ratified one or more of the fundamental Conventions, on any changes which may have taken place in their law and practice, taking due account of article 23 of the Constitution and established practice.
2. These reports, as compiled by the Office, will be reviewed by the Governing Body.
3. Adjustments to the Governing Body's existing procedures should be examined to allow Members which are not represented on the Governing Body to provide, in the most appropriate way, clarifications which might prove necessary or useful during Governing Body discussions to supplement the information contained in their reports.

III. GLOBAL REPORT ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

A. Purpose and scope

1. The purpose of the Global Report is to provide a dynamic global picture relating to the four categories of fundamental principles and rights at work noted during the preceding period, and to serve as a basis for assessing the

effectiveness of the assistance provided by the Organization, and for determining priorities for the following period, including in the form of action plans for technical cooperation designed in particular to mobilize the internal and external resources necessary to carry them out.

B. Modalities

1. The report will be drawn up under the responsibility of the Director-General on the basis of official information, or information gathered and assessed in accordance with established procedures. In the case of States which have not ratified the fundamental Conventions, it will be based in particular on the findings of the aforementioned annual follow-up. In the case of Members which have ratified the Conventions concerned, the report will be based in particular on reports as dealt with pursuant to article 22 of the Constitution. It will also refer to the experience gained from technical cooperation and other relevant activities of the ILO.
2. This report will be submitted to the Conference for a recurrent discussion on the strategic objective of fundamental principles and rights at work based on the modalities agreed by the Governing Body. It will then be for the Conference to draw conclusions from this discussion on all available ILO means of action, including the priorities and plans of action for technical cooperation to be implemented for the following period, and to guide the Governing Body and the Office in their responsibilities.

IV. IT IS UNDERSTOOD THAT:

1. The Conference shall, in due course, review the operation of this follow-up in the light of the experience acquired to assess whether it has adequately fulfilled the overall purpose articulated in Part I.

Contact details

The Co-operative College

The Co-operative College was founded in 1919 and is a unique educational institution focussed on providing world class learning programmes and research to support the development of a successful and diverse cooperative sector.

Commitment to education was one of the founding principles of the Rochdale Pioneers and, as an educational charity, the College reflects that in its mission:

Putting education at the heart of cooperation and cooperation at the heart of education.

Today, the College works with cooperatives throughout the world. It delivers programmes to help individuals and groups achieve the skills and understanding needed to put cooperative values and principles into effective practice and help build successful cooperative businesses. It works with a wide range of universities, government departments and non-governmental organizations, together with a rapidly growing network of cooperative schools.

The College also houses the National Co-operative Archive Collection, a substantial resource of primary source material including many of the writings of Robert Owen. It also manages the Rochdale Pioneers Museum at Toad Lane in Rochdale.

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International Co-operative Alliance

The International Co-operative Alliance (ICA) is an independent, non-governmental organisation established in 1895 to unite, represent and serve cooperatives worldwide. It provides a global voice and forum for knowledge, expertise and coordinated action for and about cooperatives.

ICA's members are international and national cooperative organizations from all sectors of the economy, including agriculture, banking, consumer, fisheries, health, housing, insurance, and workers. ICA has members from one hundred countries, representing one billion individuals worldwide. One hundred million people work for a cooperative locally.

The ICA is the guardian of the cooperative identity, values and principles. The ICA was founded in London in 1895.

In 1946, the ICA was one of the first non-governmental organizations to be accorded United Nations Consultative Status. Today it holds the highest level of consultative status (General Category) with the United Nations Economic and Social Council (ECOSOC).

Working from its Head Office and Regional Offices, ICA helps to build strong, viable cooperatives in developing countries by acting as a coordinator and catalyst of cooperative development.

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International Labour Organization

The International Labour Organisation is UN specialised agency which seeks the promotion of social justice and internationally recognized human and labour rights.

The ILO formulates international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights: freedom of association, the right to organize, collective bargaining, abolition of forced labour, equality of opportunity and treatment, and other standards regulating conditions across the entire spectrum of work related issues.

It promotes the development of independent employers' and workers' organizations and provides training and advisory services to those organizations. Within the UN system, the ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.

Cooperatives Unit

The ILO views cooperatives as important in improving the living and working conditions of women and men globally as well as making essential infrastructure and services available even in areas neglected by the state and investor-driven enterprises. Cooperatives have a proven record of creating and sustaining employment – they provide over 100 million jobs today; they advance the ILO’s Global Employment Agenda and contribute to promoting decent work.

ILO activities are guided by the international standard on cooperatives, the ILO Recommendation on the Promotion of Cooperatives, 2002 (R.193).

The Cooperatives Unit serves ILO constituents and cooperative organizations in four priority areas:

- Raising public awareness on cooperatives through evidence based advocacy and sensitization to cooperative values and principles;
- Ensuring the competitiveness of cooperatives by developing tailored tools to cooperative stakeholders including management training, audit manuals and assistance programmes.
- Promoting the inclusion of teaching of cooperative principles and practices at all levels of the national education and training systems; and,
- Providing advice on cooperative policy and cooperative law, including participatory policy and law making and the impact on cooperatives of taxation policies, labour law, accounting standards, and competition law among others.

Partnerships for cooperative promotion

The ILO works in partnership with the International Cooperative Alliance (ICA), the representative world body of cooperatives and is a member of the Committee for the Promotion and Advancement of Cooperatives (COPAC), an interagency committee which promotes sustainable cooperative development. It also collaborates with cooperative development agencies and training institutions.

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Promoting cooperatives

Ranging from small-scale to multi-million dollar businesses across the globe, cooperatives are estimated to employ more than 100 million women and men and have more than 800 million individual members. Because cooperatives are owned by those who use their services, their decisions balance the need for profitability with the wider interests of the community.

The ILO's Recommendation 193 on the Promotion of Cooperatives was adopted in 2002 and provides an internationally agreed template for national policy. The first edition of this Guide to the Recommendation was published in 2004 and has remained in demand although out of print for many years. This second edition has been updated and revised and will help cooperatives, governments, employers' and workers' organizations to help to make the cooperative model to become the option for achieving sustainable development.



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