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## The cooperative way of doing business

### Cooperatives help secure livelihoods

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.” ILO Recommendation 193 on the Promotion of Cooperatives (2002)

Cooperative enterprises help secure the livelihoods of an estimated three billion people worldwide. They have one billion members and provide more than 100 million jobs. While cooperatives, like all enterprises, need to be competitive in the market, they follow a broader set of values than those associated purely with making a profit. Cooperatives put people at the heart of their business; because cooperatives are owned and democratically controlled by their members, the decisions taken by cooperatives balance the need for profitability with the needs of their members and the wider interests of the community. Found in many different forms, serving many different needs, resilient to crisis and thriving within diverse societies, the cooperative way of doing business provides a wide range of opportunities to address the economic, social and cultural needs and aspirations of people around the world.

The ILO promotes the cooperative business model to create and maintain sustainable enterprises, offering jobs that not only provide income but also pave the way for broader social and economic advancement, strengthening individuals, their families and communities. In particular, the cooperative model enables people with skills but little or no capital to pool resources to create employment and contribute to economic development.

### Realizing the full potential of cooperatives for sustainable growth

The ILO assists cooperative development around the world

- More than 65 countries have reformed their cooperative legislation with ILO assistance.
- ILO training materials are used in over 50 countries.
- Read about the ILO technical cooperation programmes: Cooperative Facility for Africa and SYNDICOOP overleaf.

Cooperatives formed by producers, consumers, workers and businesses worldwide have demonstrated their enormous potential in creating employment opportunities, empowering people, providing social protection and alleviating poverty. They have a proven track record of advancing sustainability and social justice.

However, the development of cooperatives is hampered by a lack of knowledge and understanding of the cooperative business model. Policy and legislation continue to limit the formation and growth of cooperative enterprises, while entrepreneurship education neglects the cooperative option and business support services are ill-equipped to help.

## The ILO approach to supporting cooperatives

The ILO has an explicit mandate to work on cooperatives and has had a programme on cooperatives since 1920, initiated shortly after its foundation. Today, the Sustainable Enterprise Programme works with ILO constituents (governments, trade unions and employers' organizations) and representatives of cooperative organizations of all types and sizes to help cooperatives create and sustain employment and contribute to promoting decent work and social justice.

The ILO's comprehensive approach, which also involves partnerships with other UN agencies, academic institutions and non-governmental organizations, includes:

- guidance and advice on creation of **enabling environments** for cooperative development at national, regional and international levels
- **capacity building** and development of education and training materials and other tools to enable cooperative enterprises to be competitive in the marketplace
- dialogue and **evidence-based advocacy and research** on the economic, social, societal and political importance of cooperatives, to inform policy and practice.

The ILO's technical assistance programme for cooperative development focuses specifically on policy and legal advice, capacity building through human resource development, and poverty alleviation through self-help. Several other ILO projects and programmes also support cooperative enterprises in addressing issues such as youth employment, gender equality, social protection, child labour, informality and local economic development.

## The ILO in action: Supporting cooperative development

### Creating an enabling environment

In the last 15 years alone, the ILO has assisted more than 65 countries to develop and revise their cooperative policies and laws. Most recently, it has helped design the *Framework Law for Cooperatives in Latin America* (Ley Marco para las cooperativas de América Latina) and the *Uniform Cooperative Act* for OHADA (Organisation pour l'harmonisation en Afrique du droit des affaires). It has also contributed to the implementation assessment of the 2003 European Union *Regulation on the Statute for European Cooperative Society*.

### Building capacity

ILO training modules for management of cooperatives (MATCOM) have been used in over 50 countries. Developed for business advisors, trainers and training institutions, government officials, project staff and other cooperative stakeholders, they are available in over 60 languages. Updates such as the new *My.Coop: Managing your Agricultural Cooperative*, which includes a self-guided e-learning platform, are produced in collaboration with UN agencies, academic and training institutions, and the cooperative movement.

## Providing evidence-based advocacy and research

The ILO regularly commissions research on cooperatives. Recent studies demonstrate the resilience of cooperatives in times of economic and financial crisis and also show how small and medium-sized enterprises can benefit from entrepreneurs' cooperatives as a specific form of enterprise cluster.

## Snapshot of our work: COOP Africa and SYNDICOOP



The Cooperative Facility for Africa, COOP<sup>AFRICA</sup>, promotes cooperative development in nine countries in east and southern Africa (Botswana, Ethiopia, Kenya, Lesotho, Rwanda, Swaziland, United Republic of Tanzania, Uganda and Zambia) and is principally financed by the UK's Department for International Development (DFID). COOP<sup>AFRICA</sup> aims to harness the potential of cooperatives as a way for people to escape poverty. Together with a wide range of international and national partners, the programme helps to establish: a legal and policy environment conducive to the development of cooperatives; effective coordinating structures (for example, unions and federations); and demand-driven support services for primary (one-member one-vote) cooperatives through cooperative service providers or "centres of competence". COOP<sup>AFRICA</sup>'s *Challenge Fund* is a distinctive feature, providing financial support to local cooperatives and cooperative service providers.

An evaluation of the programme in May 2011 confirmed its relevance and utility. Its demand-driven approach enabled it to respond to the needs of agricultural and financial cooperatives, as well as those of cooperative apex organizations and cooperative colleges. COOP<sup>AFRICA</sup> supported 4,000 primary cooperatives through its *Challenge Fund*, benefited 280,000 cooperative members through capacity building interventions, created at least 4,000 new jobs and consolidated 170,000 employment opportunities. The turnover of primary cooperatives rose by more than 25% and the income of beneficiary cooperatives jumped by over 50%. Key factors in the successful design and delivery of the programme included the involvement and ownership of international and national stakeholders, and the reliance on existing structures including national cooperative movements, employers' organizations, trade unions and other partners.

SYNDICOOP (Poverty Reduction among Unprotected Informal Economy Workers through Trade Union-Cooperative Joint Action) is a joint initiative of the ILO, the International Trade Union Confederation (ITUC) and the International Cooperative Alliance (ICA). Set up in 2004-2006, it has helped strengthen organization among informal economy workers and improve employment opportunities, incomes and working conditions through cooperatives in Kenya, Rwanda, United Republic of Tanzania, South Africa and Uganda. SYNDICOOP brings together trade unions and cooperatives at all levels and aims to provide a framework both for strengthening existing trade union and cooperative initiatives and for developing new programmes to promote decent work in the informal economy.

An independent evaluation of SYNDICOOP said it was a powerful model that should be replicated in other countries. COOP<sup>AFRICA</sup> uses a similar approach and other initiatives are being investigated.

## The ILO and Sustainable Enterprises

The ILO Sustainable Enterprise Programme helps create more and better jobs through enterprise development. It connects business growth and competitiveness with the needs of people to make a decent living in a healthy environment - today and in the future. Anchored in the ILO's mission to create decent work for all women and men, this programme is centred on three pillars:

- An enabling environment for enterprises - Creating the right framework that enables businesses to start, grow and create decent jobs;
- Entrepreneurship and business development - Helping entrepreneurs, in particular youth, women and marginalized groups, to start and build successful enterprises;
- Sustainable and responsible workplaces - Demonstrating the link between productivity gains and improved working conditions, good industrial relations and good environmental practices.

The programme combines evidence-based policy development with capacity building and enterprise support services, delivered at the international and country levels, through advisory services and a large portfolio of technical cooperation. It works with governments, employers' and workers' organizations, in partnership with other UN agencies, financial and academic institutions, donors and others.

## Further reading

ILO and Cooperatives - <http://www.ilo.org/global/topics/employment-promotion/cooperatives/>  
ILO Cooperative Programme - <http://www.ilo.org/coop>  
ILO Resource Guide on Cooperatives - <http://www.ilo.org/resourceguides/coop>  
ILO Recommendation on the Promotion of Cooperatives (R.193) -  
<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R193>

## Contact details

Cooperative Branch (EMP/COOP)  
Job Creation and Enterprise Development Department  
Employment Sector

International Labour Office  
4 Route des Morillons  
CH-1211 Geneva 22  
Switzerland

Tel: +41 22 799 7445  
Fax: +41 22 799 8572  
E-mail: [coop@ilo.org](mailto:coop@ilo.org)  
<http://www.ilo.org/coop>

Simel Esim, Chief, Cooperative Branch (EMP/COOP), [esim@ilo.org](mailto:esim@ilo.org)