



# **D**evelopment Co-operation: **How Co-operatives Cope**

*A survey of major co-operative development agencies*



Ignace Pollet  
Patrick Develtere

A survey commissioned by:

**BRS**

 **Cera Foundation**  
Investing together in prosperity and welfare

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There are a number of reasons for the increase in public sector employment. One of the main reasons is the increasing demand for public services, such as health care, education, and social security. Another reason is the increasing need for public infrastructure, such as roads, bridges, and public housing.

The increase in public sector employment has led to a number of challenges for governments. One of the main challenges is the increasing cost of public services. Another challenge is the increasing need for public infrastructure, which requires significant investment.

There are a number of ways in which governments can address these challenges. One way is to increase taxes, which would provide additional revenue for public services. Another way is to increase efficiency in the public sector, which would reduce the cost of public services.

The increase in public sector employment is a complex issue that requires a number of different solutions. Governments need to find ways to increase revenue and reduce costs in order to maintain the public sector in the long run.

One of the main reasons for the increase in public sector employment is the increasing demand for public services. As the population grows, the demand for public services such as health care, education, and social security also grows.

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# PREFACE

This study deals with development by co-operation and through co-operatives.

Cera Foundation and the Belgian Raiffeisen Foundation (BRS) are very interested in this particular issue. Indeed, together they form the social arm of Cera Holding, a dynamic co-operative group with 450,000 members, with a tradition stretching back more than one hundred years, and a passion for further developing and promoting the co-operative model.

It is on the foundation of this interest and background that Cera Foundation and BRS have commissioned the Hoger Instituut voor de Arbeid (HIVA) [Higher Institute for Labour Studies] to carry out a survey of co-operative development agencies. This report is the result of that survey.

Ignace Pollet and Patrick Develtere, both connected with the HIVA, discuss the following topics in this publication: (1) the renewed interest in co-operative development, (2) an historical view on co-operatives and development, and (3) a survey of 'co-operative to co-operative, North to South'.

The input of various national and international partners, above all regarding the provision of information, has made a considerable contribution to this study. Based on this, the two authors have succeeded in producing a powerful analysis, and an easy-to-read and well-structured report.

The authors have gone beyond simply making an inventory of that which exists in the field of co-operative development. In a fascinating analysis, they discuss the strong points and the challenges of the co-operative model for development.

Of course, the advantages of co-operatives as development agencies are important. These advantages are sometimes not well known, not known at all, or do not come sufficiently to light. This study presents these advantages in a clear and orderly manner.

However, even more important are the challenges faced by co-operatives from the North and South. The authors identify the following challenges: (1) improving the visibility of the Northern co-operative sector as development actor, (2) coping with the bad image and further clearing the house of the Southern co-operative sector (reminiscences of mismanagement, state-interference, corruption and unreliability), (3) cope with the so-called 'development industry', (4)



emphasize the multi-stakeholder approach of the co-operatives and (5) develop more co-operation between co-operative development agencies.

Cera Foundation and BRS are convinced that this study will further emphasize the role played by 'co-operative development agencies in development co-operation'. Indeed, each challenge mentioned above represents a point on the agenda for an increased contribution of co-operatives to development. Cera Foundation and BRS will therefore ensure a wide distribution of this report through publication in printed form, on the Internet and at seminars.

Matthieu Vanhove

# **N**OTE FROM THE AUTHORS

Co-operatives and their related organisations in western, industrialised countries have done a lot of soul searching over the past ten years. This existential quest coincides with and is caused by the drastic restructuring and repositioning of co-operatives vis-à-vis other actors on the market as well as vis-à-vis their members. Major questions that arise are 'what is the co-operative identity?', 'what is the co-operative difference?', 'is co-operative social responsibility different from corporate social responsibility?', 'can we treat members and clients alike?', 'how do we organise co-operative governance?' and importantly 'how do we deal with economic globalisation?'. Many co-operatives seem to have found partial answers to these questions. A new co-operative agenda is in the making. International and development co-operation are recurrent items on this agenda. As will be clear from this report co-operatives have been global players and development actors for about a century, but the theme re-emerges on the agenda in a different way. Many co-operatives and their related organisations want to be more active in development co-operation, for new reasons and with a much higher profile.

The Belgian Cera Foundation, which is an off-spring of the financial co-operative Cera Holding commissioned this research for the very same reasons. The objective of the research was to gain insight into the reasons for co-operative development co-operation, the strategies of the many co-operative development agencies and their challenges. Cera Foundation wants to use the results of this research for the work of its own development agency, Belgische Raiffeisenstichting, but was eager to share them with their colleagues and interested persons in other countries.

The research was executed in 2003 and benefited a lot from the new drive in co-operative development that was stirring up on the occasion of the discussions about and the adoption of the new ILO 'Promotion of Co-operatives Recommendation 193' in June 2002. The ILO Co-operative Branch, as well as the International Co-operative Alliance and the U.N.-supported Committee for the Promotion and Advancement of Co-operatives, were very helpful in making contacts, in sharing ideas and information. We hope that these results of this research will be of particular use for their promotional work and will help them in defending co-operative development as a valuable and distinct development approach. For the research we had contacts through questionnaires, face to face interviews, e-mail correspondence, group discussions and lots of telephone calls with over 50 people from all over the world who are involved in co-operative development co-operation. We hope that we reflect their views and ideas in a satisfactory way.



A final word is for Sonja Wuyts and An Groffils of the HIVA secretariat who were extremely helpful in sorting out all kinds of practical problems and in making the research report presentable.

Patrick Develtere  
Ignace Pollet

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# A BBREVIATIONS

AAC/MIS	Americas Association of Co-operative and Mutual Insurance Societies
ACDI/VOCA	Agricultural Co-operative Development International-Volunteers in Overseas Co-operative Assistance (U.S.A.)
ACP	Africa, Caribbean, Pacific
BRS	Belgische Raiffeisenstichting/Belgian Raiffeisen Foundation
CCA	Canadian Co-operative Association
CDO	Co-operative Development Organisation
CHF	Co-operative Housing Foundation (U.S.A.)
CICM	Centre International du Crédit Mutuel (France)
CIDA	Canadian International Development Agency
CLUSA	Co-operative League of the U.S.A.
COPAC	Committee for the Promotion and Advancement of Co-operatives
COB	Organisation of Brazilian Co-operatives
CUNA	Credit Union National Association (U.S.A.)
DANIDA	Danish International Development Agency
CEDO	Community Enterprise Development Organisation (Uganda)
CIDA	Canadian International Development Agency
C2C	Co-operative to Co-operative
DFID	Department for International Development (U.K.)
DGRV	Deutscher Genossenschaft- und Raiffeisenverband (Germany)
DID	Développement International Desjardin (Canada)
EDCS	Ecumenical Development Co-operative Society
EU	European Union
HIVA	Hoger Instituut voor de Arbeid/Higher Institute for Labour Studies
FAO	Food and Agriculture Organisation
FCD	Fondation pour la Coopération au Développement (Belgium)
FDC	Federation of Danish Co-operatives
FLO	Fair Trade Labelling Organisation
FOS	Fonds voor Ontwikkelingssamenwerking (Belgium)
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (Germany)
ICA	International Co-operative Alliance
ICFTU	International Confederation of Free Trade Unions
IFAP	International Federation of Agricultural Producers
IFCD	Irish Foundation for Co-operative Development
IFPRI	International Food Policy Research Institute

ILO	International Labour Office/International Labour Organisation
IMF	International Monetary Fund
IRU	International Raiffeisen Union
MFI	Micro-finance Institution
NCBA	National Co-operative Business Association (U.S.A.)
NGO	Nongovernmental Organisation
NORAD	Norwegian Ministry for Development Co-operation
NRECA	National Rural Electric Co-operative Association (U.S.A.)
NTCA	National Telecommunications Co-operative Association (U.S.A.)
OCDC	Overseas Co-operative Development Council (U.S.A.)
OECD	Organisation for Economic Co-operation and Development
PEARLS	Protection/Effective Financial Structure/Asset Quality/Rates of Return and Costs/Liquidity/Signs of Growth
SCC	Swedish Co-operative Centre
SIDA	Swedish International Development Agency
SOCODEVI	Société de Coopération pour le Développement International (Canada)
SNV	Stichting Nederlandse Vrijwilligers (the Netherlands)
UBC	Union Bank of Caeroon
U.K.	United Kingdom
U.N.	United Nations
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
USA	United States of America
USAID	U.S. Agency of International Development
WCL	World Confederation of Labour
WOCCU	World Council of Credit Unions
WSM	Wereldsolidariteit-Solidarité Mondiale (Worldsolidarity – Belgium)

# INTRODUCTION

Both in industrialised countries and in countries in the South, the interest for co-operatives is again growing. There is ample evidence that co-operatives have entered a new era in many countries. Their identity is changing, their strategies are changing, new alliances are forged. This happens against the background of a globalising economy and society which brings with it new opportunities for co-operative contacts and working arrangements around the globe. Witness to that is the new 'Promotion of Co-operatives Recommendation 193', 2002 of the International Labour Organisation. This new recommendation replaces the 'Co-operatives (Developing Countries) Recommendation 127' of 1966. Contrary to the old one, the new recommendation applies to both northern and southern countries.

The new recommendation stresses the important role of co-operatives in job creation, mobilising resources, generating investment and their contribution to the economy. The ILO also recommends that alliances and international partnerships be established between co-operatives from different countries. In this report we will focus on the existing relations between co-operatives from the North and their partners in the South. For this research we gathered information from some 25 different northern co-operatives who have engaged in development work with their colleagues in the South. We also gathered information of 10 different international organisations involved in co-operative development. Our key research questions were

- a. Who is promoting co-operative development?
- b. What role do northern co-operatives play in supporting co-operatives in the South?
- c. What are the evolutions in the strategies of northern co-operatives in relation to development co-operation?
- d. What are the comparative advantages of northern co-operatives supporting southern co-operatives?

In the report we first give an overview of the main reasons why there is a renewed and growing interest in co-operative development. In a second chapter we make a short historical excursion in order to have a better understanding of the present panorama of the co-operative sector in the developing world and the role played by co-operative development agencies, governments, donors, non-governmental development organisations and the local population. The third chapter is the main one. In that chapter we will present the results of our survey. We conclude with some views regarding the comparative advantages of co-operative development agencies. In a final chapter we present some recommendations that might be taken into consideration by the agencies as well as by other donor institutions.

# 1. WHY IS THERE A RENEWED INTEREST IN CO-OPERATIVE DEVELOPMENT?

The renewed interest in co-operatives is related to the new development paradigm and agenda. In this 'multistakeholder' paradigm great importance is attached to the contribution of non-state actors to national and international development goals. Those non-state actors are primarily civil society organisations and business. Civil society organisations (non-governmental organisations and social movements) are said to be apt in mobilising communities and bring a value-rationality into the development process (e.g. by insisting on the necessity to take care of values such as equity, democracy, social justice and sustainable). The business community for its part is said to generate wealth and brings an efficiency-rationality into the development process (e.g. by insisting on the necessity to look for a return on investment). Co-operatives are an interesting go-between since they reconcile both considerations. They attach great importance to the values that are cherished by civil society, but they try to realise them through business operations.

*Decentralisation* and *privatisation* are two other elements of the new development paradigm. National governments are asked to reconsider their role and to change their mode of operation. They are supposed to become less interventionist and monopolist. In this way governments should create room for decentralised authorities and private actors. Co-operatives are private actors that give attention to both private and public interests. In addition, they have a long tradition, in many countries, to work closely with regional and local authorities in realising regional and local objectives. Examples of these are the many co-operatives involved in environmental protection, service provision and regional marketing.

Closely linked to this is the new insistence on the role of local entrepreneurs. It is now generally accepted that local entrepreneurs can bring many benefits to communities. They are driving forces in combining local knowledge, local endowments, local human resources, local social capital and local financial means. This virtuous mix is thought to be a very fruitful and forceful recipe for local economic development. Co-operatives are intimately related to this local entrepreneurship and this mainly in two ways. Many co-operatives are set up by local entrepreneurs in order to facilitate and strengthen their business operations. This is the

case, for example, for credit and savings co-operatives or supply and marketing co-operatives that provide essential services without which local business would never reach a sufficient level of viability or success. Secondly, co-operatives are themselves run as local businesses, be it to the service of their members and community. In this way they also valorise local assets such as local knowledge, human resources and financial means.

In terms of objectives the new development paradigm and agenda is undoubtedly geared towards *poverty reduction*.<sup>1</sup> Since the U.N. Millennium Goals were launched in 1999, the international community is convinced that a concerted effort is needed to reduce poverty significantly over the next couple of decades. All development actors are called upon to re-gauge their objectives and to reconsider their operations in order to maximise their effects and impact in terms of reduction of poverty and social exclusion. Many look towards co-operatives to help in achieving this job. Co-operatives are supposedly appropriate vehicles to reduce poverty and social exclusion in a community because of their participatory and business nature. As we will see, however, this is worth a debate because it is not so clear if co-operatives are *per se* instruments of the poor, if they reach the poorest of the poor and whether they are vehicles of poverty reduction or rather mechanisms for economic and social development.

Finally, the multistakeholder approach is also a call for *specialisation* and *professionalisation*. It is recognised that development co-operation is an extremely difficult undertaking. General skills such as anthropological and sociological insights are needed for everybody who is involved in it, but in all fields up-to-date know-how and specific competencies are needed. In addition it is now generally accepted that development co-operation should not only rely on benevolent and volunteer action but should be professionalised. This makes co-operative development agencies that are embedded in existing and well-performing co-operative institutions attractive partners for the support to emerging and developing co-operatives in the southern countries.

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<sup>1</sup> It has to be noted that poverty reduction is seen in a wider perspective than say ten or twenty years ago. The agenda is in fact about reduction of poverty and social exclusion.

# 2. CO-OPERATIVES AND DEVELOPMENT: AN HISTORICAL EXCURSION

From its early days in the nineteenth century the co-operative movement has been an international movement stretching the principle of 'co-operation between co-operatives' beyond the national boundaries. This was first realised at the level of the European continent and subsequently with North America, Japan and Australia. The co-operative movement took root in Latin America via the immigrant communities who came from the Hispanic peninsula.<sup>2</sup> In Africa, Asia and the Caribbean the co-operative history started somehow differently. At the end of the nineteenth century European planters and settlers introduced 'modern' co-operatives to support their own businesses. However, only little time later, colonial state agencies started with the introduction and promotion of co-operatives among the 'indigenous' population. The British were the first to do so on the Indian subcontinent.

## 2.1 Colonial co-operative paternalism

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The strategy of the British, French, Belgian, Dutch and Japanese colonial agencies can best be termed 'co-operative paternalism'. The major characteristics of this approach were the following.

Co-operatives were seen as instruments of acculturation and education that could progressively uplift the traditional population, and particularly the rural population, towards a more modern level. Since the indigenous population did not understand the benefits of co-operative structures, they were not to be created by, but rather for them. Membership was often not free but compulsory. Colonial officers created hundreds of co-operatives in almost every corner of the colonial regions. In most colonies a vast administrative and technical apparatus was set up that had tutelage and strict control over the co-operatives. The western co-operative movement generally approved of this approach and was happy

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<sup>2</sup> Other communities as well have put their faith in co-operatives. It was thanks to organising themselves in the *Cooperativa de Agricultura de Cotia* that the Japanese immigrants in Brazil managed to fight their way out of poverty in the early 20th century.

with the interest colonial agencies attached to the co-operative formula. However, co-operatives were not supposed to compete with vested colonial business interests. Missionaries and representatives of western co-operatives who were otherwise supportive of the paternalistic co-operative approach did not agree with the latter idea. In certain circumstances they used their influence to circumvent this monopolistic behaviour of colonial business interests.

The effect of co-operative paternalism was rather perverse.

The local population used the co-operatives for other purposes than those intended by the colonial officers. Affiliation was instrumental, opportunistic and passive. People participated only because co-operatives were the only means to get certain advantages or services. There was no ownership of the co-operative project. In worst cases, co-operation was antagonistic. People participated to avoid sanctions.

## **2.2 Post-colonial populism and nationalism**

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Independence brought a populist-nationalist approach to co-operatives. In fact, the colonial approach was not completely abandoned. Only the ideology changed drastically. Co-operatives were said to be key instruments in realising national unity and in promoting an economic strategy controlled by nationals. The characteristics of this approach can be summarised as follows.

The governmental control of co-operatives was intensified. Because co-operatives had to help to reach such high ideals as national unity and national economic development, government leadership seemed justified. Co-operatives were seen as one, if not the most important instrument for an alternative development strategy. This was the case in both East-bloc leaning and West-bloc leaning regimes. In order to accelerate the introduction of co-operatives, many governments used coercive measure to force people to set up co-operatives and to participate in them.

The effect of the populist-nationalist strategy was disastrous in many countries. It created a co-operative sector without co-operators. It made for 'co-operatives-by-name' that were mere functional organisations of the State apparatus that controlled and incorporated popular sections of society. Few of these bureaucratic 'co-operative' institutions were economically viable. The best documented cases are the Chinese communes, the Ujamaa-villages in Tanzania, the sugar workers co-operatives in Jamaica, the producer and worker co-operatives of the Socialist Co-operative Republic of Guyana and the agricultural production co-operatives in Peru (see Develtere, 1994).

Up till the nineteen eighties the international community had much sympathy for this populist and nationalist approach. In 1966, the International Labour Organisation adopted the Co-operatives (Developing Countries) Recommendation and urged governments to elaborate a planned strategy for co-operative development. International donors, including the World Bank, the American, Canadian, Japanese, Russian, Yugoslavian, French, German and Scandinavian

official development agencies supported many third world governments financially and technically in co-operative planning and development. In 1964, the International Co-operative Alliance insisted on the temporary tutelage of the co-operative sector. For the ICA, the primordial question was not to know if state participation in co-operative affairs was a good thing, but to determine the way governments should be involved (ICA, 1964).

The immense trust in co-operative development also led to a more co-ordinated approach with the coming together of several international organisations in a Committee for the Promotion and Advancement of Co-operatives (COPAC). Its members include the Food and Agriculture Organisation of the United Nations (FAO), the International Co-operative Alliance (ICA), the International Federation of Agricultural Producers (IFAP), the International Labour Office (ILO), the United Nations (UN) and the World Council of Credit Unions (WOCCU).

From 1969 to 1971, the UN Research Institute for Social Development (UNRISD) carried out a research programme on rural development and social change in twelve developing countries. The UNRISD studies singled out two general problem areas concerning co-operative development. The problems relating to co-operatives in developing countries had first of all to do with the diffusion and adoption of certain alien models of rural co-operation that had been imposed on the rural population. Secondly, the UNRISD-researchers were dissatisfied with the performance and impact of co-operatives in third world countries. As the researchers said in a résumé, the scope of the activities of co-operatives bears little relation to the dominant economic pattern. Their performance was simply irrelevant in the wider context of social and economic change. (False Borda et al., 1976). While the aims of the agricultural co-operative policies were commonly directed towards self-reliance, agricultural innovation and increased productivity, social and economic equalisation, and structural change, the UNRISD study found that co-operatives did little to contribute to the achievement of these objectives (see especially UNRISD, 1975). The studies were subject to massive criticism and a sterile debate on the case-study methodology applied by UNRISD but also on the definition of genuine co-operatives (see Stettner, 1973).

## **2.3 Towards an adjusted co-operative strategy**

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This debate did not result in a total rejection of the co-operative development strategies. It did, however, stimulate a number of changes in the approach so far applied. International agencies such as the ILO, FAO and ICA, as well as non-governmental development organisations (NGO's), more than third world governments promoted those changes. First of all, co-operatives were no longer seen as instruments for national economic development. Their principle task lay in reaching and organising the poor. It was accepted by then that there was no quick fix solution to do this. Reaching the poor and fulfilling their basic needs was

a long-term challenge. Secondly a bottom-up approach had to replace the top-down approach to co-operative development. Participation was equated with empowerment and was to take place outside the confines of rigid bureaucratic structures. And, thirdly, grass-roots participation had to be complemented with some kind of de-officialisation. In other words, co-operators had to re-appropriate the co-operative structures and government agencies had to retreat from the co-operative scene in an accelerated way.

The real structural adjustment of the co-operative sector ironically only took place with the advent of the Structural Adjustment Programmes of the nineteen eighties. Structural adjustment was a threat and an opportunity (Birchall, 1997). Because co-operatives, in many countries, had been part of the national development strategy and were strongly patronised by the state they had been operating in a protected environment. Many co-operatives survived because they were granted monopolies, monopsonies, guaranteed prices, tax exemptions, subsidies and other support services. The structural adjustment programmes substantially scaled down these 'advantages' or eliminated them all together.

In addition, donors redesigned their support programmes to developing countries and lost interest in co-operatives.

As a consequence many co-operatives went bankrupt. But, importantly, many other co-operatives were 'privatised' and came under the control of the member-co-operators. Those that were able to compete as businesses survived these rough times of transformation. In most countries the new restricted role of governments was codified in a new co-operative law recognising co-operatives as private, autonomous businesses.<sup>3</sup> Members and civil society organisations became the new patrons of the co-operative sector. NGOs, social movements, churches and interest groups set up their collective businesses. The contrast with previous co-operative schemes can best be summarised as follows:

- previously co-operatives had to serve a national development agenda. Presently co-operatives and co-operative type of organisations are businesses that have to serve interests of individuals and specific groups;
- previously co-operatives were primarily seen as welfare organisations. Now they are considered businesses with a welfare effect;
- because of their contribution to national and social development it was generally accepted that co-operatives were subsidised and bureaucracy-kind of organisations. Now co-operatives are seen as businesses that have to operate in a competitive environment;
- previously governments were the main patrons of the co-operative sector. Now local civil society is the major promoter of the co-operative movement;

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<sup>3</sup> In 2001 the General Assembly of the United Nations adopted guidelines to help governments create legislative and policy environments conducive to the establishment of co-operatives.

- the legalistic co-operative approach of the past has been replaced by a liberal and social economy approach. Co-operatives, credit unions, collective interest organisations and other kind of businesses are promoting a social entrepreneurship.

## 2.4 The impossible co-operative balance sheet

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From the foregoing it is clear that co-operative development is popping up time and again in the development agenda. As a phoenix the co-operative movement always raises out of its ashes and presents itself again and again, but always in a new jacket. It is therefore not easy, even not possible to make the balance sheet of co-operative development. We do a sketchy try.

On the positive side of the balance sheet we note the following parameters.

- The co-operative movement is a respected third sector actor. Since lately its statute as a distinctive social and economic actor has been confirmed by a separate internet domain (.coop) along the existing .org and .com. National and international agencies repeatedly underline their respect for the co-operative sector. Since 1994, July the 5th is the official U.N. International Day of Co-operatives.
- The co-operative movement is a relatively well integrated with national and international apex bodies. The affiliates of the International Co-operative Alliance represent some 760 million people around the world; the World Council of Credit Unions has affiliates in 79 countries representing over 118 million credit union members.
- In some developing countries co-operative membership is impressive. In Dominica over 80% of the adult population is a member of a credit union. In Kenya 20% of the population is a member of a co-operative, while in Argentina it is over 29% (33% in Norway, 40% in Canada and the United States).
- The macroeconomic significance of co-operatives may be gauged by their market shares. In Burkina Faso, agricultural co-operatives are the largest producers of fruit and vegetables for the national market. In Uruguay co-operatives handle 90 per cent of the national milk production and export 70 per cent of the surplus wheat production. Indian co-operatives control 65 per cent of sugar processing.
- The co-operative sector also contributes to job-creation and to the maintenance of self-employment. In Brazil it is estimated that the Organisation of Brazilian Co-operatives (COB) provides over 296,000 jobs. A 1998 World Bank evaluation drew the attention to the impact of co-operatives on India's dairy industry, concluding that they not only triggered sustained growth in production but also led to improved incomes and employment.
- And, finally, co-operatives are important and efficient deliverers of services. Successful examples are the Co-operative Housing Foundation in Egypt,

electricity co-operatives in Bolivia, Brazil and Chili, user-owned health care co-operatives in Panama, the Philippines, South Africa and Sri Lanka, providerrun health care co-operatives in Brazil, Malaysia and Mongolia, co-operative pharmacies in Ghana and students' co-operatives in India, Indonesia and Korea.

On the other hand, we also find the following indicators of weakness:

- Co-operatives have often been hijacked by other agencies. We see time and again that governments, international agencies and non-governmental organisations use co-operatives to work out their own agenda in stead of the agenda of co-operative members.
- In many countries co-operatives are still considered poor-men's clubs. They are not seen as viable and competitive businesses. On the other hand, many successful co-operatives have sought economies of scale and have merged into bigger commercial arrangements. In the eyes of the public and public authorities they are considered ordinary capitalist business undertakings.
- The co-operative sector has undergone many ideological waves and divisions. Today the liberal-democratic or Rochdalian tradition has probably most adherents (e.g. most consumer, banking and agricultural co-operatives in the industrialised countries). For Melnyk (1985) it is characterised by its emphasis on private property, its basic tolerance of capitalism and a pragmatic unifunctionalism. Its antithesis, the Marxist tradition, with its revolutionary ambitions and state-centered strategy has not proven sustainable (e.g. the kolkhoz in former USSR, the Chinese communes). The socialist co-operative movement maintains a strenuous internal opposition to private property and capitalist practices and has strong indigenous roots (e.g. Mondragon in the Basque, workers' co-operatives in USA, Canada, U.K.). The communalist tradition (e.g. Hutterite communes) is characterised by its isolationist and egalitarian orientation. Apart from these four 'traditions' so well described by Melnyk, one also sees the emergence of a new social economy tradition. This more recent 'movement' is characterised by its hybrid organisational forms (co-operatives, 'social co-operatives', 'economic associations'), its pragmatic 'social entrepreneurship' and its articulation with new issue movements (third world movement, ecological movement, human rights movement, corporate responsibility movement, etc.). Interestingly some liberal-democratic and socialist co-operatives have engaged in collaborations with this new social economy.
- A closely related issue is that as for now the sector has not been able to develop a clear identity and a high profile. Its major international institutions might have re-defined the co-operative values and principles, but this has not filtered down towards members and the general public. In many cases, members only have an instrumental and passive affiliation to the co-operatives, are not aware of the co-operative values and principles and have no incentive at all to participate.

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- The co-operative sector, in most countries, has not been able to develop a proper advocacy agenda to defend its own interests. This makes it a weaker interest group than the business community and other actors of civil society such as NGOs and foundations. Therefore co-operatives do not get as much attention and facilitation as the business, the NGO or foundation-community.

# 3. CO-OPERATIVE TO CO-OPERATIVE, NORTH TO SOUTH: A SURVEY

During the spring of 2003 we conducted a survey among large co-operatives and international institutions (with co-operative-oriented programs) to obtain a representative picture of the existing coop-to-coop assistance. About 45 questionnaires were either sent out by e-mail or used as a key for interview. 35 were completed and sent back. On top of that, web-sites and brochures were used to get reliable information on some of the other organisations.

In the following section, we will give a comprehensive overview of this survey's outcome. We will tackle the issue topic by topic, looking at the different elements of both the input side and the output side of coop-to-coop assistance.

Finally, we will look into the matter of co-operative advantages when it comes to international co-operation in the co-operative field.

## 3.1 Institutional framework and recognition

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As has been said before, co-operatives are once again seen as important actors of development. This institutional recognition is important because it creates an opportunity structure for co-operative development. Over the last five years a number of important signals were given by international and national agencies regarding the renewed trust in co-operative development.

In December 1999 the United Nations General Assembly officially passed 'Guidelines aimed at creating a supportive environment for the development of co-operatives'. This official recognition marked the end of a long process of consultation with national governments and the co-operative movement. The objective of the guidelines was to provide advice to Governments and to set out broad principles on which a national co-operative policy might best be based.

In 2001 and 2002 the International Labour Organisation discussed the adoption of a new international instrument to replace the ILO Recommendation 127 (1966). The purpose of the revision was to provide an updated policy reference framework for ILO member states. The new ILO Recommendation 193 (2002) was endorsed with 436 votes in favour and 3 abstentions. With the new Recommendation the International Labour Conference as well as the ILO national constituents recognise the importance of co-operatives in job creation, mobilisation of resources, generating investment and their contribution to the

economy. Governments are urged to create an enabling environment and to facilitate access to support services. Co-operatives in the South should be respected as independent, economically active organisations, based on principles and values. Most of all, co-operatives are encouraged to co-operate internationally. So far, only a few developing countries have fully satisfied Recommendation 193. The guideline is supplied though, ready for endorsement.

Mention should also be made of the numerous international agreements that apply the principles of multilevel governance and multistakeholdership. The EU-ACP Cotonou (2000) Agreement, the U.N. Local Agenda 21, the World Bank and IMF Poverty Reduction Strategy and many other international agreements recognise the role of a wide variety of non-state actors. These agreements create a framework for civil society participation both in the elaboration of national development plans and strategies as well as the execution and monitoring of them. There is, however, ample evidence that only in few countries the co-operative sector has taken up these opportunities and has benefited politically and financially from it.

Several donor countries also have shown renewed interest in co-operative development. In the USA 'the Support for Overseas Co-operative Development Act' was passed in 2000. With the act the Congress makes it clear that 'it is in the mutual economic interest of the United States and peoples in developing and transitional countries to promote co-operatives and credit unions'. The law requires the U.S. Agency for International Development (USAID) to promote all types of co-operatives such as credit unions, electric and telecommunications co-operatives, shelter and insurance co-operatives. The Act also mandated a report to Congress that set a new agenda for co-operative development that includes five key areas. The recognised Co-operative Development Agencies are called upon to:

- test new *co-operative* solutions, for example, to help rebuild HIV/AIDS devastated communities in East Africa;
- seek better understanding and methods to adapt Western *co-operative* approaches to emerging market countries;
- target assistance to local co-operatives through their stages of *development* to achieve greater scale and impact;
- strengthen networks of co-operatives to solve multiple economic and social challenges and advance specialised co-operatives in agriculture, financial systems, community-owned infrastructure, and community services;
- develop new analytic tools on the strengths and weakness of co-operatives to promote them within multilateral institutions, such as the UN and World Bank, *to reach areas that lack and can not attract private investment.*

This legislation further defines which organisations qualify for the denomination 'Co-operative Development Organisation': either a co-operative, or an organisation with organic links to the US Co-operative movement, that is engaged in development activities that focus upon the promotion of Co-operatives in the South. Eight co-operative development organisations have formed the Overseas

Co-operative Development Council (OCDC). When the OCDC was established in 1962 it was originally an official advisory committee to USAID. It became independent in 1968 and staffed in 1982.

In several European countries co-operative development has been rediscovered by government as an important domain for development assistance.

The Belgian Law on International Co-operation of 1999 identifies five priority sectors (basic infrastructure, primary health care, training and education, food security and community development) as well as three thematic priorities (gender, sustainable development and social economy). The Law invites all partners of the Belgian development co-operation (Belgian bilateral co-operation, non-governmental organisations, multilateral organisations, ...) to pay special attention to social economy organisations in their programmes. Consistent with the European conceptualisation of the social economy or the third sector, the Belgian government sees the co-operatives as key actors of the social economy along with mutual organisations and associations. In the sectoral strategy note on the social economy, the Belgian Ministry for Development Co-operations singles out three areas of particular importance for the social economy: social protection in health (through micro-insurance schemes), micro-finance and fair trade.

The Portuguese Government is trying to bring together different state organisations dealing with co-operatives in the European Union, in Portuguese-speaking countries, and in Latin-American Spanish-speaking countries, to discuss common problems and to foster new principles. For that purpose the Co-operative Organisation of Portuguese-speaking Countries was formed, with members drawn from governmental bodies, co-operative confederations, federations, unions and individual co-operatives. Regular meetings have been held in Portugal, Brazil and Cabo Verde.

*(...) In November 2002, the ILO COOP Branch organised a co-operative policy advisory mission to Guinea-Bissau which initiated a participatory process leading to the formulation of a National Policy on Co-operative Development, which is fully based on Recommendation 193. This national policy has been formally adopted by the Government in December 2002. Guinea-Bissau thus became the first ILO Member State to translate the new instrument into a national policy document. Moreover, the Government requested ILO assistance in designing a project that would support the implementation of the new policy, through co-operative development in areas such as agriculture, fisheries, entrepreneurship and management, micro-finance and primary education. (...)*

Source: ILO, Recommendation No. 193 on the Promotion of Co-operatives. Activities carried out since its adoption (20 June 2002) – update 20 March 2003.

## 3.2 Who is supporting co-operative development?

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From the foregoing it is clear that a wide variety of organisations and institutions show interest for the co-operative development model. But, motives to support co-operatives might vary. As might the strategies do. In order to bring some perspective into this world of co-operative development we'll present an overview of the different types of co-operative support agencies. We will first look at those agencies that have co-operative development as their core-business, namely the national co-operative development agencies that originated within the northern co-operative movements. Over the years a number of national co-operative movements have joined forces and created their international umbrella organisations. Several of them have an explicit mandate to foster co-operative development in southern countries. For these two first categories co-operatives are both a means and an end in itself. Next we will look at some other national and international social and civil society movements that show much sympathy for co-operative development but rather see it as a tool to achieve other objectives. This is also the case with a number of intergovernmental organisations that have a special department or programme(s) for co-operative development.

### Northern co-operative movements

As was already mentioned in the historical overview, the northern co-operative movement has a long tradition of supporting co-operative development in southern countries. Over the years tens of specialised institutions have been created to give flesh and blood to the principle of 'co-operation amongst co-operatives'. When we look at the panorama of co-operative support agencies we can see a number of different modules. In some countries, the co-operative movement follows an integrated approach to international co-operative support. In these cases a co-operative federation or apex body is looking at international co-operation as one of its many duties. We will call this approach the 'centralised and integrated model'.

In quite some more cases international co-operation is still a job for the national federations or apex bodies, but it is delegated to a specialised agency. We call this the 'centralised and specialised model'.

The third model is the 'decentralised and integrated model'. In that case separate co-operative units develop their own international strategy as part of their normal co-operative agenda.

In just a few cases these co-operatives have created a specialised body to do that job. We call this approach the 'decentralised and specialised model'.

The following table gives an overview of the different models. Subsequently we'll present the agencies with some more detail.

**Table 1** *Different models of cooperative development agencies*

	Integrated	Specialised
Centralised	<ul style="list-style-type: none"> <li>- Deutscher Genossenschaft- und Raiffeisenverband</li> <li>- Canadian Co-operative Association</li> <li>- Federation of Danish Co-operatives</li> <li>- The Co-operative Group (U.K.)</li> <li>- The National Co-operative Business Association (U.S.A.)</li> </ul>	<ul style="list-style-type: none"> <li>- The Swedish Co-operative Centre</li> <li>- The Irish Foundation for Co-operative Development</li> <li>- The Co-operative Housing Foundation – International (U.S.A.)</li> <li>- Développement International Desjardin (Canada)</li> <li>- Rabobank Foundation (the Netherlands)</li> <li>- Belgische Raiffeisenstichting</li> <li>- Wereldsolidariteit-Solidarité Mondiale (Belgium)</li> <li>- Fonds voor Ontwikkelings-samenwerking (Belgium)</li> <li>- Centre International du Crédit Mutuel (France)</li> <li>- NORCOOP (Norway)</li> <li>- SOCODEVI (Canada)</li> </ul>
Decentralised	<ul style="list-style-type: none"> <li>- Confcooperative (Italy)</li> <li>- Legacoop (Italy)</li> <li>- Land O'Lakes (U.S.A.)</li> </ul>	

<sup>4</sup> These organisations all responded to our questionnaire. There is plenty of evidence to say that they represent the bulk of the co-operation activities carried out by Northern co-operative sector. Important co-operative development activities are of course also developed by a number of the non-respondents. Mention could be made of the consumer co-operative Migros in Switzerland, the Japanese consumer, fishing and agricultural co-operatives and some Spanish co-operative agencies. In the U.S.A. the Overseas Co-operative Development Council represents eight different co-operative development organisations. Four of them are included in this survey: CHF International, Land O'Lakes, WOCCU and the NCBA). The other ones are the Americas Association of Co-operative/Mutual Insurance Societies (AAC/MIS), ACDI/VOCA (a merger of Agricultural Co-operative Development International (ACDI) and Volunteers in Overseas Co-operative Assistance (VOCA), the National Telecommunications Co-operative Association (NCTA) and the National Rural Electric Co-operative Association (NRECA).

**Table 2** *The centralised and integrated model*

<p>Deutscher Genossenschaft- und Raiffeisenverband (DGRV)</p>	<p>DGRV is the apex body of three co-operative federations and nine regional federations involved in banking, agriculture, trading and services. The international department of DGRV, created in 1968, is responsible for international relations and technical co-operation. The international department gets its resources from the regular budget of DGRV. It also mobilises support in kind and expertise within the co-operative movement. The department sometimes acts as an executive agency for German and international development agencies such as GTZ and KfW.</p>
<p>Canadian Co-operative Association (CCA)</p>	<p>CCA is the apex body of the Canadian co-operative movement. The 'international development unit' of CCA started its operations in 1984. An international program committee, appointed by the Board of Directors of CCA oversees the operations of the international development unit. A separate but affiliated 'Co-operative Development Foundation' has been created to do the fund-raising. The resources it mobilises are then applied to a Contribution Agreement between CCA and the Canadian International Development Agency (CIDA). CCA can rely on volunteers and experts of its member co-operatives for fund raising and technical assistance purposes. CCA is increasingly executing bilateral and multilateral co-operative programmes.</p>
<p>The Federation of Danish Co-operatives (FDC)</p>	<p>FDC is the apex organisation of the Danish agricultural movement. FDC is involved in international co-operation on an ad hoc basis, mainly when co-operative leaders from Africa, Asia or Latin America pay a visit to FDC.</p>
<p>The Co-operative Group (United Kingdom)</p>	<p>The Co-operative Group is by far the largest co-operative retail society in the U.K., including the Co-operative Bank and the Co-operative Insurance Society. The Group is the wholesale purchasing arm of all the co-operative retail societies, through the Co-operative Retail Trading Group. The group is a member of the Ethical Trading Initiative. Several products sold in the co-operative shops are ethically screened and have a co-operative origin (tea, bananas, mangos, chocolate). Furthermore, a lot of international co-operation is realised in a decentralised manner. For example, international NGOs benefit from the 'customers who care scheme' of the Co-operative Bank. Presently, the U.K. co-operative movement negotiates a 'strategic grant agreement' with the British Department for International Development (DFID). This would help promoting international C2C (co-operative to co-operative) and M2M (member to member) arrangements.</p>

National Co-operative Business Association (NCBA) - U.S.A.

Founded in 1916 as the Co-operative League of the U.S.A. (CLUA), NCBA is the oldest co-operative development and trade association in the U.S. The 300-plus co-operatives and federated organisations are active in farm supply, agricultural processing and marketing, banking and finance, insurance, housing and health care. The International Co-operative Development Department started its operations in 1952. It works with membership dues, grants and contracts from various donor institutions. USAID is the most important source of funding of the international co-operative development programme of NCBA, but the association also executes projects for international agencies.

Periodically consultants are recruited from within the membership of the Association.

NCBA is one of the co-operative development agencies and a member of U.S. Overseas Co-operative Development Council.

**Table 3** *The centralised and specialised model*

The Swedish Co-operative Centre (SCC)

SCC was created in 1958 to support co-operative development in the third world. Currently about 50 consumer and producer co-operatives are member of the SCC. The co-operatives are represented in the Board of SCC. Member co-operatives organise information and fundraising activities for SCC. They provide expertise through the secondment of co-operative consultants to SCC projects. SCC also receives funds from SIDA (Swedish International Development Agency) on a co-financing basis.

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

IFCD is the NGO of the Irish Co-operative Organisation Society, the co-ordination organisation for co-operatives in Ireland. IFCD was established in 1978. It is funded by co-operatives (mainly primary milk processing co-operatives) as well as government (on a co-financing basis). On a regular basis Irish co-operatives give technical expertise to partner co-operatives.

The Co-operative Housing Foundation – International of the USA (CHF-International)

CHF was founded in 1952 as the Foundation for Co-operative Housing. At the request of USAID, CHF became involved in international work in 1962 and CHF International was officially established in 1965. CHF International programmes are funded by individual sponsors, corporate donations, corporate participation in stocks and mutual fund shares, as well as funds from USAID.

Développement  
International Desjardin  
(DID) - Canada

DID is the NGO of the Mouvement Desjardin which is the major financial co-operative conglomerate of the Québec province of Canada. DID was founded in 1970. Most Board Members of DID are designated by the Mouvement. DID receives grants and in kind contributions of the different structures and 'caisses Desjardin'. On a regular basis, volunteers and professionals of the movement realise assignments in DID sponsored projects. DID benefits from the partnership programme of the Canadian International Development Agency (CIDA), but also acts as a subcontractor for bilateral and multilateral co-operative programmes.

Rabobank Foundation -  
the Netherlands

The Rabobank Foundation is part of the Rabobank group, a commercial banking network with co-operative roots (Raiffeisen origin). The board members are representatives of the primary co-operative banks and the central co-operative bank. By allocating a percentage of their net profits to the Foundation the local Rabobanks are responsible for about half of the funds of the Foundation. Rabobank Netherlands doubles the contribution from the banks. The local Rabobanks have an important say in the selection of the projects. The Rabobank Foundation supports development initiatives in different ways. It gives grants to member-based partner organisations, it gives loans to credit schemes and participates in risk bearing capital. Trade finance is also provided, particularly for fair trade. A pool of banking specialists provide field assistance.

Belgische  
Raiffeisenstichting  
(BRS) - Belgium

BRS is a not-for-profit association linked to the financial co-operative group Cera Holding. The association was established in 1992. The Board of Directors of BRS consists of representatives of the Cera Holding, of its related corporations as well of members of the 'BRS-Club'. The Holding provides for most of the financial and human resources of BRS. Occasionally experts from the co-operative holding or related corporations take up short term assignments in BRS-sponsored projects.

Wereldsolidariteit-  
Solidarité Mondiale  
(WSM) - Belgium

WSM is the non-governmental development organisation of the Belgian Christian Workers' Movement (ACW-MOC) of which the financial co-operative holding ARCO is one of the constituent members along the Christian Trade Union, the Christian Mutual Health Organisations and several youth and adult education organisations. WSM was founded in 1968. WSM directors are representatives of the movement. WSM receives annual grants from the movement (including ARCO and some of the corporations related to it) as well as from individual sponsors. WSM also benefits from the NGO-co-financing scheme of the Belgian Ministry for Development Co-operation.

Fonds voor  
Ontwikkelings-  
samenwerking (FOS) -  
Belgium

The FOS – Socialistische Solidariteit (Fund for Development Co-operation – Socialist Solidarity) is one of the two non-governmental organisations of the Belgian socialist movement. It mainly operates in Flanders. Its francophone counterpart is the Fondation pour la Coopération au Développement (FCD). The two organisations have their roots in the 1960s. The Board of Directors of FOS is composed of individuals from the socialist social and co-operative movements. FOS receives grants from one of the movements' major co-operative insurance companies (P&V), as well as from the socialist trade unions and the socialist Mutual Health Organisations. FOS also benefits from the NGO-co-financing scheme of the Belgian Ministry for Development Co-operation.

Centre International du  
Crédit Mutuel (CICM) -  
France

CICM is the not-for-profit association for international co-operation of all the federations of Crédit Mutuel, a banking and insurance co-operative and one of France's major banks. CICM was created in 1979 to support co-operative banking in developing countries. Some of its personnel are seconded by the federations. The CICM does not receive subsidies but relies entirely on resources from the co-operative sector.

Norcoop - Norway

Norcoop was established in 1978 as a joint NGO-initiative of the Norwegian co-operative movement, the farmers' movement and Norges Vel ('the Royal Norwegian Organisation for Co-operative Development'). These organisations still give direction to the NGO. Norcoop has partnership agreements with co-operatives in developing countries, but also with ICA regional offices. Norcoop relies on its constituent partners for its finances, but also on the Norwegian Ministry for Development Co-operation (NORAD), with which it has signed a framework agreement as well as on the Ministry for Foreign Affairs. Business twinning arrangements involving Norwegian and southern country co-operatives and trade arrangements have become important and strategic elements of Norcoop.

**Table 4** *Decentralised and integrated model*

Confcooperative -  
Italy

Confcooperative is the umbrella organisation for Italian co-operatives of Christian inspiration. It is comprised of national federations operating in the field of agriculture, food industry, housing, retail, credit, tourism, sports, welfare and others. Many of the sectoral and regional units of the Confcooperative network are involved in development projects. Examples are the Confcooperative Piemonte (the regional union of Piemonte), the National Federation of Fisheries Co-operatives (Federcoopescas), the Federazione Italiana delle Banche di Credito Cooperativo (Federcasse) and the Cooperative Sociale Spazi Mediani. Until 1992 development projects were co-financed by the Italian Ministry of Foreign Affairs with which Confcooperative had signed a specific agreement. Since 1993, following the reform of the Italian development co-operation, development projects of Confcooperative's network have been funded with co-operatives' own resources or co-financed by local governments or the European Commission.

Legacoop - Italy

Legacoop is an Italian multisectoral co-operative organisation representing over 13,000 co-operative societies. Until the early 1990s Legacoop organised its development co-operation in a centralised manner. Presently most of the projects and programmes are carried out by Legacoops member societies and Legacoop regional and sectoral structures. COOP, the consumer co-operative chain, for example, was the first to sell fair trade products such as coffee, honey, tea, cacao, fruit juices and balls. COOP is a founding member of Transfair Italy. The development activities of the Legacoop members are mostly self-financed using resources allocated by individual co-operatives or through fund raising campaigns.

Land O'Lakes -  
U.S.A.

Land O'Lakes is a fully integrated food processing, marketing and agricultural supply co-operative. It started in California in 1921 and has since grown into a business owned by more than 300,000 farmers and ranchers and 1,000 co-operatives in 27 states. Land O'Lakes started its development co-operation activities in 1983. First only member contributions were used for this. Later Land O'Lakes was recognised as a co-operative development organisation and received subsidies from USAID.

**Table 5** *Decentralised and specialised*

Société de coopération pour le développement international (Socodevi) - Canada	SOCODEVI is a non-profit corporation created by some of Quebec's co-operative and mutual societies. Presently 15 enterprises participate. These societies are represented in the Board of Directors of SOCODEVI, their employees give technical assistance to some of its projects and organise development education programmes for their members. SOCODEVI also helps its partners to market their products on the international market. SOCODEVI benefits from financial support of the Canadian International Development Agency on a co-financing basis ('partnership programme') and regularly executes projects for multilateral agencies.
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### **International co-operative movement**

Three international co-operative structures have a long tradition of international co-operative development support. The International Co-operative Alliance (ICA) is the broadest international umbrella body of the co-operative movement. It was created in 1895 and presently represents over 230 member organisations in more than 100 countries. Member co-operatives are involved in agriculture, fisheries, banking, consumers, health, housing, tourism and other sectors. The International Raiffeisen Union (IRU) was set up in 1968 on the occasion of the 150th anniversary of Friedrich Wilhelm Raiffeisen's birth to spread the ideas of this founding father of agricultural credit and savings co-operatives. Today IRU has 77 members in 41 countries. The World Council of Credit Unions (WOCCU) initially emerged from the Credit Union National Association of the U.S.A.. By the late 1960s, the present structure of the international system evolved, with the establishment of regional credit union confederations that evolved into WOCCU in 1970. WOCCU encompasses credit unions and related co-operative financial institutions in 86 countries.

**Table 6** *International Federations of Co-operatives*

International Co-operative Alliance	The Geneva-based ICA embarked upon its development work in the mid-nineteen fifties of the twentieth century. Presently a special ICA Development Advisory Committee steers the 'ICA Development Programme'. The programme is planned, monitored and executed through ICA's regional offices for Asia (New Delhi), the Americas (San José), West-Africa (Ouagadougou) and East, Central and Southern Africa (Nairobi). ICA's development work is funded by co-operative development agencies (e.g. SCC, NORCOOP, CCA, DID, SOCODEVI) and some governments (e.g. Japan, Finland, Kuwait, Iran).
International Raiffeisen Union	The IRU is based in Bonn (Germany). IRU has no development programme on its own, but sees its role rather as a broker promoting exchanges and contacts between its members. IRU therefore makes use of its bulletin (IRU Courier), its documentation centres in Bombay (India), Montreal (Canada) and Panama and the International Raiffeisen Co-operative Seminars.
World Council of Credit Unions	The Madison (U.S.) – based WOCCU grew out of the World Extension Department of CUNA in the mid-1950s. CUNA/WOCCU has been receiving USAID funding since 1963. Its co-operative development programme is also supported by co-operatives and by international organisations such as the World Bank, C-GAP, ADB, IDB and others. WOCCU supports its members with publications (amongst others its bulletin 'Credit Union World', case studies, monographies), technical seminars, technical tools (e.g. the PEARLS performance indicator <sup>5</sup> ) as well as financial and institutional support.

## **Social movements**

Many social movements have fostered co-operative development to support their members. This is particularly the case for workers' and farmers movements. Less well known are the co-operatives that have been set up or supported by religious movements or institutions. But there is ample evidence that many co-operatives both in the North and the South have a direct link with Christian, Muslim, Buddhist or other groups and institutions. These social-religious movements often give support to their counterparts in developing countries. Many of them have a marked preference for co-operative or co-operative type of projects as an outreach strategy for their partner religious institution.

A last, but equally important, movement fostering co-operative development

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<sup>5</sup> PEARLS is a financial performance monitoring system using indicators relating to the following issues: Protection, Effective Financial Structure, Asset quality, Rates of return and costs, Liquidity, Signs of growth.

is the fair trade movement which is rooted in the third world movement or non-governmental sector in northern countries. Most fair trade organisations work intensively with existing co-operative structures in developing countries.

A number of international federations of these social movements also promote co-operative development. In the following table we present three prominent examples.

**Table 7 Social Movements and Co-operatives**

International Federation of Agricultural Producers	The Paris-based IFAP has a membership of some 100 national organisations of family farmers from 71 countries throughout the world. Within this movement, AgriCord has been established as an alliance of non-governmental organisations for development co-operation with structural links to farmers' organisations (including farmers' co-operatives). These NGOs are from France, Japan, Belgium, the Netherlands, Norway, Sweden, Denmark and Canada. <sup>6</sup> About one third of the funds of these agencies goes to co-operatives in the South.
International Confederation of Free Trade Unions and the World Confederation of Labour	ICFTU and WCL are the two most important international trade union confederations, representing trade unions from both northern and southern countries. These two labour movements have been actively promoting co-operatives amongst their members.
Oikocredit	Oikocredit is a worldwide co-operative society. It was previously known as the Ecumenical Development Co-operative Society (EDCS). Oikocredit uses investment capital of churches and church-related organisations for loans and/or equity capital investments in development projects. Most beneficiaries of Oikocredit are co-operatives or co-operative type of organisations.
Fair Trade Labelling Organisations International	FLO is a worldwide Fair Trade Standard setting and Certification organisation based in Bonn (Germany). It permits producer organisations in more than 40 countries to benefit from labelled Fair Trade. FLO's International Product Management Team is in contact with producer organisations (many of which are co-operatives) and registered traders (many of which are also co-operatives) to match supply and demand in the best way. A producer support network started in 1999 to address producer needs such as business development, strategic planning and quality management. Licensees pay a fee for using the fair trade label.

<sup>6</sup> Association français et de développement international and Groupe FERT of France, IDACA of Japan, Ieder voor Allen of Belgium, Agriterra (the Netherlands), NRD of Norway, the Swedish Co-operative Centre, Union des Producteurs agricoles – Développement International of Canada, DAC of Denmark.

## Intergovernmental organisations

The International Labour Organisation was the first international intergovernmental organisation to set up a special department for co-operatives. Later on, other agencies got interested in co-operative development. This was notably the case for the Food and Agriculture Organisation and the World Bank. Other organisations have been less involved in co-operative development but regularly support co-operative projects. This is the case for the United Nations Development Programme (UNDP) and some of the regional banks (e.g. the Asian Development Bank). In the following table we present the three organisations most involved in co-operative development.

**Table 8** *International Organisations and Co-operatives*

International Labour Organisation	This tripartite international organisation has a special Co-operative Branch. The ILO supports co-operative programmes in the light of its poverty eradication and decent work agenda. ACOPAM has been one of ILO's largest and most longstanding technical co-operations projects in Africa. Apart from national and regional programmes, ILO also runs a number of interregional programmes. COOPNET (Human Resources Development for Co-operative Management and Networking) strengthens HRD systems. The COOPREFORM Programme was set up to assist ILO Member States in formulating modern co-operative policies and legislations. ILO's co-operative programmes are funded by national donors as well as international agencies such as UNDP.
Food and Agriculture Organisation of the U.N.	Within the FAO the Rural Institutions and Participation Service is responsible for co-operatives. The FAO people's participation programme got a boost in 1979 with the World Conference on Agrarian Reform and Rural Development. However from the mid nineteen nineties on, technical co-operation activities for co-operative development have been cut back significantly. This has been replaced by a series of normative outputs such as training manuals, guidelines and resource books. FAO field projects are funded by multilateral institutions and some national donors.
World Bank	The World Bank has no explicit strategy for co-operative development but uses co-operatives as vehicles for its lending and technical co-operation programmes. Savings and credit co-operatives are sometimes used to disburse World Bank loans. In several countries the World Bank has been involved in the restructuring and 'privatisation' of the co-operative sector. The World Bank has one expert on co-operatives in its headquarters.

## 3.3 Mobilisation of financial and human resources

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### Mobilisation of financial resources

Of the agencies having projects in the South, the yearly budget varies from about 2 million Euro to 15 million Euro (SCC). The total sum spend per year by co-operatives in the North in co-operative development programmes could be anywhere between 500 and 1 000 million Euro. This comes to 1 to 2% of the total Official Development Assistance generated by the OECD Development Aid Committee-donor countries.

The European agencies retrieve their financial means mostly from their *own resources* (10 to 30%), added up by 70 to 90% *co-financing* by governments. There are exceptions to this: DGRV gets the most by the 'own' resources produced by the co-operative group it belongs to, added up by negotiated grants and sub-contracting from GTZ. The North-American agencies fund themselves to a substantial part by *tendering* on the competitive market.

Some agencies look for more *innovative ways* to raise a part of their funds (as well as the interest) from their direct constituency.

The Belgische Raiffeisenstichting for instance periodically organises a tombola for the clients of the bank (KBC) of the financial group to which it belongs. The Belgian NGO 'Wereldsolidariteit-Solidarité Mondiale (WSM)' of the Belgian christian workers' movement has a similar lottery system related to the savings accounts of the VDK Bank. The same bank (belonging to the co-operative group ARCO) also has a separate 'worldsavings account'. Several Belgian NGOs, including WSM get part of the returns of these accounts. Since 1996 this NGO also benefits from the 'ethical fund' of the BACOB-bank, now Dexia Bank (related to the same co-operative holding ARCO).

The Dutch Rabobank Foundations collects money among its employees. This is also done by some American co-operative development organisations that participate in the Co-operative Development Foundation. In 1992 they launched the United Co-operative Appeal as a workplace giving campaign. Basically, organisations and companies are invited to host a workplace giving campaign among their employees. Employees can give through a payroll deduction or a one-time gift. With this fundraising system the organisations target the two million plus American co-operative employees in the first place. Since its inception the United Co-op Appeal has generated 1 million US\$ to support co-operative development projects.

The American Agency CHF International has a Corporate Partners Programme to associate corporate business in a variety of ways. Corporations are invited to sponsor field programmes, to do capital investments in home improvements or new home constructions or to do in-kind contributions of goods and services.

The Swedish Co-operative Centre asks the clients in its affiliated consumer cooperatives to round up the total sum of their purchase to the next higher Swedish Crown. The round up amount is automatically donated to SCC. 25% of the 3.5 million co-operative MedMera Cardholders joined in the 18 months after the programme was introduced. A survey revealed that co-operative account customers are very satisfied with the system and it increased the use of the card. Also in the Swedish consumer cooperatives, a plastic bag is sold at 1.30 Swedish Crown of which 30 cents are automatically donated to SCC. Finally SCC published a cook-book 'Food without Boundaries'. Over 30,000 copies were sold, generating a net profit of over 140,000 US\$.

In Britain, the Co-operative Bank has given more than 3.5 million US\$ through its customers who care scheme. The bank gives 1.25 pence to good causes for every £100 a customer spends. Customers are invited to vote on how the money is distributed. Organisations which have benefited include Oxfam, Care International, Amnesty International, the Refugee Council, the United Nations Association.

Other agencies (like DGRV and CCA) work through philanthropic foundations to raise money from the public.

The following table gives an overview of the different sources of funding the reviewed co-operative development agencies rely on.

**Table 9 Sources of Funding**

Country	Donations from public	Contribution from co-operative sector	Market	NGO co-financing scheme	Co-op co-financing scheme	Other co-financing scheme	Subcontracting
Belgium	X	X	X	X			X
Canada	X	X			X		X
Denmark	X	X					
Germany	X	X				X	X
France	X	X					
Italy	X	X					
The Netherlands	X	X					
Norway	X	X				X	X
Sweden	X	X	X	X			X
U.K.	X	X	X				
U.S.A.	X	X	X		X		X

## **Mobilisation of human resources**

Depending on the size of the agency, the number of personnel involved also varies from just a few to over a hundred. The co-operative development agencies under review have a total of approximately 500 staff in their headquarters. In general there is more personnel employed in the head office than in the 'field' if only the expatriates are counted. Together the agencies under consideration have some 250 expatriate staff working in co-operative projects and programmes in developing countries. Usually they are outnumbered by local staff. Our rough estimate is that collectively the agencies have between 2,800 and 3,350 local staff on their pay-roll. Most of them are working in the decentralised offices of the agencies. One major asset of co-operatives is their capacity to mobilise members and adherents. The co-operative development agencies do call upon these volunteers for a variety of tasks. Some involve volunteers as members of their boards and committees, some have them engaged in fundraising activities and campaigns and some give them short-term assignments in their co-operative development projects and programmes abroad. The agencies under review reported the active involvement of some 500 to 550 volunteers. This participation of volunteers does create a popular base for the agencies, but is also a considerable in kind and in time contribution for them. The Canadian agency SOCODEVI has a detailed recording system that reveals that since its creation in 1985, volunteers collectively invested 45 years of time into the organisation. Finally some agencies do bring in co-operative consultants occasionally, mostly for technical advice, auditing, monitoring and evaluation purposes. These co-operative to co-operative support arrangements have been worked out as strategic instruments in a number of cases. Examples are the C2C system of the British co-operative movement and the 'AgriPool' system of AgriCord. The co-operative agencies reported some 88 to 97 consultants that are regularly involved in project or programme execution and monitoring. In some cases there assignments are paid for by their own co-operative, sometimes the projects or programmes foresee in the financial coverage of their work and in still other cases, when projects are funded under a co-financing scheme, the funding agency considers this as contribution in kind.

The following table gives an idea of the personnel composition of some co-operative-lead development agencies:

**Table 10** *Reported number of persons involved in co-operative development agencies' activities*

Agency	Number of personnel				
	Home office	Expatriate (abroad)	Local (abroad)	Volunteers	Consultants
Rabobank Foundation	7	2			5
BRS	2			30	11
FOS	15	9	50		
WSM	25	3	5	250	
DGRV	12	14	45	40	(...)
SCC	21	3	30		5 to 10
DID	65	32	100	15	12 to 15
Socodevi	25	10	80	42+	(...)
CCA	16	3	9	75 to 95	20
CHF	60	50	700	60	(...)
NCBA	11	35	550-600	6 to 8	4 to 5
IFCD	3	1	14		
CICM	4	8	601		
Federacopesca	10	10	5		10
Coop sociale Spazi Mediani	1		3	1	6
Federacasse	15				10
AgriCord-group	80	50	500-1,000		
ICA	1	2	20		(...)
ILO Coop branch	10	3	12	3	5
FAO	2	3			
WOCCU	40	15	75	(...)	(...)

Downstream many more people are involved in the programmes and projects of the co-operative development agencies. It is however only on a casuistic basis that we can have a picture of the local employment and mobilisation effect of these programmes.

The following reports of some of the agencies are instructive in this respect.

The World Council of Credit Unions' current programme in 10 countries reaches over 2 million people who collectively mobilised over 1.2 billion US\$ in savings and shares.

The American agency CHF International calculated that its programmes created more than 735,000 paid jobs between 1991 and 2002.

The ILO ACOPAM programme created a total of 56,000 jobs in five Sahel countries in the period 1996 – 2000.

## 3.4 Activities

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Asked which activities co-operative development agencies carry out, the answers most frequently given are technical assistance, financial support and transfer of know-how and training. Less frequent but still important is the development of co-operative laws and regulation. Development and support of trade activities are equally important, with the denominator *'fair trade'* gaining significance in the eyes of the public.

### Technical assistance

*Technical assistance* remains the number one activity of Northern co-operative development agencies. In this respect, they do not differ so much from ordinary NGOs. However, the length of the partnership tends to be longer for co-operative development agencies than for NGOs. The content of the assistance given might also differ. NGOs often provide technical assistance of a more general nature. Co-operative development agencies give more specialised co-operative and business related expertise. To put it differently, NGOs have a more holistic approach to development and technical assistance and focus on the target groups and their needs. The accent is on *assistance* rather than on *technical*. Co-operative development agencies have a more focused approach to development and technical assistance. They focus on the co-operative business as an instrument or mechanism. Their emphasis is on the *technical* rather than on the *assistance*. The personnel involved in co-operative technical assistance not only adhere to the co-operative philosophy but is also most often trained in one or the other aspect of co-operative business. In many cases the technical assistance provided is inspired by technical know-how developed and accumulated over the years in the co-operative sector in the North and the South. The following examples illustrate this.

*(...) From its own history, the Rabobank Group knows how important it is to set up savings and lending systems in order to stimulate a country's economy and its prosperity.*

*The spearhead of the Rabobank Foundation is therefore to advise and give its active support to cooperative financial systems and institutions in developing countries. Rabobank experts are available for this purpose. (...)*

*Some examples:*

#### *Surinam*

*At the end of 2001 a request for technical assistance was approved for savings and lending cooperative GODO in Paramaribo. After having had a successful period of strong and healthy growth over the past few years, GODO has now widened its ambitions and wishes to provide a more complete financial service. To this end it submitted an application for a banking permit. In the period leading up to the granting of this permit, GODO must first strengthen its operations for corporate financing. At the beginning of 2002, a Rabo expert will be posted for a few weeks at GODO to help achieve this. (...)*

#### *Cameroon*

*Under the guidance of a Rabobank expert, the Union Bank of Cameroon (UBC) has turned out to be an 'expander'. This cooperative bank has now proved its worth as a regional bank in the western part of the country. One ongoing subject of discussion however is UBC's strategic relationship with the credit union movement under CAMCULL. The collaboration relationship with aid organisation, SNV Kameroven, was renewed and the contract with our own employee was extended for a further two years. (...)*

*The foreign loans portfolio was further expanded in the year under review. A total of 32 new loans were granted for a total upwards of 2 million euro to 32 partners in 16 countries, three of which were to prefinance the coffee and cocoa harvest. Two thirds of the loans were granted for the Latin America region. The total outstanding sum in loans on 31 December 2001 was 6.6 million euro, an increase of 23% compared to the end of 2000.*

*It is the Foundation's policy not to disrupt local financial markets and to request an interest rate which is at least above the rate of inflation.*

*While borrowers thus pay an acceptable rate, the main advantage is that they are at least able to borrow. (...)*

Source: 'Rabobank Group funds', in Rabobank Group Annual Responsibility and Sustainability Report 2001, 2001

*The World Council of Credit Unions changed its development methodologies through a new 'model credit union' approach. It emphasizes savings that are as important as access to credit, creation of sound financial intermediaries able to protect member deposits and not dependent on external credit, and balancing the needs of net savers (safe and secure savings, liquidity and return) and net-borrowers (access to loans, non-usurious rates).*

*Using this method, 23 credit unions in Mindanao, Southern Philippines, were able to go from technical insolvency to profitability, positive asset growth and restructured balance sheets while greatly increasing scale and outreach. This was achieved through intensive and targeted technical assistance, training and application of the PEARLS monitoring system to provide objective measures of credit union performance. The analysis indicates that the credit unions have a membership of over 233,000 members, three quarters of whom are women. As a result of the project, they saved US\$ 21.5 million and had nearly 100,000 loans of US\$ 28.1 million. Beneficiaries were evenly divided between urban and rural and 70 to 80% of them were self-employed. The direct project impact reached over one million Filipinos, more than 5% of the population of Mindanao.*

Source: Weihe T. and Warner G. (2002), Analysis of U.S. Co-operative Development Experience, OCDC, Washington

But not everything is saving and micro-credit in co-operative to co-operative assistance. More often than not, co-operatives tend to work in more than one sector at a time, influencing the different aspects of life (housing, food security, access to credit, etc.). In the following case-description, we see how a Northern co-operative (in casu DESWOS, Germany) takes its own sector (housing) as a point of departure but gradually tackles the whole complicity of poor livelihoods:

*The German Development Assistance Organisation DESWOS is promoting integrated projects for low income sections in developing countries. The following example may illustrate, what kind of measures have to be taken to initiate a successful co-operative housing project even for poor families. The project had been presented in an international seminar of ICA Housing in the Habitat II Conference in Istanbul. The following report is based on project documents of DESWOS.*

#### *Self Help with poor families*

*The Low Cost Housing Project Ujungpandang is an approach to improve the housing situation of very poor families and form a new community with them. The project in Indonesia is designed to make adequate housing affordable by developing an appropriate finance system. Self Help is an important element. Most of the families living in the Indonesian overpopulated urban areas have to pay high rents. With use of an appropriate finance system this money should be channelled into the construction of a moderate, but decent house.*

*In this way the pilot project also could gain attention of local authorities in other districts of Indonesia. The follow-up of the project is guaranteed through a revolving fund, where the credits of the residents are paid.*

### *Integrated projects include income generating measures*

*In addition to the housing construction different measures facilitate the successful economic and social up-swing of the families. Just to mention the important elements:*

- training and education;*
- employment and income generation;*
- social services.*

*A local NGO is carrying out the necessary work. LEKMAS (Lembaga Kajian Masyarakat Sul-Sel) was not only an agricultural production co-operative, but active in different areas, before it started to be active in new housing production. The advantage of such a multipurpose approach is quite clear: the members are well known and they know each other. Since 1990 LEKMAS is active in agricultural production, in training and education, in establishing small scale business, in developing communities and – last but not least – in improving slums and squatter settlements.*

*The beneficiaries of such projects are poor families, who had to live in slums and squatter settlements. Like in many other developing countries, the families came from rural areas, but had to move to the city. There the housing situation was much worse: a rented room of 10-12 m<sup>2</sup> had to be shared by a family with 4-6 children. The rents for these slum areas were relatively high and could be raised at any time. 30-40% of the monthly income had to be spent at least. Most of the families got their income in an irregular way, e.g. informal vendor, carriers, shoe cleaners, etc. The families had to live without water access, sewage disposal, toilets of their own and often even without electricity. When the project started, the future residents actively participated in its implementation. They contributed to tall construction measures through their own labour force. In the beginning 120 families started and participated in training courses for income generating measures. Although their income improved significantly through newly created income, a bank loan for housing construction was not possible by then. They were not regarded as credit-worthy, as they could not offer any security to the mortgage bank. The families did not own land and they had irregular income. A guarantee for the repayment of the loan could not be given by them.*

*The lacking of credit worthiness was then identified as the main obstacle to get forward. Self Help as such is not recognized by the bank to reemplace capital, as salaries are low in developing countries. The main cost factor is the land and the building material.*

*The main obstacle can be removed through the foundation of the housing cooperative and initial financing of the land. Becoming the owner of land changes the situation of the family. Therefore the first measures were the establishment of an appropriate financing system, when the construction of the first 120 houses started. The indirect measures included infrastructure, training and education, employment and income generation and social services. These were fields, where the local NGO had been active for many years.*

*Local staff could be engaged in order to encourage the participation of the beneficiaries. The local NGO is responsible for the project implementation. This is possible as LEKMAS is providing of trained personnel to guide and run the project including the construction of the housing units. Under skilled guidance Self Help can work very well. Construction materials could be bought at the local market.*

*As long as the families have not repaid the costs of the building land, the owner is LEKMAS, which means that the local NGO is negotiating with the bank and the family can get a second mortgage when the property is transferred to them and the credits paid off to LEKMAS.*

*The total costs of the project are covered by DESWOS with 33.5%, by the European Union with 50% and the remaining 16.5% by the local NGO.*

*The pictures show better than any success story what could be achieved in Indonesia. There are many examples of integrated projects in other countries. The income generating measures, combined with a well developed training scheme made the economic and social progress possible.*

Source: Hachmann C.J., 'Low Cost Housing in Indonesia', ICA News, issue N°2/2001, 8 p.

## **Financial support**

The second most important activity reported by the co-operative development agencies under review is financial support. This support can be of very different nature and serve a variety of purposes. In most cases still financial support is given as a grant. But, increasingly co-operative development agencies use new financial instruments such as revolving funds, loans, equity capital or guarantees.

Financial support can be given as start-up capital, to cover certain recurrent or operational costs of the partner organisation, to finance outreach activities or networking. Many co-operative development agencies have started reflecting on the consequences of the different types of financial support given to local co-operative and co-operative type of structures. There is a growing concern for the local embeddedness and sustainability of the activities financed and for a reduction of donor-dependency of local partners.

*The Canadian Co-operative Association has been strengthening co-operative organisations, networks and individuals in Indonesia since 1989. In 2002 CCA continued its work forming 15 model co-operatives in the financial and agricultural sectors in Java and in Sulawesi. A co-operative development team, a group of knowledgeable Indonesian development workers trained by CCA over the past three years, was engaged to help with the development of the co-operatives. As the project nears completion in March 2004, these pilot co-operatives are becoming increasingly autonomous, transparent, member-based organisations.*

Source: CCA-questionnaire

## Transfer of know-how and training

A large majority of the co-operative development agencies under review also invest a lot in the transfer of know-how and training. Most of this transfer of know-how and training is directly related to co-operative issues such as management of co-operatives, co-operative governance, bookkeeping and accounting or human resource development. Several agencies run special international and national training programmes. Agencies such as WOCCU, ILO, CCA and others have also developed specialised training material. Much of it has been adapted to local context and has been translated in local languages. Agencies often also use new training instruments such as videos or internet-tools.

In recent years efforts have been made to evolve from a top-down transfer of knowledge approach to a bottom-up knowledge acquisition approach. In the former model the co-operative development agency decides upon the content of the training and the training process. In the latter system, the beneficiary has more ownership of the training process. He or she identifies the training needs and gets the choice between a variety of training opportunities.

*The Irish Foundation for Co-operative Development (IFCD) funded Community Enterprise Development Organisation (CEDO) in Uganda has continued to prove very successful in expanding and developing co-operatives, producer marketing groups, credit and saving groups and women's income generating groups. In 2002, CEDO has built on its success in previous years, as confirmed in the table below. The success in developing new groups is attributed to the capabilities of CEDO, its access to IFCD advice and funding and the fact that earlier successes are now being repeated in the regions. The co-operative and producer marketing groups are active in the production and marketing of beans, ground nuts, cassava, maize, coffee and livestock products.*

**Table 11** *Groups involved in CEDO-activities*

Type of group	To 2001	In 2002	Total
Co-operative	20	31	<b>51</b>
Women's group	21	9	<b>30</b>
Micro-income generating group	17	16	<b>33</b>
Credit and savings group	5	2	<b>7</b>

*The women's groups and the micro income generating groups are composed of women and they are involved in seed multiplication and crafts as income generating activities. The credit and savings units are being developed in tandem with the co-operatives and producer marketing groups. CEDO also provided in-depth advice and training to its co-operative and producer marketing group members on issues such as monitoring progress, cassava production, income generating, value added techniques and product marketing. In 2002, it is estimated that up to 642 advice and training activities have been completed to the benefit of 14,830 farmer and group members.*

Source: <http://www.icos.ie>

*The ILO Project on Training Materials and Distance Learning for Managers of Co-operative Enterprises supports co-operative HRD through the development of interactive training materials and distance learning approaches. An extensive range of co-operative training materials, produced by the ILO Co-operative branch under the MATCOM project, are being reproduced in CD ROM format. These materials are modular, each unit comprising a Trainers' Manual and Learning Elements targeted at different types of co-operatives, at training of trainers activities and at curriculum development.*

Source: ILO Co-operative Branch

*Credit unions participating in CCA's credit union management development and director training programme have shown average increases in membership (14%), assets (53%), savings (131%), loans (50%), reserves (15%), and surpluses (26%).*

Source: CCA questionnaire

## **Development of co-operative laws and regulation**

During the last decade the major co-operative development agencies have got increased interest for the broader institutional environment in which their partners operate. A major constraint to co-operative development in many countries is indeed the poor enabling environment with restrictive laws and regulations that still stem from the populist-nationalist approach of the 1970s – 1980s. This impacts adversely the autonomy and business performance of the co-operatives. Agencies therefore lobby for legal foundations that allow co-operatives to function as private member-controlled businesses. Some agencies help their members in drafting model co-operative legislation or finance a reflection process within the co-operative sector on the co-operative – State relationship. Relations with co-operative departments, but also with central bank and fiscal authorities

are then also taken into consideration. In a number of cases, agencies have been giving technical advice to governments for the redrafting of co-operative laws. In the nineteen nineties the Canadian Développement International Desjardin assisted the Central Bank of West African States in the preparation of a regulation on credit and savings co-operatives in seven countries in this region.

Another example is given by the German DGRV. DGRV applies a 'systems approach' to co-operative development. In this approach co-operative partners are seen as actors in a system. Their development depends not only on their own performance but equally on a broad spectrum of other factors. DGRV, together with its partners, identifies these enabling and obstructing factors and tries to get an impact on them. In this sense, many DGRV projects include collaborative work with governments, with central banks, with parliaments, with banking supervisory authorities, with marketing boards, with co-operative apex bodies and training institutions.

*The ILO Co-operative Branch has established a documentation centre on co-operative legislation that contains the co-operative acts of the great majority of ILO Member States. Short descriptors of these laws have been entered into the NATLEX database, which can be consulted through the Internet. In addition, a data base containing a selection of modern co-operative laws in full text has been published on the Internet. In a large number of countries, the ILO has provided advisory and technical services on co-operative legislation. Among the most significant publications of the Programme are: 'Framework for Co-operative Legislation' which is available in English, French, Spanish, Portuguese, Russian, Chinese and Arabic, and the 'Manual for Participatory Co-operative Policy Making' which is available in English, French and Portuguese.*

Source: ILO Co-operative Branch

### **Co-operative Fair Trade**

A recent member-survey report commissioned by the Oxford Swindon & Gloucester Co-op (U.K.) show that the most wanted types of support the northern co-operatives should offer are 'creating opportunities for trade' and 'knowledge and experience sharing'. Many agencies have added a trade dimension to their programme.

The British Group Union makes the following case for Fairtrade:

*(...) The Fairtrade banana currently only accounts for 1.4% of the total volume of bananas sold in the UK. Last year, a total of 700,000 tonnes of bananas were sold. Fairtrade bananas accounted for 10,000 tonnes of these – 1.7% value of the UK banana market in 2001.*

*Compare this to Co-op sales. Eleven per cent of its total banana sales last year were Fairtrade, and Fairtrade bananas made up 40% of the Co-op's pre-packed banana sales.*

*If all retailers were to make the same commitment, the amount of Fairtrade bananas sold in the UK would increase from 10,000 tonnes to 64,000 tonnes.*

*Meanwhile, in the most mature of Fairtrade markets – the ground coffee sector, the Co-op has also enjoyed unprecedented success, where Fairtrade now accounts for some 20% of all Co-op ground coffee sales.*

*Setting up a Fairtrade co-operative creates a virtuous circle: getting a decent, stable return for their labour means growers can plan for their own future and that of their children, with less vulnerability to human exploitation and natural disaster. (...)*

Source: 'The Fairtrade experience' in brochure: *Chocolate. A campaign for Fairtrade chocolate and an end to exploitation*, Co-operative Group, 16 p.

Likewise, the Italian Legacoop proudly claims to be the first Italian chain of supermarkets to sell fair trade products.

At the moment the range consists of 12 products: coffee, honey, cacao, tea, fruit juices and a variety of balls for sport.

In 2003 these products will be inserted into the co-operative brand products with their own line called 'solidal'. This choice will enlarge the current selection to 25 products compared with the previous 12 with a relevant increase in product turnover. Furthermore, these products will be even more competitive in terms of price.

COOP is a founder member of Transfair Italy, the only certification authority in Italy for fair trade products. Fair trade products come from Central America, South America, Kenya, India, Pakistan and Palestine. Sales have been in constant increase since 1996. In 2002 they totalled 3.5 million Euro.

Not only co-operative development agencies that are linked to northern country consumer co-operatives get involved in fair trade arrangements. The Dutch Rabobank Foundation participates in risk-bearing capital and trade financing for fair trade networks. The Canadian NGO SOCODEVI sees its role as a broker and assists its partners in penetrating the fair trade market. But it also explicitly broadens the concept of fair trade by favouring co-operative to co-operative trade and North-South co-operative joint ventures. In this way in 2003 it helped Ivorian cacao co-operatives to sell 3 million tons of cacao on the international

market through interco-operative trade. In Guatemala SOCODEVI assisted in the creation of a co-operative factory handling cabbage and leek. This new co-operative is co-owned by Guatemalan co-operatives (51%) and a Canadian co-operative retailer (49%). Some Canadian co-operatives used the CIDA Industrial Co-operation Programme (CIDA Inc.) to do feasibility studies on potential interco-operative trade. Similar business-twinning arrangements are stimulated by the Norwegian NORCOOP. Consumer co-operatives of Honduras have business relations with Norwegian consumer co-operatives and housing co-operatives in Guatemala are involved in joint ventures with Norwegian housing co-operatives.

In April 2004 an International Co-operative Trade Fair will be organised in Beijing, China. The initiative is a joint undertaking of the All China Federation of Supply and Marketing Co-operatives, the Canada Co-op Atlanta, the U.K. Co-operative Group, the Singapore NTUC Fairprice and the International Co-operative Alliance.

Some agencies add an advocacy-in-trade component to their work. This is the case for the Belgian NGO FOS. FOS supports the lobby and advocacy work of partners who want to influence regional or international trade issues such as Mercosur in South America, SADCC in Southern Africa or the consequences of the European Common Agricultural Policy on agricultural trade with southern countries.

### Partners and beneficiaries

In which regions do the co-operatives from the North seek their partners? The survey does not permit us to make an exact calculation, but *Latin America* and *Africa* seem to compete for getting the most attention, with *Asia* not far behind. This learns that needs and poverty are certainly not the only parameters which count in identifying likely partners: ideological links and probability of successful outcome presumably have an equal weight in the equation.

The following table gives an overview of the geographical distribution of project funding of the 8 U.S. Co-operative Development Organisations between 1971 and 2001.

**Table 12 Distribution of Co-operative Development Funding by U.S. Co-operative Development Agencies**

Region	Funding (U.S.\$)	Percent
Latin America and Caribbean	506,683,892	42.3
Europe and Eurasia region	285,286,389	23.8
Africa	160,617,053	13.4
Global/Multi-Regional	137,022,292	11.4
Asia Near East Region	108,813,596	9.1
<b>Total</b>	<b>1,194,423,222</b>	<b>100.0</b>

Source: USAID (2001)

Most of the agencies we reviewed, spend about 75 to 80% of their budget in the South, the remainder going to research, campaigning and sensitisation, lobbying and different kinds of overhead costs. On average about 80% of expenditure in the South goes to co-operatives, another 15% to micro-finance institutions (other than cooperatives) and a remainder to NGOs and local governments.

Some agencies search their partners in a *pro-active* way, taking into account the needs and the capability of the organisation. Others work more *responsive* or demand-driven. Still, commitment, good governance and shared ethics serve as selection criteria. Since the co-operative system is invariably building upon mutual trust, financial soundness and reliability is an important feature too. Others still combine both *identification strategies* or work via a large *network* to which agencies and partners-to-be both belong.

Among the type of partners one works with apex-bodies or secondary co-operatives are the ones most named. The other options come in equal numbers: primary co-operatives, training institutions linked to co-operatives, Micro Finance Institutions, NGOs supporting co-operatives. A few respondents also mention social movements (farmers' movements, women's movements or workers' movements) and governmental agencies as partners.

The partners are usually supposed to be long-term partners. They are often invited to become part of the international movement or network the agency belongs (e.g. the ICA or one of its sectoral networks and regional federations, the network of Raiffeisen-kind of savings and credit co-operatives, the World Council of Credit Unions, the International Federation of Agricultural Producers, etc.). Because of this 'partnership in network or movement'– approach, the agencies also invest a lot of energy in bilateral and two-way exchange of information and contacts. To this end agencies make use of training courses, visits and internships, the internet, brochures and manuals.

Who are the final beneficiaries of co-operative – to – co-operative development support? In other words: for which type of members are the partner co-operatives in the South catering? From the examples we gathered, it became clear that co-operatives could be created for (and owned by) *very specific target-groups*. The Canadian DID for instance recognised the impact which women-entrepreneurs could have on the Senegalese economy and decided to improve their access to credit.

*DID has worked successfully to improve the financial services offered to women in Senegal since 1995. A first phase in the project, spread over two years, made it possible to support 437 women in 19 small groups. Since June 1997, the program has been integrated into the PAMECAS savings and credit network and new credit products have been adapted to the needs of the most disadvantaged women. After 11 months of operations, 1,805 loans have been guaranteed under the project for a volume of credit totalling 849,650\$ CAN and 5,964 women have profited from the program. The rate of reimbursement is 99% and the savings accumulated during the project amount to 139,050\$ CAN. The service turns a profit, which means that net profits are 33% in mutuels that have participated in the program for more than 6 months.*

*Loan groups, a new concept inspired by village banking, allow 5 to 10 women entrepreneurs to join forces to borrow from the mutual. The amount obtained is shared among them according to their individual needs (on average 62 to 125\$ CAN per woman) and they make monthly repayments on the amount due as well as setting aside savings. They may also gradually increase their operating funds and take advantage of the services of a program officer who helps with managing the loan and developing business activities.*

*Adama Ngom, Sokhna Guèye and Coumba Camara sell fresh fish in the Sham market in Pikine. They formed a group in order to contract a loan on a joint and several basis and each obtained 62\$ CAN on which they pay 2% interest per month. The same women would have had to pay interest of 1,500% per year to usurers. If they request it, their line of credit can be increased gradually up to 238\$ CAN. They are required to make regular savings deposits with the mutual so that they will eventually be able to run their business with their own savings.*

Source: DID (1998), 'An Institution serving Senegalese Women' in brochure: *Développement International Desjardins, DID*

Other examples of specific target groups are professional groups (see the case of the Uganda Shoe-shiners in the next sections) and *ethnic or tribal minorities* (e.g. the Orissa tribals, see next section).

An important question, however, which touches the core of the development strategy of co-operatives, is whether the *poorest classes* are considered a prime target group. The answers we received to this question are not clear-cut: some say yes, meaning yes (Rabobank, Land O'Lakes, Socodevi), others no, meaning no (SCC), but most said either yes or no with a comment leading to a rather yes nor no point of view. DGRV focuses very much on people who can help themselves but put its priorities on a basis of need. CCA promotes co-operatives to be organized amongst the poor and on top of that assists middle-class co-operatives to

down-market their products and services amongst the poor. The American NCBA reports that the co-operatives it works with 'all serve members who fall below the poverty line for their country – but are not the 'poorest'. WOCCU claims that diversity (i.e. having different income-levels among the members) does generate a much higher return for the poor than exclusive focussing on the poor.

The issues of 'targeting the poorest versus assuming the poorest will benefit from a more general approach' has been widely debated in the circuits of co-operative development agencies and unfortunately research on the issue is very limited. Birchall (2003) makes the point that 'co-operatives have the potential to reduce poverty and – provided their values and principles are respected – will do this more effectively than other forms of economic organisation. However, this potential may not always be realised, either because members lose sight of the needs of other potential members, or because those concerned with poverty reduction see co-operatives as tools rather than as autonomous organisations'. In line with this, Munkner (2001) states that 'co-operatives do not help the poor, but by working together, by pooling their resources, by submitting themselves to group discipline and by accepting to combine self-interest and group solidarity, the poor can solve some of their problems by way of organised self-help and mutual aid better than alone'.

Available literature learns that most members of co-operatives are not the poorest of the poor, but they do reach many poor people because of the breadth of their outreach. Co-operatives tend to have a mixed membership composition and clientele, which provides them with assets that are key to the sustainability of co-operatives as self-governed businesses. Such assets are amongst others: financial capital, capabilities of different sorts and social capital (Zeller, 2003; Develtere 1994; Develtere and Fonteneau, 2003).

Many co-operative development agencies have in recent years adapted their strategy and have explicitly been working on the outreach towards the poorer sections of the population. Most have therefore started to work with other types of self-help organisations such as solidarity groups, village banks and micro-finance institutions. A postal survey conducted in 1999 by the International Food Policy Research Institute (IFPRI) provides the following table with indicators of the poverty outreach of some 1,468 MFIs in 85 developing countries.

**Table 13 Indicators of poverty outreach, by type of microfinance institutions and lending technology**

Indicators	Co-operative	Solidarity group	Village bank	Microbank using individual contracts
% female members	55	87	84	40
Average loan size (US\$)	369	255	122	737
Loan size (in% of per capita GDP)	94	52	25	173
Average size of savings deposit (US\$)	301	37	32	781
Savings deposit (in% of per capita GDP)	28	8	6	61

Source: Lapenu and Zeller (2001)

### 3.5 Tendencies

Co-operative development agencies have a record of some 40 to 50 years of development work. They have adjusted their strategies over the years taking into account good and bad experiences, new insights into the causes of success and failure of development work, successive fashions in development co-operation and new demands from their partners.

#### **From charity to projects to programmes**

As for most development agencies original interest in development issues was profoundly inspired by compassion with underdevelopment and poverty. Through their co-operative development agency northern co-operative members and leadership wanted to do something good for those in need. The emphasis was on the good deed. Several co-operative development agencies and northern co-operatives got involved in emergency aid and food aid. In a following phase, the co-operative development agencies were spreading the message of co-operativism. Training projects were a preferred mechanism as were concrete co-operative projects executed by new local co-operative leadership under the guidance of expatriate technical experts. Some of those new local co-operative structures were calling for more independence and autonomy. Co-operative development agencies adapted their strategy again and started with a more programmatic approach. They set their long-term general objectives as well as their more short-term specific objectives. Local co-operative institutions became partners in achieving these objectives. Several agencies even establish these objectives in dialogue and collaboration with these partners. Nowadays programmes are open-ended and flexible toolkits that permit co-operative development agencies and their partners to achieve these objectives in a strategic manner.

#### **From short-term to long-term**

The time-horizon of the work of co-operative development agencies has also changed drastically. In the early days small projects had to produce quick

solutions. In the development euphoria of the nineteen sixties and seventies many believed that developing countries could make a (co-operative) shortcut in development. This has not proven to be a good idea. Nowadays most co-operative development agencies opt for a long-term commitment in their 'concentration countries' and a long lasting relationship with a selected number of partner organisations.

### **From support to co-operatives to a network and systems approach**

Originally many co-operative development agencies focused their attention on individual co-operatives. Once a number of viable co-operatives were present they invested in co-operative federations or apex bodies. It was expected that these federations would be the cradle for many more new co-operative initiatives. However, many co-operative federations remained very aid-dependent and had little internal accountability towards the member-co-operatives. Co-operative development agencies changed gears in the nineteen nineties and started again to work with lower-level co-operative structures. The approach that is emerging can best be called a network and systems approach. Individual poor families and individuals get opportunities by their involvement with others in a co-operative (primary network). These co-operatives are stimulated to multiply their contacts and working arrangements with other co-operatives or similar type of organisations in the region or country (secondary networks). In turn these networks create openings towards other actors in the country and abroad (tertiary networks). Co-operatives are considered just one actor in a broader system. Systemic improvements (legal, fiscal, political, etc.) are needed to maximise benefits for the co-operatives and their members. Co-operative development agencies are not the engine of this system, but they can provide fuel and facilitate networking.

### **From knowledge transfer to knowledge acquisition**

Co-operative development agencies have invested a lot in knowledge transfer. Using their co-operative experience in the home country they gave advice and imparted expertise to the co-operative personnel and leadership they were working with. Expatriate volunteers, technical advisors and consultants played a dominant role in that model. Training that was organised in the home country as well as in the partner countries was mainly used to transfer knowledge from North to South. This supply-driven approach has been replaced by a demand-driven approach. Co-operative partners in the South have increased ownership of their programmes and determine their own knowledge needs. The modular training tools developed by co-operative development agencies can be used by the Southern partners if they desire so.

### **From a social and welfare approach to an economic and business approach**

In line with the charity approach co-operatives in the South were primarily seen as social and welfare institutions for certain disadvantaged groups. In projects

and technical assistance activities much attention went to the 'soft part' of co-operatives. Emphasis was laid on issues such as 'participation', 'redistribution', 'equity', 'service delivery' and 'member-education'. The not-for-profit philosophy was often confused with a non-profit approach. Presently most agencies stress the fact that co-operatives are to be considered as private economic actors that have to a profit or surplus, be it that this is not a goal per se. Emphasis is now more laid on issues such as 'financial management', 'solvency', 'profitability', 'financial sustainability', 'market penetration', 'return on investment'.

### **From aid to trade**

As a consequence of this new vision co-operative development agencies are also reconsidering their traditional role as aid agencies. They have come to realise that the aid industry of which they are part can have considerable (positive and negative) effects on the partner institutions and their sustainability. Therefore many agencies are experimenting with a mix of measures that have to reduce aid dependency. A more business oriented approach is one such a measure. As is the use of new financial tools that replace subsidies and grants (such as revolving loan funds, bank guarantees, loans, equity capital). Creating and stimulating business co-operation between co-operatives is another. Commercial links are established at the local level, the national level and the international level. Fair trade can also strengthen South-South networks. An example is given by a Malian co-operative growing cotton in an ecology-friendly way, sending it to an Indian co-operative who makes clothes from it which then are sold in the outlets of the Swiss co-operative retails stores Migros.

### **From model co-operatives to social economy enterprises**

For a long time co-operative development agencies have been searching for an ideal type of co-operative suited for all developing countries and solving many problems at a time. The more bottom-up and programmatic approach has changed their vision in that respect. The blue-print approach has been replaced with a greenhouse approach (Hyden, 1988) leaving room for experimentation and new models. Many co-operative development agencies have come to recognise the value of locally adapted working models and have ventured in different types of social economy enterprises. These enterprises share the same 'third sector approach' to economic development but the values they share can be put in operation in many different ways. Co-operative development agencies therefore work together with co-operative partners but also with co-operative type of partners such as mutual benefit organisations, common interest enterprises, collective purchasing businesses, cereal banks, village banks and self-help groups (Develtere & Fonteneau, 2003b). This has inspired the Belgian NGO WSM to launch its PARESOC-programme. (Programme africain regional pour l'économie sociale) together with over 30 West-African national co-operative initiatives, mutual benefit societies, trade unions and NGOs.

## From splendid isolation to co-operation and competition

Co-operative development agencies have long preferred bilateral relations with southern partners. They often even jealously 'protected their co-operative or project'. Realities have changed. Local partners have become more vocal and independent. The local co-operatives multiply their contacts with agencies of different sorts. In addition, co-operative development agencies have come to realise that they have common goals as well as interests. In recent years they invest increasingly in contacts and multiple forms of collaboration with each other. And, there is the iron law that co-operation generates interdependence which can only be resolved by either more co-operation or competition. There are a number of signs that co-operative agencies are still trying to reconcile these two tendencies. Co-operative development agencies, through COPAC and ICA, have been instrumental in bringing co-operatives on the ILO agenda again. This has created renewed interest in co-operative development and the role of these agencies. Agencies belonging to the IFAP-farmers movement have taken a bold step in setting up a co-ordination mechanism under Agricord. In the USA the Overseas Co-operative Development Council (OCDC) has become a collective advocacy and lobby instrument for the major co-operative development organisations. Recently the Co-operative Development Center was launched as a center of excellence on key issues and challenges in co-operative development. OCDC members agreed on basic financial measurements and ratios and developed a case study format for comparative purposes to identify common issues in project implementation and co-operative performance. On the other hand, co-operative agencies are also competing with each other. They look for funds in the same market.

### 3.6 The co-operative advantage: through the lens of good practices

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We already gave several examples of what could be called the specialised co-operative approach to development co-operation. The 'Chocolate and Bananas' example of the UK Cooperation Group (see above) illustrated that an established co-operative network (including co-operatives in the North and in the South) serves as a perfect vehicle for *fair trade*. It is not a coincidence that co-op distribution business takes a large share in the fair trade retail.

Examples of DESWOS, Rabobank and BRS show that coops in the South have the edge over many NGO- or MFI-lead projects by their *integrated approach*, covering a multitude of sectors of social and economic life. This responds to the generally recognized conviction that poverty and deprivation is usually multi-sectorial (set-back in terms of income, skills, education, health, social capital, etc.), which makes that emancipation and progress is not just to be triggered by one single factor. At the same time, there is plenty of evidence that co-operatives can also focus on *specific target groups*. We have already given the example of the

Senegalese women (DID, see above). An ILO program tries to bank on the common bond *within ethnic minorities*, as is shown in the next case.

### *Tribal people's co-operatives in Orissa, India*

*In the Indian State of Orissa, where 50% of rural inhabitants live below the poverty line, 32 million tribal people – 22% of the population – are the most dis-advantaged. They farm small paddy fields and live with the constant risk of crop failures caused by uncertain rainfall and degradation of the forests. The tribal people have to cope with the problems faced by small farmers everywhere: how to procure farm inputs at a reasonable cost, and how to market their produce at a fair price – plus the added disadvantage of discrimination. Yet the area is rich in materials providing opportunities for the growth of cottage industries.*

*With an NGO partner, the Social Science and Development Research Institute (SSADRI), the ILO implemented a pilot project involving ten villages, with a total population of over 3,000 people, starting by holding meetings to identify people's needs. Backed up by socio-economic surveys, this led to a focus on income generation for women. Self-help groups (called Mahila Mandal) were organized in each village by the women, who received training and started making leaf cups and plates for sale. This led to electrification, setting up of work sheds and installation of machines. Then training courses were extended to silkworm rearing, weaving, marketing, typing and tailoring.*

*The key to sustainability was a revolving loan fund, which reached 46% of the total population. Increased income was invested in industries such as vegetable cultivation, garment making and animal husbandry, and in starting business such as groceries, cycle repair and beekeeping. The extra income generated then led to spending on schooling and medicines. Encouraged by the low default rate on loans from the revolving fund, local banks are now lending to villagers.*

*Trained village support workers from the community are in daily contact with village-level institutions formally constituted as co-operatives and linked together in an apex co-operative, the Multi-purpose Labour Co-operative Society. Participatory self-evaluations enabled the villagers to take part in measuring progress and identifying impediments to action.*

*The involvement of women strengthened the institutions by transforming previously passive labourers into active organizers. In consequence, women have gained respect and status. From modest beginnings, the co-operatives have stimulated a burst of community activity to help tribal people overcome illiteracy, ill health and degradation of the local forest and grasslands. The final stage is the gradual withdrawal of support from the project, which will test the durability of the new community-driven social organisations. The prospects are encouraging, not least because the network of co-operatives has empowered this indigenous community to lead the process of social inclusion while maintaining their own sense of identity and culture.*

Social classes are another specific target group, in particular the self-employed in *informal economy*. The next example illustrates how a co-operative can play the role of a trade union in cases where trade unions cannot easily be established.

*A good example of this kind of organisation among poor people is the Uganda Shoe-shiners cooperative. In 1975, five people working as shoe-shiners in the capital, Kampala, decided to form the Kampala Shoe-shiners Co-operative Savings and Credit Society Ltd. Their aim was to create jobs and defend their interests against government authorities. At that time there was a military government, and co-operatives were registered under an Act that gave government direct control over them. In order to operate freely, the co-operative remained unofficial until 1989, when they decided to register formally. There were several reasons for this. There was a new political and economic climate favourable to civil society organisations, informality had been looked upon by suspicion by the wider population as an excuse for dishonesty, and there was an immediate need to represent informal traders against the Kampala City Council, which at that time was trying to restrict their activities. In 1999 the cooperative changed its name to the Uganda Shoe-shiners Industrial Co-operative Society Ltd. It now has 370 members divided into two categories: 124 full members and 246 'part-timers' who pay a reduced membership share and do not participate in every aspect of the co-operative's activities but may use its name.<sup>7</sup> The early history of the co-operative cannot easily be told, because its informal nature means that no records are available. What can be said is that, given the political instability and lack of support for civil society institutions, this informality was a strength rather than a weakness. Formalization led, in 1994, to the creation of a new organisational structure, with an executive committee responsible to a general assembly, supervising three sub-committees, and regulated by the 1991 cooperatives Act. It exercised the 'co-operation between co-operatives' principle by investing in the Uganda Co-operative Alliance and the Uganda Co-operative Savings and Credit Union, thereby gaining access for its members to co-operative training programs. The co-operative has tried hard to expand its range of business activities and member services. As well as providing a savings and credit service, it attempted to market shoe polish and brushes, and to rent kits, and to invest in new activities such as public transport and real estate. As one commentator sums up, 'the majority of these projects failed due to lack of financial resources'.<sup>8</sup> Profitability is still a major challenge, but it has improved the quality of life of its members, and has created jobs for a large number of young people. Since 1996 women have become members, but they only represent five per cent of current membership.*

Source: Birchall J. (2003), Rediscovering the cooperative advantage. Poverty reduction through self-help, Cooperative Branch International Labour Office, Geneva

<sup>7</sup> See Kazoora (2002).

<sup>8</sup> Op cit, p. 55.

Having a large co-operative in the South may allow the introduction of *organical growing* as a cheap and eco-friendly way of farming. This is demonstrated by the partner of the Swedish Co-operative Centre in Zambia.

*Zambian small-scale farmers are experiencing problems with smaller harvests. One of the causes is the recurrent drought, another is that the farmers use cultivation methods which require access to water and expensive seed, fertilizer and pesticides.*

*In Chongwe district, the Swedish Co-operative Centre has therefore supported a training program for small-scale farmers about alternative farming methods so that they do not have to use expensive imported chemicals.*

*Agricultural advisers have established demonstration farms in which they use natural fertilizer and compost. Over one thousand farmers participated in field days demonstrating alternative methods. More than one third of them were women.*

*The Swedish Co-operative Centre's co-operating partner KATC has introduced study circles as a method of spreading knowledge about environmentally friendly farming. They have produced material on sustainable agriculture, village forestry, pond construction and vegetable growing for study circles. In 2001, 150 small-scale farmers took part in ten study circles.*

Source: 'Zambia/Cheaper to grow organically', in The Swedish Co-operative Centre, *Annual Report 2001*, Stockholm, 2002

The last example we give of the multiple potentials of co-operatives comes from a Congolese partner (Brazzaville) of CICM. It shows how a network of credit unions, if properly monitored, can survive periods of heavy civil unrest and play a part in the reconstruction of the civil society. The chronogram reads as follows:

1981-1997:	Birth and growth of the network of the MUCODEC.
1981:	Project of collaboration between the Congo Government and the CICM. The aim is to create a network of credit unions, to develop savings and loans in rural urban fields: the COOPEC network.
1984:	Opening of the first credit union in a rural field.
1986:	The French minister of the Foreign Office becomes the third partner of the network.
1987:	The network COOPEC has been renamed MUCODEC.
1994:	Creation of the Association des MUCODEC, that is officially approved by the Central Bank of the monetary Community (CEMAC).
1995:	The central office and the whole credit unions of the MUCODEC network are computerized.

1997-1998:	The crisis. The amount of the numerous material damages in the network is estimated about 5 billion F CFA. Important financial losses. In spite of this situation, the Association des MUCODEC becomes a Federation of credit unions.
Since 1999:	The recovery of the MUCODEC. Discharge of the network, reconstitution of the computers stock, updating of the customers portfolio, and allowances for bad debts.
2001:	The network, set up on the whole country, amalgamates 45 credit unions, 137,000 members and 180 employees, with a net result of 1.33 billion F CFA.
2002:	Creation of new regulations about microfinance institutions in the CEMAC area.
2002-2003:	Adoption of the new statutes of the MUCODEC, in order to be approved by the Central Bank. Creation of an autonomous financial institution 'la Banque du Crédit Mutuel d'Afrique Centrale'.

Source: <http://www.cemutuel.com/cicm>

So, integrated approach, specific target groups, fair trade, ecological soundness, promotion of decent work and a factor to overcome civil unrest, etcetera co-operatives seem to cover it all, to deliver the secret formula to bring groups and populations on the tracks of development. But is this fully true? What are the advantages and setbacks of working with co-operatives in North and South compared to other agents (governments, NGOs, MFIs). To this question we dedicate the final section of this survey-report.

### 3.7 The long ride of a steady survivor: co-operatives as development agents

The questionnaire ended with the question of the comparative advantages of coop-to-coop support. In fact, this holds two questions: (1°) *why do we need co-operatives in the South in the first place?*, and (2°) *Why are co-operatives in the North better placed than NGOs to assist co-operatives in the South?* What is so good about the co-operative model and its principle of co-operation amongst co-operatives? We can see a number undeniable strong points. At the same time it cannot be denied that coop-to-coop support still faces some considerable challenges

#### Strong points

- Co-operatives stand out as the type of most wanted Southern partners, if only for the way they embody all principles of *community-based organisations*: a

legally ratified *ownership* structure, self-help as a precondition for receiving assistance, institutionally embedded accountability from and towards the members and – obviously – institutional sustainability because of its business operations and attention to financial issues. Co-operators in the North and their partners in the South speak the same language. When talking about such diverse issues as ‘member-participation’, ‘co-operative decision-making’, ‘dues, shares, savings’ or ‘distribution of profit’ they understand pretty much the same thing. Or at least, they can share experiences and information on how they put co-operative operating principles into practice.

- Co-operatives do not constitute insular movements. They are well-gearred for linking up to each other in all sorts of *networks, national and international*. We have seen that northern co-operative agencies prefer to give support to co-operatives that belong to the same network or, alternatively, they invite them to get involved in it. This has, at least potentially, multiple positive consequences. First, the relationship between the two ‘partners’ is not a blind date. There is normally a fair bit of exchange of information and contacts before they chose to work together on a project basis. Being part of a network also creates a horizontal relation between the partners concerned as well as reciprocity in both rights and duties. This also affects the role of the northern co-operative and its development agency. The role is not to substitute but to invest some of its multiple resources (knowhow, finance, contacts, markets, etc.) whenever needed, as much as needed and as long as needed for the partner-co-operative to become a viable social and business operation by itself. Finally, this interlinkage affects the time-horizon of the partnership. Most co-operative development agencies under review report their preference for *long-lasting partnerships* (other than many development partnerships who tend to live and die upon the rhythm of the project-cycle). As has been illustrated in the former sections, the network can materialize powerfully by practices of fair trade.
- We have also seen that co-operatives are seldom one-issue organisations. The point of departure might be one issue (sharing of raw materials, infrastructure, distribution and credit systems) but they tend to grow pluri-purpose and integrative. The consequence of this is that they have to deal with many different aspects of the social or economic fabric of a society. Co-operatives in the North have done social and economic engineering for years. Those who survived the difficult social and economic tides have been able to do so because they have been clever and strategic. They did not re-invent the wheel but selectively and creatively copied social and economic tools from other co-operatives (and even other organisations and businesses) in their country and abroad. Co-operative development agencies are well placed to create a framework and an environment for their southern partners to acquire and develop their own knowhow, their own tools and their own strategies. The Canadian, German or French model is not the ultimate example to be imitated or transposed, but is only to be used as a source of inspiration. Clever developers pick the brains and ideas of many.

## Challenges

- Northern co-operatives have a problem with visibility as a development actor compared to Northern NGOs or official development agencies, for which development cooperation is their 'raison d'être'. Many northern co-operatives (like trade unions and private companies) consider development cooperation only as a side-issue, even when the amount spent to it is considerable. Co-operatives should emerge as leading protagonists in the current tendency that development is something for all agents in society, not just for the government and the NGOs. The resources available within the northern co-operative sector are enormous. But many remain untapped. We have seen that some co-operative development agencies use the expertise of their own co-operative personnel in their programmes and projects. But much more of it could be invested. We have also seen that some co-operative development agencies creatively use their co-operative environment for mobilising financial resources. However, most agencies look (increasingly) at governmental agencies or the 'development project market' to uplift their financial capacities. Many complain that this comes with strings attached. Bilateral and international donors see the agencies and the co-operatives as instruments to achieve their agenda. This strategy is also questionable and contradictory in co-operative terms and tradition. Co-operatives should be spearheading the drive for product- and people-oriented fundraising. It gives them more autonomy and legitimacy. They should use their co-operative endowments: co-operative businesses looking for a new mission, existing channels to reach members, existing products, etcetera.
- Southern co-operatives suffer from an even more serious problem: a bad image, reminiscences of mismanagement, state-interference, corruption and unreliability. The misuse of co-operatives by governments has led people to be suspicious of every new initiative that calls for active participation. Even if the co-operative sector in most developing countries has cleared its house, the legacy still remains. Co-operative development agencies have not been able to change that image. But, maybe, they have not tried enough to remedy it. Over the last decade, a number of agencies have stopped marketing their projects as 'co-operative projects'. They hide their co-operative agenda or subsume it under a wider, vaguely defined 'social and economic' or 'civil society' agenda. Fortunately, there seems to be a new trend to present 'the co-operative strategy' as a unique selling proposition. Even if co-operative agencies and their partners (for legitimate reasons) opt for other development tools such as 'micro-finance institutions' or 'village banks' they should not abandon their co-operative edge and develop and defend the co-operative version of these tools by insisting on ownership, democratic decision-making and other co-operative differences.
- The co-operative development agencies also face a 'development industry' that imposes its own orthodoxy and orthopraxy in a very aggressive way. Many elements of the present-day development agenda and strategy run counter

a co-operative agenda and strategy. First and foremost, co-operatives by definition are wealth creators and not poverty reducers. If they do reduce poverty they do so in an indirect way, by relying and building on the social and business acumen of people. By involving poor and not-so-poor in common undertakings they are stimulating redistributive and not so much distributive solidarity.<sup>9</sup> However the poverty reduction agenda has a very strong preference for 'only for poor' solutions. Secondly, co-operatives, unlike MFIs or NGOs, are long lasting but slow starters. The inception period of a co-operative surpasses any project cycle. However the 'development industry' is looking for quick and instant solutions. Thirdly, co-operatives like other businesses do not follow the rhythm of projects. Co-operative management can not be replaced by project management. However objective-oriented and logframe-based project management is the single most important new tool in development co-operation. Very few co-operative development agencies have been able to provide an adequate answer to these different challenges. In most cases, they have given in to the demands and pressures of the co-financiers. Co-operative development agencies should prepare a collective response. They could best do that by collecting evidence in a scientifically sound way on (a) the value of their co-operative methodology and (b) the results and impact of their work.

- In previous pages we already mentioned the fact that co-operative development agencies could better play the new multistakeholder game. The Poverty Reduction Strategies, the EU-ACP Cotonou Agreement and many other development frameworks invite non-State actors to participate. Co-operative development agencies and their partners have not been actively involved so far. Still, they could benefit a lot from it. These strategies are made by state actors, donor agencies and non-State actors. Co-operatives can bring in their points of view. Some of the issues dealt with (e.g. credit, agriculture, etc.) are very important for the national strategies of co-operatives. Some of the issues dealt with are essential for the international strategies of co-operatives (e.g. access to foreign markets). Non-State actors also get a role in executing these strategies. Co-operatives could present their programmes for financing.
- To achieve this however co-operative development agencies have to get their act together. One respondent said 'we will have to hang together or we will be hung'. The prevalence of isolated work and even competition among agencies is a violation of the co-operative principle of 'co-operation amongst co-operatives'. A collective agenda should be established at the international level as well as in every country. There is no call for boring uniformity but

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<sup>9</sup> The term redistributive solidarity refers to solidarity between different sociological groups (healthy/sick; rich/poor,..); distributive solidarity refers to solidarity between the same group. Unlike co-operatives, many poverty reduction strategies and projects exclusively target the poor.

for interaction. ICA, COPAC, WOCCU, IRU, in conjunction with international agencies sympathetic towards the co-operative cause (such as ILO) should create the necessary platforms and meeting points. From this survey we learn that agencies want several items on this collective agenda: (a) national and international profiling; (b) development of tools to measure and monitor the results and impact of co-operative development work; (c) strategic alliances with other agencies such as funders, NGOs, MFIs, certain private businesses, social movements; (d) exchange of experiences and collaboration in fundraising, programme management, monitoring and evaluation; (e) networking to create new opportunities for partners (in terms of trade, training, finance).

# R

## ESPONDENTS

*The following persons gave us very valuable information:*

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# **E**XECUTIVE SUMMARY

In both industrialized and developing countries the interest for co-operatives is again growing. So is the interest for co-operation between co-operatives of North and South. An important sign of this new enthusiasm for co-operatives is the new 'Promotion of Co-operatives Recommendation 193' adopted by the International Labour Conference in 2002.

In this report we present the results of a survey of the major co-operative development agencies belonging to the co-operative sector of northern, industrialised countries. With this research we tried to find out what role northern co-operatives play in supporting their colleagues in the south, what the evolutions are in their strategies and what comparative advantages they have.

The co-operative movement has always been an international movement and since its early days the northern co-operative movement has been interested in the fate of the co-operative sector in the south. However, not the co-operative movement itself but the colonial agencies first took the lead in promoting co-operatives in the southern hemisphere. This led to a kind of 'colonial co-operative paternalism'. After independence, the new governments of the third world took over. They were in favour of a state-led co-operative strategy in tune with their populist and nationalist ambitions. This strategy has failed in most developing countries and was abandoned with the structural adjustment programmes (SAP) of the nineteen-eighties and nineteen-nineties. The renewed interest for co-operatives as development actors has much to do with the new development paradigm. The new development agenda is a window of opportunities for co-operatives and co-operative development agencies because it insists on (a) the participation of multiple actors (multistakeholdership), (b) decentralisation and privatisation, (c) local entrepreneurship, (d) poverty reduction and (e) specialisation and professionalisation.

Several important northern co-operative groups have adapted their strategies to these new challenges. The American, Belgian, British, Canadian, Danish, Dutch, German, French, Irish, Italian, Norwegian and Swedish co-operative development agencies under review have either chosen for an integrated approach whereby the northern co-operatives themselves become development actors, or a specialised approach whereby they delegated the development work to specialised units (mostly NGOs) that remain structurally linked to the co-operatives. A number of international co-operative organisations such as the International Co-operative Alliance, the World Council of Credit Unions and the International Raiffeisen Union also play an important role in co-operative development. This is also the case for a few U.N. agencies such as the ILO, the FAO and the World Bank. A number of related social movements are equally important promoters of

co-operativism in developing countries. We present the cases of IFAP, ICFTU, WCL, Oikocredit and FLO.

The agencies under review have a variety of ways to mobilise resources for their development work. Most rely on contributions from their own co-operative institutions and subsidies from their governments. In a number of countries, such as the U.S.A., Canada and Sweden the Ministries responsible for development co-operation have a long tradition of collaboration with the co-operative development agencies. In recent years several agencies have developed new fundraising products together with the co-operative businesses they are related to.

In relation to the human resources for their development work most agencies can rely on the expertise of professionals and volunteers from their own co-operative movement. The tools used for their development work are also very much linked to their co-operative background. Technical assistance remains the most important development instrument of the agencies, followed by financial support and transfer of know-how and training. Interestingly, many agencies are actively involved in the creation of a favourable institutional and legal framework for co-operative development in the southern countries. In recent years many agencies have been instrumental in creating trading and business linkages between northern and southern co-operatives.

The survey also reveals that the strategies of the co-operative development agencies are evolving. The majority is moving towards a programme-approach whereby development activities are interlinked and whereby partnerships last over many years. Most agencies favour a network approach through which their partners can develop multiple relations. This supports also the trend towards knowledge acquisition as an alternative for knowledge transfer. In recent years most agencies have moved from a social approach to a business approach in which trade and international business arrangements also get an important place. While the agencies, for obvious reasons, prefer the co-operative model, they also increasingly work with other locally adapted social economy models. And, finally, the days of working in splendid isolation seem to be over. Agencies tend to co-operate more and more. But they also tend to compete increasingly.

The agencies have an impressive track record but suffer from a lack of visibility and only limited evidence of the results and impact of their co-operative work.

# RÉSUMÉ ET COMMENTAIRES

Que ce soit dans les pays industrialisés ou dans les pays en développement, nous assistons à un regain d'intérêt pour les coopératives. Il en va de même pour la coopération entre coopératives du Nord et du Sud. Ce nouvel enthousiasme se traduit parfaitement dans la nouvelle Recommandation 193 concernant la promotion des coopératives adoptée par la Conférence internationale du travail en 2002.

Dans ce rapport, nous présentons les résultats d'une enquête réalisée auprès des principales agences de développement de coopératives issues du secteur coopératif des pays industrialisés du Nord de la planète. Le but de cette étude était de déterminer le rôle joué par les coopératives du Nord au niveau du soutien de leurs homologues du Sud, d'identifier les évolutions de stratégie et d'énumérer les avantages qu'ils offrent les uns par rapport aux autres.

Le mouvement coopératif a toujours été international et, dans ce cadre, le Nord s'est toujours préoccupé du sort du Sud. Cependant, ce n'est pas le mouvement coopératif lui-même, mais bien les agences coloniales, qui ont été les premières à promouvoir les coopératives dans l'hémisphère sud. Cette situation a entraîné un certain «paternalisme coopératif colonial». Devenus indépendants, les nouveaux gouvernements du tiers-monde ont pris le relais en se montrant favorables à une stratégie étatique en phase avec leurs ambitions populistes et nationalistes. Cette stratégie a échoué dans la plupart des pays en développement, qui l'ont abandonnée lors des programmes d'ajustement structurel des années quatre-vingt et quatre-vingt-dix. Le regain d'intérêt pour les coopératives en tant qu'acteurs du développement est étroitement lié au nouveau paradigme du développement. Le nouvel agenda pour le développement est une mine d'opportunités pour les coopératives et les agences de développement de coopératives parce qu'il insiste sur (a) la participation d'acteurs multiples, (b) la décentralisation et la privatisation, (c) l'entrepreneuriat local, (d) la réduction de la pauvreté et (e) la spécialisation et la professionnalisation.

Plusieurs groupes de coopératives du Nord ont adapté leurs stratégies en fonction de ces nouveaux défis. Les agences de développement de coopératives américaines, belges, britanniques, canadiennes, danoises, néerlandaises, allemandes, françaises, irlandaises, italiennes, norvégiennes et suédoises (concernées par l'étude) ont opté soit pour une approche intégrée qui donne aux coopératives du Nord le rôle d'acteurs du développement, soit pour une approche spécialisée qui délègue le travail de développement à des unités spécialisées (principalement des O.N.G.) auxquelles elles restent liées structurellement. Un grand nombre d'organisations internationales telles que l'Alliance Coopérative Internationale,

le World Council of Credit Unions et l'Union Internationale Raiffeisen, jouent également un rôle important dans le développement des coopératives. C'est également le cas de quelques agences des Nations Unies telles que l'OIT, la FAO et la Banque mondiale. Plusieurs mouvements sociaux connexes sont des promoteurs tout aussi importants du coopératisme dans les pays en développement. L'étude présente les cas de la FIPA, du CISL, de la CMT, d'Oikocredit et de la FLO.

Les agences étudiées ont mis au point plusieurs méthodes permettant de mobiliser des ressources au profit de leur travail de développement. La plupart de ces méthodes dépendent de contributions de leurs propres institutions coopératives et de subsides de leurs gouvernements. Dans plusieurs pays, tels que les États-Unis, le Canada et la Suède, les ministères chargés de la coopération au développement ont une longue tradition de collaboration avec les agences de développement de coopératives. Ces dernières années, plusieurs agences ont mis au point de nouveaux produits de collectes de fonds en collaboration avec les entreprises coopératives pour lesquelles elles travaillent.

Pour ce qui est des ressources humaines, la plupart des agences peuvent compter sur l'expertise de professionnels et de bénévoles issus de leur propre mouvement coopératif. Les outils utilisés dans leur travail de développement sont également très proches de leur contexte coopératif. L'assistance technique reste le principal instrument de développement des agences, suivi par le soutien financier et le transfert de savoir-faire et la formation. De nombreuses agences sont activement impliquées dans la création d'un cadre juridique et institutionnel favorable pour le développement de coopératives dans les pays du Sud. Ces dernières années, plusieurs agences ont aidé à créer des liens commerciaux et professionnels entre coopératives du Nord et du Sud.

L'étude révèle également que les stratégies des agences de développement de coopératives sont en train d'évoluer. Le plus souvent, elles s'orientent vers une approche caractérisée par la présence d'un programme qui lie les activités de développement entre elles et qui privilégie des partenariats de longue durée. La plupart des agences optent pour la création de réseaux par le biais desquels leurs partenaires peuvent tisser des liens multiples. Ce type d'approche favorise également la tendance qui prône la disparition du transfert de connaissances au profit de l'acquisition de connaissances. Au cours de ces dernières années, les agences sont passées d'une approche sociale à une approche professionnelle qui accorde une place d'importance aux accords commerciaux et internationaux. Bien que, pour des raisons évidentes, les agences préfèrent le modèle coopératif, elles travaillent de plus en plus avec des modèles d'économie sociale adaptés au contexte local. Pour terminer, nous pouvons dire que l'ère de l'isolation semble révolue. Les agences ont désormais tendance à coopérer de plus en plus, mais aussi à se concurrencer davantage.

Les agences ont une histoire impressionnante mais souffrent d'un manque de visibilité et de preuves des résultats ou de l'impact de leur travail coopératif.

# SAMENVATTING EN TOELICHTING

Zowel in de industrielanden als in de ontwikkelingslanden is er opnieuw een toenemende interesse merkbaar voor het coöperatieve ondernemerschap. Dat kan ook gezegd worden van de interesse van coöperaties in het noorden en het zuiden om samen te werken. Dit nieuwe enthousiasme voor het coöperatieve ondernemerschap blijkt vooral uit de nieuwe 'Promotion of Co-operatives Recommendation 193' die in 2002 door de International Labour Conference werd goedgekeurd.

In dit rapport bespreken we de resultaten van een enquête die werd gevoerd bij de belangrijkste coöperatieve ontwikkelingsagentschappen die deel uitmaken van de coöperatieve sector in de noordelijke industrielanden. Via dit onderzoek trachten we te weten te komen hoe de noordelijke coöperatieve ondernemingen hun collega's in het zuiden ondersteunen, welke evolutie merkbaar is in hun beleid en welke vergelijkende voordelen zij bieden.

De coöperatieve beweging is steeds een internationale beweging geweest. Sinds haar prille jaren is de noordelijke coöperatieve beweging geïnteresseerd in het lot van de coöperatieve sector in het zuiden. Het waren echter niet de coöperatieve bewegingen zelf die het initiatief namen om het coöperatieve ondernemerschap in het zuidelijk halfmond te promoten, maar wel de koloniale agentschappen. Dit leidde tot een soort 'koloniaal coöperatief paternalisme'. Na de onafhankelijkheid namen de nieuwe regeringen in de derde wereld de leiding over. Zij waren voorstander van een door de staat geleid coöperatief beleid dat overeenstemde met hun populistische en nationalistische ambities. Dit beleid liep in de meeste ontwikkelingslanden echter uit op een mislukking en werd opgegeven bij de invoering van de structurele aanpassingsprogramma's (SAP) in de jaren '80 en '90. De vernieuwde interesse voor de coöperatieve onderneming in de deelname aan het ontwikkelingsproces heeft veel te maken met het nieuwe ontwikkelingsmodel. In de nieuwe agenda rond ontwikkeling is ruim plaats gemaakt voor coöperatieve ondernemingen en ontwikkelingsagentschappen, aangezien deze agenda de nadruk legt op volgende punten: (a) deelname van verschillende actoren ('stakeholders'), (b) decentralisatie en privatisering, (c) lokaal ondernemerschap, (d) armoedebestrijding en (e) specialisatie en professionalisering.

Verschillende belangrijke coöperatieve groeperingen uit het noorden hebben hun beleid aangepast op basis van deze nieuwe uitdaging. De Amerikaanse, Belgische, Britse, Canadese, Deense, Nederlandse, Duitse, Franse, Ierse, Italiaanse, Noorse en Zweedse coöperatieve ontwikkelingsagentschappen die aan de enquête deelnamen, hebben ofwel gekozen voor een geïntegreerde aan-

pak waarbij de noordelijke coöperaties zelf bij de ontwikkeling betrokken worden of ze hebben gekozen voor een gespecialiseerde aanpak waarbij ze het ontwikkelingswerk overlaten aan gespecialiseerde organisaties (meestal NGO's) die structureel verbonden blijven met de coöperaties. Een aantal internationale coöperatieve organisaties zoals de International Co-operative Alliance, de World Council of Credit Unions en de International Raiffeisen Union spelen ook een belangrijke rol bij de coöperatieve ontwikkeling. En dat geldt ook voor enkele agentschappen van de Verenigde Naties zoals het ILO, het FAO en de Wereldbank. Maar ook een aantal sociale bewegingen zijn even belangrijke promotoren van dit coöperatieve ondernemerschap in de ontwikkelingslanden. Wij bespreken hier het IFAP, het IVVV, het WVA, Oikocredit en FLO.

De ondervraagde agentschappen beschikken over diverse manieren om middelen in te zetten voor hun ontwikkelingswerk. De meeste van hen werken met bijdragen van de eigen coöperatieve instellingen en met subsidies van de respectieve regeringen. In een aantal landen waaronder de Verenigde Staten, Canada en Zweden kennen de Ministeries voor Ontwikkelingssamenwerking een lange traditie van samenwerking met de coöperatieve ontwikkelingsagentschappen. De laatste jaren hebben diverse agentschappen samen met de respectieve coöperatieve ondernemingen nieuwe methodes voor fondsenwerving ontwikkeld.

Wat de menselijke middelen voor het ontwikkelingswerk betreft kunnen de meeste agentschappen steunen op de kennis en ervaring van professionals en vrijwilligers uit de eigen coöperatiemiddelen. En ook de gebruikte middelen bij het ontwikkelingswerk hebben een sterke link met de coöperatieve achtergrond. Technische bijstand blijft het ontwikkelingsinstrument bij uitstek van de agentschappen, gevolgd door financiële steun, kennisoverdracht en opleiding. Interessant is wel dat heel wat agentschappen actief betrokken zijn bij de creatie van een gunstig institutioneel en wettelijk kader voor coöperatieve ontwikkeling in de zuidelijke landen. De laatste jaren zijn heel wat agentschappen zeer behulpzaam geweest bij het opzetten van handels- en zakelijke relaties tussen de noordelijke en de zuidelijke coöperaties.

De enquête maakt ook duidelijk dat het beleid van de coöperatieve ontwikkelingsagentschappen een zekere evolutie doormaakt. Daarbij gaat men overwegend in de richting van een programma-aanpak waarbij de ontwikkelingsactiviteiten onderling verbonden worden en waarbij de partnerships gedurende vele jaren blijven bestaan. De meeste agentschappen hebben een voorkeur voor de netwerkaanpak waarbij hun partners verschillende relaties kunnen uitbouwen. Dit ondersteunt ook de trend naar kennisverwerving als alternatief voor kennisoverdracht. De laatste jaren zijn de meeste agentschappen overgeschakeld van een sociale naar een bedrijfsgerichte aanpak waar ook handel en internationale bedrijfsvereenkomsten een belangrijke plaats innemen. Ondanks het feit dat de agentschappen om voor de hand liggende redenen het coöperatieve model verkiezen, werken ze ook steeds meer met andere sociale economie modellen die aangepast zijn aan de lokale omstandigheden. En, tenslotte, ziet het er naar uit

dat de tijd van volkomen geïsoleerd werken voorbij is. Agentschappen neigen steeds meer naar samenwerking. Maar tegelijkertijd neigen ze ook steeds meer naar onderlinge concurrentie.

De agentschappen kunnen een indrukwekkende lijst van resultaten voorleggen, maar het ontbreekt hen aan voldoende zichtbaarheid en ze kunnen weinig bewijs leveren van de resultaten en de impact van hun coöperatieve activiteiten.

# **R**ESUMEN **Y COMENTARIOS**

Crece el interés por las cooperativas tanto en los países industrializados como en los que están en vías de desarrollo. También crece el interés por la cooperación entre cooperativas del Norte y del Sur. Un signo importante de este nuevo entusiasmo por las cooperativas es la nueva 'Recomendación 193 sobre la Promoción de las Cooperativas' adoptado por la Conferencia Internacional del Trabajo de 2002.

En este informe presentamos los resultados de un estudio de las principales agencias para el desarrollo cooperativo que pertenecen al sector cooperativo de los países industrializados del norte. Con esta investigación hemos querido saber qué papel juegan las cooperativas del norte para apoyar a sus colegas del sur, cómo ha evolucionado su estrategia y qué ventajas comparativas tienen.

El movimiento cooperativo ha sido siempre un movimiento internacional y, desde los primeros días, el movimiento cooperativo del norte ha estado interesado en el destino del sector de las cooperativas del sur. Sin embargo, no fue el mismo movimiento cooperativo sino las agencias coloniales quienes empezaron a promover cooperativas en el hemisferio sur. Esto llevó a un tipo de 'paternalismo cooperativo colonial'. Después de la independencia, los nuevos gobiernos del tercer mundo se encargaron de las cooperativas. Promovieron una estrategia de cooperativas dirigidas por el estado en sintonía con sus ambiciones populistas y nacionalistas. Esta estrategia ha fallado en la mayoría de los países en vías de desarrollo y fue abandonada con los programas de ajuste estructural (SAP) de los años ochenta y noventa. El renovado interés por las cooperativas como actores de desarrollo tiene mucho que ver con el nuevo paradigma de desarrollo. El nuevo programa de desarrollo abre muchas oportunidades para las cooperativas y las agencias de desarrollo de cooperativas porque insiste en (a) la participación de múltiples actores (multiparticipación), (b) descentralización y privatización, (c) capacidad emprendedora local, (d) reducción de la pobreza y (e) especialización y profesionalización.

Algunos importantes grupos de cooperativas del norte han adaptado sus estrategias a estos nuevos retos. Las agencias de desarrollo cooperativo americanas, belgas, británicas, canadienses, danesas, holandesas, alemanas, francesas, irlandesas, italianas, noruegas y suecas estudiadas han elegido o bien un enfoque integrado por el que las cooperativas del norte mismas se convierten en actores de desarrollo, o bien un enfoque especializado por el que han delegado el trabajo de desarrollo a unidades especializadas (sobre todo ONGs) que permanecen estructuralmente vinculadas a las cooperativas. También juegan un papel importante en el desarrollo cooperativo una serie de organizaciones cooperativas inter-

nacionales como la Alianza Cooperativa Internacional, el Consejo Mundial de Uniones de Crédito y la Internacional Raiffeisen Union. Ocurre lo mismo para las nuevas agencias de la ONU como la ILO, la FAO y el Banco Mundial. También son importantes promotores del cooperativismo en los países en vías de desarrollo toda una serie de movimientos sociales relacionados. Presentamos los casos de IFAP, ICFTU, WCL, Oikocredit y FLO.

Las agencias estudiadas varían en su manera de movilizar recursos para su trabajo de desarrollo. La mayoría cuentan con contribuciones de sus propias instituciones cooperativas y en fondos de sus gobiernos. En una serie de países, como en EEUU, Canadá y Suecia, los ministros responsables del desarrollo de la cooperación tienen una larga tradición de colaboración con las agencias de desarrollo cooperativo. En años recientes varias agencias han desarrollado nuevos productos de recaudación de fondos junto con los negocios cooperativos con los que están relacionados.

Con respecto a los recursos humanos para su trabajo de desarrollo, la mayoría de las agencias pueden contar con la experiencia de profesionales y voluntarios de su propio movimiento cooperativo. Las herramientas utilizadas para su trabajo de desarrollo están también muy vinculadas a su historial cooperativo. La asistencia técnica es el instrumento de desarrollo más importante de las agencias, seguida del soporte financiero y la transferencia de know-how y formación. Es interesante que muchas agencias participan activamente en la creación de un marco de trabajo institucional y legal favorable para el desarrollo cooperativo de los países del sur. En años recientes, muchas agencias han sido instrumentales para la creación de vínculos comerciales y empresariales entre las cooperativas del norte y del sur.

El estudio revela también que las estrategias de las agencias de desarrollo cooperativo están evolucionando. La mayoría se mueven hacia un enfoque programático de acuerdo con el cual las actividades de desarrollo están interconectadas y las asociaciones duran muchos años. La mayoría de las agencias promueven un enfoque de red a través del cual sus colaboradores pueden desarrollar múltiples relaciones. Esto apoya también la tendencia hacia la adquisición de conocimientos como una alternativa a la transferencia de conocimientos. En los últimos años, la mayoría de las agencias han pasado de un enfoque social a un enfoque comercial en el que los sistemas de comercio y negocio internacional han obtenido un importante lugar. Aunque las agencias, por razones obvias, prefieren el modelo cooperativo, también trabajan cada vez más con otros modelos de economía social localmente adaptados. Y, finalmente, los días de trabajo en espléndido aislamiento parece que han pasado. Las agencias tienden a cooperar, pero también a competir cada vez más.

Las agencias tienen un historial impresionante, pero sufren de falta de visibilidad y solo presentan una evidencia limitada de los resultados y el impacto de su trabajo cooperativo.

**Cera Foundation** refers to the social dimension of **Cera Holding**. Under the motto '*Co-operative patronage with social added value*', Cera Foundation stresses the social mission of Cera Holding. The Foundation provides financial support to hundreds of projects at home and - to a limited extent - also abroad. The choice is on projects that fulfil real social needs and produce lasting effects, to the benefit of the community in general and of shareholders in particular. In addition, they must reflect the co-operative values of Cera Holding: *co-operation, solidarity, participation and respect for the individual*.

Cera Foundation supports projects in the following areas: medical/social; struggle against poverty; agriculture, horticulture and environment; education and training/entrepreneurship; and art and culture. The Belgian Raiffeisen Foundation (BRS) is the sixth area and supports credit and insurance co-operatives in Third-World countries.

## COLOPHON

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**Co-operative organisations play an important role in many development initiatives. This includes savings and credit co-operatives, co-operatives that market products from small farmers and co-operatives that are involved in fair trade networks.**

In recent years, interest in this form of enterprise has increased significantly in both industrialised countries and countries in the South. In 2002, the International Labour Organisation adopted Recommendation 193 «Promotion of Co-operatives». Countries such as Canada, Germany, the US and Sweden recognise the co-operative sector as a partner in development co-operation.

Researchers from HIVA (the Higher Institute for Labour Studies) have studied what co-operatives from the North are doing to support their co-operative colleagues in the South. They examined which forms of technical support and training they provide, how they fund their partners, how they set up trade relations and how their approach has evolved in recent years. The researchers repeatedly focused on the specific and comparative added value of collaboration between co-operative sectors from the North and the South.