

# Guidelines aimed at creating a supportive environment for the development of cooperatives<sup>1</sup>

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## **Objectives**

1. Within the *General Assembly* and the *Economic and Social Council*, and at major recent international conferences, Governments have acknowledged the significance of cooperatives as associations and enterprises through which citizens can effectively improve their lives while contributing to the economic, social, cultural and political advancement of their community and nation. They have recognised the cooperative movement as a distinct and major stakeholder in both national and international affairs.
2. Governments recognize that the cooperative movement is highly democratic, locally autonomous but internationally integrated, and a form of organisation of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but

social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.

3. Consequently, Governments seek to create an environment in which cooperatives can participate on an equal footing with other forms of enterprise and develop an effective partnership to achieve their respective goals. Policies should protect and advance the potential of cooperatives to help members achieve their individual goals and, by so doing, to contribute to society's broader aspirations.
4. However, such policies can be effective only if they take into account the special character of cooperatives and the cooperative movement, which differs significantly from that of associations and enterprises that are not organised according to cooperative principles.
5. The objective of the present guidelines is to provide advice to Governments and set out broad principles on which national cooperative policy might best be based, recognising that more specific and detailed national policies fall within the responsibility of each Government. Because of the governmental expectations regarding the cooperative movement and the rapidly changing global conditions and changes in the cooperative movement itself, many policies in most of the Member States of the United Nations might benefit from review and in some cases from substantial revision.

### **Policy regarding cooperatives and the cooperative movement**

6. The objective of the policy is to enable recognition of cooperatives as legal entities and to assure them and all organisations and institutions set up by the cooperative movement real equality with other associations and entities. In order to ensure equality, the special values and principles of cooperatives must receive full recognition as being desirable and beneficial to society and that appropriate measures are taken to ensure that their special qualities and practices are not the cause of discrimination and disadvantage of any kind.
7. To achieve this objective, Governments are concerned with creating, and with maintaining as conditions change, an enabling environment for cooperative development. As part of such an environment, an effective partnership between Governments and the cooperative movement could be sought.

### ***Public recognition***

8. It is appropriate and useful for Governments to acknowledge publicly the special contribution, in both quantitative and qualitative terms, made by the cooperative movement to the national economy and society. The joint observance of the International Day of Cooperatives organised by the International Cooperative Alliance, pursuant to General Assembly resolutions 47/90, 49/155 and 51/58, may provide an occasion on which information on the cooperative movement is publicly disseminated.

***Legal, judicial and administrative provisions***

9. Appropriate provision is necessary within legal, judicial and administrative practice if cooperatives are to contribute positively to improving the lives of their members and the communities in which they operate. Legal provisions may take various forms appropriate to individual national legal systems. The status, rights and responsibilities of cooperatives, the cooperative movement in general, and, if appropriate special categories of cooperatives or distinct aspects of cooperation should be addressed.

***National constitutions***

10. The legitimacy of cooperatives and the cooperative movement could be acknowledged in these instruments, if appropriate. Provisions that limit the establishment and operations of cooperatives should be appropriately amended.

***General law on cooperatives or the general section of a single law on cooperatives***

11. A general law on cooperatives or laws specific to cooperatives or under which cooperatives fall should ensure that cooperatives enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character. Laws should include the following basic set of acknowledgements, definitions and provisions:

*acknowledge* that the organisation of associations and enterprises on the basis of cooperative values and principles is legitimate;

*acknowledgement* of the utility of the cooperative approach to association and enterprise, its contribution to national life and the status of the cooperative movement as a significant stakeholder within society;

*definition* of cooperatives, using the *Statement on the Cooperative Identity*, adopted by the International Cooperative Alliance in 1995;

*recognition* of the unique nature of the values and principles of cooperation, and hence the need for their separate and distinct treatment in law and practice;

*commitment* that neither their unique nature nor their separate and distinct treatment in law and practice should be the cause for discrimination, intended or not;

*undertaking* that no law or practice should restrict the rights of citizens to full participation in the cooperative movement in any capacity consistent with its values and principles and should not restrict the operation of that movement;

*provision* that a general law apply to all categories of cooperatives but that, in order to respond to the situation of certain categories of cooperatives, special laws might be enacted, consistent with the general law;

*stipulation* that all judicial and administrative regulations and practices be based only on the general or special laws on cooperatives;

*that all regulations* clearly identify the provision of the law on which they are based and the purpose for which they are made;

*recognition* of the full autonomy and capacity for self-regulation of the cooperative movement; and

*acknowledgement* that intervention by Governments in the internal affairs of the movement should be strictly limited to measures applied generally to all associations and enterprises equally in order to ensure their conformity with the law.

Adjustments may be made only to ensure:

*real equality* in treatment;

*definition* of the responsibilities of the cooperative movement for self-regulation in all matters distinctive to it;

*provision* that the texts of laws and regulations be made available to all cooperative members and employees;

*provision* that representatives of the cooperative movement participate fully in drafting special laws or judicial or administrative regulations and guidelines concerning practice;

*provision* for the maintenance of a public register of cooperatives as a part of procedures for registration of all associations and enterprises;

*provision* for procedures for continuous monitoring and regular review of law and practice which would include the full and equal participation of representatives of the cooperative movement and encouragement of research on the effect of law and practice on the environment for cooperatives;

*establishment* of the responsibility of Governments to formulate and carry out a policy in respect to cooperatives that would seek to establish a supportive and enabling environment while avoiding any infringement of the autonomy of the movement and any diminution of its capacity for responsible self-regulation and would seek also to engage in an effective and equal partnership with the movement in all matters where it is able to contribute significantly to the formulation and carrying out of public policy;

*recognition* of the value of governmental support for the international cooperative movement, including through intergovernmental activities; and

*definition* of the responsibilities of the cooperative movement as a major stakeholder in society, to the extent these responsibilities are consistent with its full autonomy.

***Special laws on certain categories of cooperatives***

12. Consistent with the basic provisions of general cooperative legislation, and recognising the distinctive nature of the business of some cooperatives, it may be appropriate to make special provisions in law for certain types of categories of cooperatives to safeguard their ability to enjoy real equality with other types of associations and enterprises and not be discriminated against because of their special character.

***Judicial and administrative practice concerned explicitly with cooperatives***

13. These must be consistent with the general law on cooperatives and, specifically, with its provisions concerning such practice.

***Other laws and practices that may have an effect on cooperatives***

14. Governments should seek to exclude or eliminate provisions of any laws that discriminate against, or are specifically prejudicial to cooperatives. Governments should create an environment that enables cooperatives to identify and communicate cases needing revision.

***Monitoring, review and revision of laws and judicial and administrative practices***

15. This is necessary to ensure that the impact of laws and judicial and administrative practices on the cooperative movement is entirely positive. If identified, discriminatory provisions should be rendered inoperative as quickly as possible pending enactment of revised laws or the issuance of revised regulations and guidelines concerning practice. This process should have as its purpose the early and complete disengagement by Governments from internal affairs of cooperatives and the cooperative movement, where this still exists, and full operational realisation of the principles that cooperatives, although different, are equal to other business enterprises and civil associations.
16. For these purposes, formal procedures for consultation and collaboration should be set up and should include regular and full participation by the cooperative movement. Advantage may be taken also of the special programmes and guidelines offered by specialised international cooperative organisations and intergovernmental organisations.

**Research, statistics and information**

***Research***

17. Given the significance of the cooperative movement, it may be appropriate to envisage collaboration between governmental and cooperative movement

research on matters relevant to public policy; publication and wide diffusion of research results, including those produced by the international cooperative movement, intergovernmental organisations and the United Nations. Emphasis should be on applied research of immediate utility in improving the efficiency of cooperatives, extending benefits to society and improving partnerships between the cooperative movement and Governments.

### ***Statistics***

18. Several measures may be undertaken to improve statistics for and about cooperatives in view of integrating statistics on cooperatives in regular programmes of the national statistical service and participate in international efforts to improve cooperative statistics, including the establishment of a uniform set of definitions for use by national statistical services.

### ***Information***

19. Given that Governments regulate and broadly influence information diffusion, a number of measures may be useful in expanding knowledge of the cooperative movement and overcoming prejudices and misconceptions:

*extension* of technical and financial assistance to an extent equal to that made available to other stakeholders;

*ensuring* that no discrimination exists because of the distinctive nature of cooperatives;

*equal* and non-discriminatory access by the cooperative movement to all public media commensurate with its contribution to national life;

*use of* affirmative action to overcome prejudice and misinformation where the term cooperative is associated with a previous and inappropriate usage;

*diffusion* through public media of material on intergovernmental activities undertaken in partnership with or in support of cooperatives; and

*dissemination* of printed and computer-based information prepared by governmental or intergovernmental bodies with the same priority and resources as allocated to information on other stakeholders.

### ***Education***

20. Given the important contributions of the cooperative movement to education, a number of enabling measures might be useful including the provision of public funds if they are made available to other forms of enterprise for educational programmes. Governments may also consider the inclusion within the national curricula at all levels of the study of the values and principles, history, current and potential contribution of the cooperative movement to national society; and encouragement and support of specialised studies in cooperatives at the tertiary level.

***Provision of public funds***

21. Financial self-reliance, total responsibility and full independence are vital for an effective cooperative enterprise. The best policy approach is one where cooperatives receive the same treatment as any other form of enterprise. A number of other measures are valuable:

*acknowledgement* and protection of the special character of cooperatives and avoidance in law or practice of any discrimination arising from the special financial status, organisation and management of cooperatives;

*avoidance* of any direct or indirect engagement in the internal affairs of cooperatives or of the cooperative movement and recognition of the full responsibility of the movement for its own financial affairs; and

*the development* of partnerships with cooperative financial institutions in such matters as community and regional development, drawing on their experience of mobilising and managing capital in a manner and for purposes conducive to the public good.

***Institutional arrangements for collaboration and partnership***

22. All Government departments and bodies that have contact with the cooperative movement should be aware of, and act consistently with, national policy on cooperatives. In order to ensure consistency, certain coordinating functions within government, as well as liaison with the cooperative movement, will be useful.

23. It is advisable that a single department or office assume central coordinating, focal and liaison functions, of which the following might be most important:

*elaboration* of a single national comprehensive policy in respect of cooperatives, formulation of guidelines for consistent execution throughout government, including monitoring and review of that execution;

*collaboration* with legal departments in drafting the general and any special laws; and

*liaison*, consultation and collaboration with the cooperative movement.

24. The most effective organisational location for the responsible entity would be within a department already charged with broad strategic and coordinating functions, such as the office of a prime minister or president, or that responsible for economic management of development planning.
25. An institutional arrangement which enables regular consultation and effective collaboration between Governments and the cooperative movement would be valuable.

26. Liaison between intergovernmental programmes and the international cooperative movement should be supported.

## Footnote

<sup>1</sup> The definition of a cooperative:

*An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*

### International Cooperative Alliance (1995)

“This definition emphasizes that cooperatives are independent of government and not owned by anyone other than the members. They are associations of persons, which can mean individual people but also ‘*legal persons*’, organisations that may themselves have members. This means that federal bodies whose members are primary cooperatives can also be cooperatives, and that small businesses can also be members of their own cooperatives. They are united voluntarily, and should be free to join or leave. This means that collective farms or village or neighbourhood associations that include all people in an area (whether or not they want to be members) are not genuine cooperatives. They are designed to meet their own needs as defined by the members; organisations that are set up primarily to meet the needs of others are not cooperatives. Nor can cooperatives be diverted into meeting needs that have not been sanctioned by the members, without them ceasing to be cooperatives. They are distinguished from shareholding firms by their democratic nature, with voting rights being assigned by person rather than by size of shareholding. Finally, they are enterprises, and not charities, non-governmental organisations (NGOs), or branches of government.”

**Rediscovering the Cooperative Advantage**  
J. Birchall, International Labour Office (2003), p3.

### Source:

*Annex to the Report of the Secretary General on Cooperatives in Social Development*,  
General Assembly Economic and Social Council, United Nations, 14 May 2001  
(A/56/73- E/2001/68)  
<http://www.un.org/documents/ecosoc/docs/2001/e2001-68.pdf>