

# Revival of the Cooperative Idea

## *ILO Recommendation 193 one year after*

This June marked the first anniversary of the ILO initiative to regenerate and revitalise the idea of cooperative business. [ILO Recommendation 193](#), concerning the *Promotion of Cooperatives*, was formally adopted last year at the International Labour Conference. In the months since, staff of the ILO COOP branch and cooperative development agencies have worked with governments and cooperative development bodies to help translate the Recommendation into practice at the national level. Journalist [Andrew Bibby](#) reports on the results of their work.

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

Juan Somavia – ILO Director-General

**GENEVA** – Five million litres of milk makes a lot of butter and cheese, but that’s the daily quantity dealt with by the milk-marketing cooperative behind the well known [Amul and Dhara brands](#) in India. This US\$500 million Gujarat-based business brings together twelve district-based milk manufacturing cooperatives, which in turn allows farmers in over 10,000 villages in Gujarat to benefit by processing and marketing their milk on a shared basis.

Dr. V. Kurien, Chairman of the parent coop, says the cooperative structure of the business is the key to its success.

*“We are proud to be workers in a cooperative movement that allows no distinction of nationality, religion, caste or community,”* he said during the most recent annual general meeting of the company, adding that cooperation had helped bring *“unparalleled improvement”* to the lives of rural farmers while helping urban populations gain access to good quality, unadulterated food.

Half a world away, a similar story is unfolding. A small team of graphic designers based in England’s south coast make up the design company, [Wave](#). Although their work experience is different from that of the Gujarati farmers, they have a remarkable similar message. Wave proudly boasts of its credentials as a worker-owned cooperative, helping to create jobs and retain profits in the local community. *“We believe in committing ourselves to the well-being of the people who work in our cooperative, the people with whom we trade, our local community and society at large”*, the business tells its clients.

For the Secretary of the Employers’ Group of the International Labour Conference, Antonio Penalosa ([International Organisation of Employers](#) – IOE), cooperatives can play a major role in the economy of their countries. In a number of countries, they have become successful businesses. Examples are the [Group Migros](#) in Switzerland, [Mondragon Cooperative Group](#) in Spain and the [Credit Agricole Bank](#) in France. These cooperatives are often active members of employers’ organisations, and are playing an important role in national development.

Cooperatives are a massive element of the global economy. Worldwide, an estimated 800 million people are cooperative members, and 100 million make their living in cooperatives in agriculture, finance, housing, retail and other sectors. Iain Macdonald, Director-General of the Geneva-based [International Cooperative Alliance](#) (ICA), says the figures tell the story: in Burkina Faso, cooperatives control 77 percent of cotton production; in Malta, cooperatives have a 90 percent share of the fisheries industry; and in the United States, two out of every five people are members of cooperatives.

In the year since the ILO annual Labour Conference adopted the Recommendation on cooperatives results are already beginning to show at the national and local level.

In South Africa, the ILO has assisted in the development of a cooperative development strategy. A new cooperative law is making its way onto the statute books, a move that should lay the groundwork for a welcome boost to cooperative development there. Guinea-Bissau has also adopted a national policy on cooperative development based on the ILO Recommendation, with similar initiatives underway in Ethiopia, Tanzania, Zambia and Zimbabwe. Latin America cooperative movements have organised 10 national seminars to familiarise their members with the new instrument.

The Recommendation has also been used in Russia, where the Russian parliament, the Duma discussed rural cooperative development last December, and in China, where a conference of the [All China Federation of Supply and Marketing Cooperatives](#) used the text when debating the conceptual basis for the country's future legal framework for cooperatives.

Cooperatives play a crucial role in reducing poverty, and contribute to the ILO's *Decent Work Agenda* by:

- helping create jobs, particularly in economic sectors or geographical regions where conventional companies would struggle to create sufficient shareholder value to be able to operate profitably;
- saving existing jobs, through allowing producers in ailing companies to join forces to save their businesses;
- providing a unique channel for poorer citizens seeking basic social services such as health services, childcare and pre-school provision, care for the elderly and community services, particularly in developed countries;
- providing a bridge to the formal sector for people currently working in the informal economy, by increasing their ability to participate in the decision-making process and to negotiate conditions and prices with clients.

Internationally, cooperatives identify themselves by reference to seven core principles adopted by the [ICA General Assembly](#) in 1995. These stress the democratic nature of cooperatives, including the principles of open membership, irrespective of gender, race, political views, religion or social status. They also include the principle of one member-one vote, which provides women the opportunity to participate in

cooperatives on equal terms with men. Cooperatives also define themselves as autonomous self-help organisations, controlled by their membership.

The last point has not always been adequately understood by both governments and international development agencies, which have sometimes embraced the theory of cooperation as a route to economic development, and then tried to turn cooperatives into instruments of the state. The Recommendation clarifies this point and stresses the participatory nature of cooperation. As Juan Somavia, ILO Director-General, said at the International Labour Conference last year, *“Cooperatives empower people by enabling even the poorest segments of the population to participate in economic progress, they create job opportunities for those who have skills but little or no capital, and they provide protection by organising mutual help in communities.”*

The International Cooperative Alliance, which is itself entering a time of regeneration, sees the ILO Recommendation as a valuable tool in its work. *“It’s the first time for a long time that a formal official policy has been produced by an international organisation of the status of the ILO,”* Iain Macdonald says. His task now, he says, is to help disseminate the message: *“The trick is to get governments to pay attention to it,”* he adds.

### **Further Information**

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