



# Global Policy & Advocacy Guide



# Foreword

by ICA President

**This policy and advocacy guide is designed to help members establish and develop strategies to influence policy makers at different levels. It explores the important contribution that co-operatives make to our global economy and society and shows how these businesses, focused on their core purpose of serving their members, improve the lives of people around the world.**

Co-operatives are important to the people they serve, but they are also a crucial pillar to economy and society. Many countries recognize their contribution to the stability and wellbeing of economies, but, as we identify, there are places where there is insufficient or no legislation in place to enable co-operatives to flourish.

Domestic legislation and regulation everywhere can and must be brought up to the highest standards that exist in some countries to ensure that existing and potential co-operative members are not disadvantaged.

Co-operative businesses are different from investor-owned firms. They serve their members; they are governed by their members; they think about the long term; and they put the interests of their members ahead of profit. In doing so they are well placed to help solve many of the world's pressing socio-economic problems such as fostering economic development from the richest to the poorest countries of the world.

To fully play their part, co-operatives must operate in a free and fair environment and achieve the strong growth they need to better serve their members and the communities where they work.

This policy and advocacy guide outlines the changes that are needed to facilitate this effort, at a national, regional and global level. It is relevant for national politicians and global policymakers and regulators alike.

This guide seeks to identify the key policy ideas we should be advocating at a global, regional, sectoral and national level to ensure co-operative businesses operate in a free and fair environment and achieve the growth they need to better serve their populations. It is not prescriptive, and we recognise that different approaches will be needed to best suit co-operative businesses in each country. That said, we do believe there is a case for global standards and we hope this document makes any important contribution towards writing them.

Ariel **Guarco**



*Mutuo was asked to produce this global guide for co-operatives in support of their policy and advocacy work towards international institutions and national Governments.*

*It is an action call to address regulatory, legislative and policy barriers to markets for co-operatives and to identify policy opportunities that co-operatives can contribute to, with a particular focus on Development and the Sustainable Development Goals.*

*Its principal use is to develop coherent policy positions that can be used by Alliance members at Global, Regional, National and Sectoral level. It will be used as a tool to align key public affairs and policy messaging across the Alliance to maximise impact in multiple jurisdictions and institutions.*

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# Executive Summary

Co-operatives and their representative organisations work constantly to positively influence decision makers and policy makers to try to achieve the best possible business environment for member owned co-operatives.

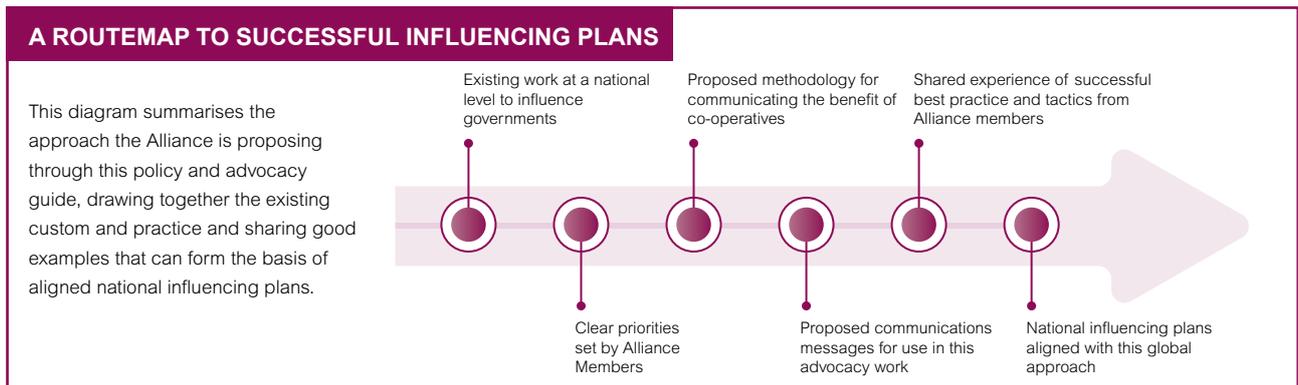
This guide is a tool to help them in that work. There is a great deal of good practice from around the world that can be shared and built upon. The policy and advocacy guide draws together some of this and suggests some methodology and communications protocols that can help to grow a consistent global approach to this work.

Of course, we recognize that there will remain significant variations between countries and regions. We believe that it is possible to respect this diversity and grow consistent themes and messaging to strengthen our overall impact.

This policy and advocacy guide is intended to help with work that is undertaken with:

- Parliamentarians, legislators and politicians at the national and local level
- National and international regulators
- Supranational organisations such as the United Nations, B20 and G20

The advice in this guide should be adapted to respect the national priorities and opportunities in each country.



It is important that we seek to make the case for co-operatives in an easily understood and consistent way. We need to present co-operatives within the context of the choice of business structures available in the relevant jurisdiction. It is important that we are able to show that co-operatives are rational and worldly, with a long and successful tradition in many parts of the world.

This approach should form the foundation of our regular communications work.

This means that there is a hierarchy to how we construct our communications messages to show why co-operatives matter:



We must be able to communicate the overall significance of co-operatives; the global statistics are impressive and help to explain the importance of co-operatives to economies and societies.

The Alliance has invested heavily in the World Co-operative Monitor over recent years. With each edition, the size and accuracy of the global movement has been charted in a strong format for communicating with our target audiences.

Co-operatives should try to align their sector objectives with the external political objectives of decision makers. While these objectives will inevitably vary from one nation to another, we can identify a number of broad priorities which match with the ambitions of our sector.

Many governments share our sector's priorities of building resilient economies and fostering enterprise so we can immediately identify a cross-over between the ambitions of the co-operative sector and that of national governments.

Similarly, through its Sustainable Development Goals we know that the United Nations has a policy framework with which our movement shares many goals.

So our communications messaging needs to show the relevance of co-operatives in a way that those we are seeking to influence will appreciate.

The key priorities of Alliance members are:	
1.	The need to improve general awareness of co-operatives
2.	The need for positive policy frameworks to develop the co-operative sector
3.	Removal of barriers to international trade between co-operatives and by co-operatives
4.	The need for quality legislative and regulatory frameworks
5.	Practical ideas around capital raising
6.	Policy opportunities for co-operatives related to the Sustainable Development Goals

A series of practical objectives are proposed to provide a consistent set of objectives to deliver against these priorities.

Alliance members from many jurisdictions have reported that they have experienced difficulties when working with government and regulatory authorities which appears to stem from a lack of knowledge about co-operatives. This problem was particularly acute when working with legislators.

**CO-OPERATIVES REQUIRE: A commitment from public authorities to engage with co-operative organisations at all levels, on a regular basis. The machinery of government must be sufficiently skilled to understand the different objectives of co-operatives and is able to produce policy that reflects this.**

Co-operatives should be able to compete on a level playing field with their shareholder-owned counterparts. Governments and regional/international authorities all have a respon-

sibility to ensure that markets work properly. It should be a policy objective of governments and regulators at all levels to ensure that a level playing field exists for all types of business, regardless of ownership structure.

**CO-OPERATIVES REQUIRE: Public authorities to adopt positive policies that promote corporate diversity and develop a work plan that will help to enable co-operatives to deliver their objectives.**

Alliance members reported a range of barriers to international trade between co-operatives and by co-operatives. Such barriers included restrictions to competition that do not facilitate cross border co-operation, barriers to international consolidation, local and cross border trading restrictions. In some jurisdictions, co-operatives are barred from particular markets and unable to provide choice for consumers.

**CO-OPERATIVES REQUIRE: National, regional and global authorities to recognise the importance of a level playing field for all and to commit to remove barriers against co-operatives, where they exist.**

The lack of an enabling environment is a critical problem for co-operative businesses, and Governments are responsible for the legal frameworks under which co-operatives registered in their country or state will operate. Too often, particularly in countries where the market share of co-operatives is low, the legal framework applying co-operatives is old-fashioned, restrictive, or unclear with regard to establishing new co-operatives.

**CO-OPERATIVES REQUIRE: National and state governments to review their legislation governing co-operatives and update it in favour of best practice legislation in order to create a legislative framework that facilitates free and fair competition and aims to reach the best global standards.**

While supervisors and regulators seek to make markets and products safer for consumers, they sometimes fail to understand the differences between legal structures and business purpose. The risk for co-operatives is that regulatory environments are designed simply on the basis of a 'one size fits all' approach that relates to the risks and challenges posed by competitors with investor-owned structures. The evidence is that ownership does in fact alter the behaviours of businesses, and it is important that regulatory regimes reflect this.

**CO-OPERATIVES REQUIRE: Public authorities to commit to create regulatory regimes that are sensitive to the ownership structure of co-operatives, their different corporate purpose, and which are proportionate to the need to protect consumers.**

The lack of capital raising options for co-operatives is seen as a serious barrier to co-operative development. Part of the cause of this is the nature of co-operatives themselves, which do not hold external investments. However, there are also legal and regulatory restrictions on co-operatives that mean there is a lack of funds for innovation and growth, hampering efforts to compete in a whole range of market places.

**CO-OPERATIVES REQUIRE:** Public Authorities should commit to support co-operative initiatives to facilitate new ideas for capital raising, including where necessary, changes to legislation and regulation in support of this.

Throughout their existence, co-operatives have shown that they are integral to economic development and spreading wealth. Millions of co-operative enterprises and their members are contributing every day from within their communities to achieving the United Nations Sustainable Development Goals in a way that is sustainable, inclusive, and people-focused.

**CO-OPERATIVES REQUIRE:** Public authorities should ensure that development initiatives promote co-operative action in the countries they support.



# PART 1

Who this guide is for,  
and how it can be used

# 1. How to use this guide

**Co-operatives and their representative organisations work constantly to positively influence decision makers and policy makers to try to achieve the best possible business environment for member owned co-operatives.**

**Co-operatives should work together in each nation to develop their own strategic plan for influencing their government.**

**This guide is a tool to help them in that work. There is a great deal of good practice from around the world that can be shared and built upon.**

**The policy guide draws together some of this and suggests some methodology and communications protocols that can help to grow a consistent global approach to this work.**

This guide is intended to support the custom and practice of work to influence governments that is already succeeding. In those areas, it should be seen as a supplement that may be referred to to help develop a consistent communications approach across jurisdictions and regions.

The advice in this guide should be adapted to respect the national priorities and opportunities in each country.

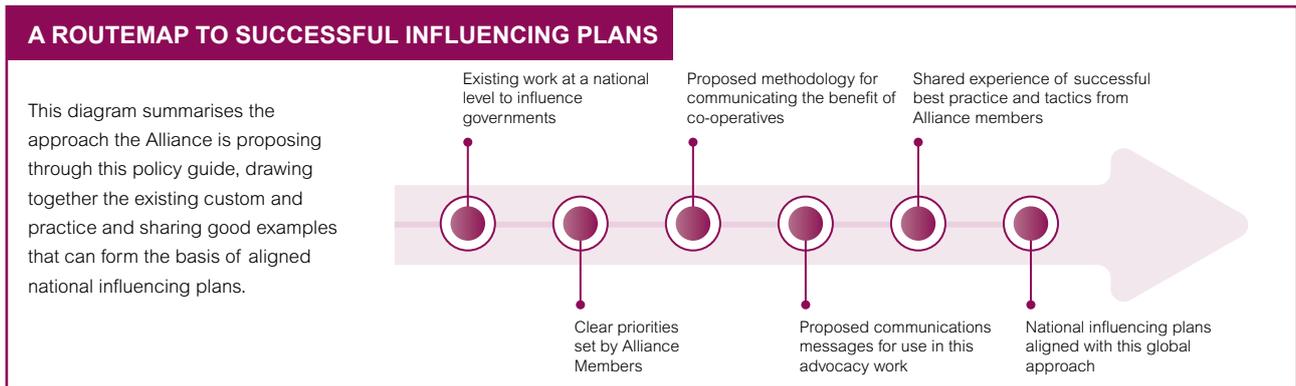
We know that the job of educating and influencing decision makers requires an ongoing effort, as people change and new people take office. It is a permanent effort that requires refreshing and updating on a regular basis.

We want to build on the Blueprint for a Co-operative decade which identified the below 5 critical interlinked themes:

<b>1.</b>	Elevate participation within membership and governance to a new level
<b>2.</b>	Position co-operatives as builders of sustainability
<b>3.</b>	Build the co-operative message and secure the co-operative identity
<b>4.</b>	Ensure supportive legal frameworks for co-operative growth
<b>5.</b>	Secure reliable co-operative capital while guaranteeing member control

As well as building on the Blueprint, this document is founded on the knowledge gained from a survey of existing views and the advocacy work already undertaken by ICA members. The responses from all regions, representing 47 different countries, provide the starting point for this guide and has helped to identify key priorities and targets.

Of course, we recognize that there will remain significant variations between countries and regions. We believe that it is possible to respect this diversity and grow consistent themes and messaging to strengthen our overall impact.



## WHO WE ARE SEEKING TO INFLUENCE

The scope of activities of the Alliance and its members brings co-operatives into contact with government at national and supranational levels across every jurisdiction.

This policy guide is intended to help with work that is undertaken with:

- Parliamentarians, legislators and politicians at the national and local level
- National and international regulators
- Supranational organisations such as the United Nations, B20 and G20

This is a complex mix of government, policy makers, legislators, regulators and influencers. It is important that we understand the way that these are interconnected, and use that knowledge to press consistent messages in a way that will best benefit co-operatives. This also means that we must respect the different global, regional and national responsibilities for seeking influence.

There has to be flexibility in how co-operatives and their representatives approach this effort, using consistent themes, but building on strong traditions and successful practice, where it already exists.

From our survey work we know that there is great variation amongst Alliance members in their experience of attempting to influence policymakers. Around one third of respondents (30%) felt that their co-operative ownership structure made it harder for them to work with their Government. Yet similar numbers reported that it made no difference, or that their co-operative status was actually a bonus.

The varied experience is the key to the success of this effort. This policy guide is designed as a tool to help transfer best practice from those areas where the architecture of government and legislation is working well to places where improvement is needed.

Our survey work also revealed that whilst members revealed concerns in their relationship with regulators and legislators, it was with legislators that they felt the biggest requirement for a stronger relationship: 61% of respondents felt that there was not sufficient understanding from legislators compared to 40% in relation to regulators.

At the same time, having identified targets for our messages, we must also consider the most appropriate route to influencing them.

For example, much of our messaging will be targeted at national governments and authorities, even if we are seeking to influence regional or global authorities. However, the protocol for the messaging that should be used in such an instance will be much more effective if it is a consistent global theme approved by the Alliance.

Efforts to influence national legislation and regulation will not need to follow the same protocols, but will benefit from knowledge of the communications and methodology suggested in this guide.

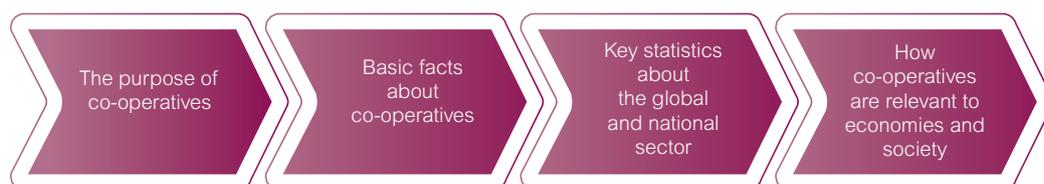
## **METHODOLOGY - THE IMPORTANCE OF CLEAR AND CONSISTENT COMMUNICATIONS IN PUBLIC AFFAIRS**

How we present our sector to those that we wish to influence is very important.

Often, we will be explaining some basic points about co-operatives to those that have little or no knowledge of this type of business. This means that we need to use language that is accessible and clear.

We can build more sophisticated communications messages when we know that we are dealing with those that have a deeper knowledge and appreciation of co-operatives, but it is always a good idea to use the same foundation points to grow this message out from. Too often, we can lose sight of the big picture of why co-operatives are important and what they can achieve.

This means that there should be a hierarchy to how we construct our communications messages to show why co-operatives matter:



It is important that we seek to make the case for co-operatives in an easily understood and consistent way. We need to present co-operatives within the context of the choice of business structures available in the relevant jurisdiction. It is important that we are able to show that co-operatives are rational and worldly, with a long and successful tradition in many parts of the world.

Once we are able to describe why co-operatives exist, then we can talk about how our co-operative structure makes us different, but it is important to present ourselves in that order. The way in which co-operatives are structured can be confusing so we should concentrate on communicating the purpose of co-operatives, rather than the constitutional difference. Our co-operative governance structure and ways of working are a means to an end – which is to deliver the co-operative purpose in each organisation.

We should always be able to talk about co-operatives in a way that uses everyday language, avoiding jargon and unnecessary complexity. These can only act as barriers to understanding. This is very important, as often when trying to influence people we only have a short opportunity when they are interested and listening.

We must also be able to describe the size and scope of co-operative business. Across the world, the combined statistics are impressive, and these should be used. We should also be able to talk about the size and impact of co-operatives in our own countries, so up to date statistics should always be available. Wherever possible, these should:

- Relate facts about the sector to key issues
- Match our sector's interests to mainstream political objectives
- Present co-operatives as problem solvers

This approach should form the foundation of our regular communications work.



# PART 2

Communicating the purpose of  
co-operatives: How co-operatives  
are different

## 2. Communicating the purpose of co-operatives: How co-operatives are different

This section can help in our work to inform the target audience about co-operatives. It takes the proposed methodology and suggests language that can be adapted for use in this.

### THE PURPOSE OF CO-OPERATIVES - EXPLAINING WHY WE NEED THEM



Co-operatives exist when groups of individuals come together to achieve an objective that they could not achieve alone. They are a rational alternative to investor owned business when the objective is different from maximising return to shareholders.

Co-operatives often come about as a response to the failure of a market to adequately serve the interests of groups of customers, workers or producers, such as where services and products are unavailable or otherwise not accessible to groups of people. Increasingly, entrepreneurs are choosing co-operatives above the alternatives to achieve their objectives.

The point of a co-operative is different from mainstream investor businesses. It is focused on delivering its mission as above, rather than maximising return to shareholders through profit distribution and capital growth.

Because the co-operative business purpose is different, these firms behave differently, pursuing business plans that aim to secure long term success for their members. As a result, they positively affect the markets in which they operate, often by restricting the profit taking of investor owned firms that must compete with them.

### BASIC FACTS ABOUT CO-OPERATIVES



Broadly speaking, there are three types of co-operatives – consumer co-operatives, worker co-operatives and producer co-operatives.

**Consumer co-operatives:** The objective is service quality and price, rather than profit maximisation. Examples of these businesses exist in banking, insurance, food retail.

**Worker co-operatives:** The objective is high quality employment that properly rewards employees, provides work place democracy and shares wealth. Such co-operatives exist in most industrial sectors.

**Producer co-operatives:** The objective is to enable smaller groups of businesses are to work together to operate in markets that would otherwise be dominated by large investor owned firms. Many such co-ops exist in agricultural production, where co-ops enable small producers to combine their efforts to compete.

As businesses driven by values not just profit, co-operatives share internationally agreed principles and act together to build a better world through co-operation.

## CO-OPERATIVE VALUES & PRINCIPLES

Co-operatives are also different from investor owned businesses because they adopt a set of values and principles that guide their work.

Co-operatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity plus the seven internationally recognised principles - guidelines by which co-operatives put their values into practice.

The seven co-operative principles (ICA Statement 1995):

### 1. Voluntary and Open Membership:

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

### 2. Democratic Member Control:

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

### 3. Member Economic Participation:

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

### 4. Autonomy and Independence:

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from

external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### **5. Education, Training and Information:**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

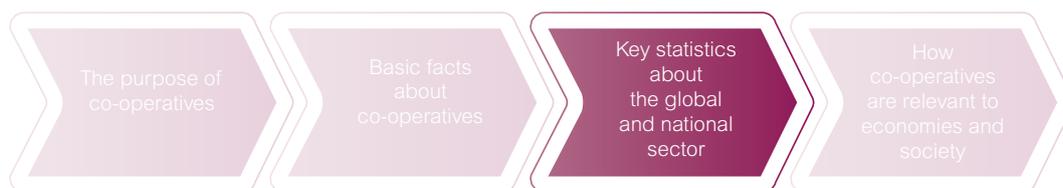
#### **6. Co-operation among Co-operatives:**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

#### **7. Concern for Community:**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

### **KEY STATISTICS ABOUT THE GLOBAL AND NATIONAL SECTOR**



It is vitally important that we are in possession of up to date and detailed statistics about our co-operative sector.

We must be able to communicate the overall significance of co-operatives; the global statistics are impressive and help to explain the importance of co-operatives to economies and societies.

The Alliance has invested heavily in the World Co-operative Monitor over recent years. With each edition, the size and accuracy of the global movement has been charted in a strong format for communicating with our target audiences.

We need to know how many co-operatives exist. We should be able show the wide range of businesses and services that co-operatives provide, the amount of money that they do business and the number of members, customers and employees.

Equally, we need to have up to date statistics in relation to our own country. If we cannot express the relative importance of our sector, we are unlikely to be able to present a credible case that will influence our targets.

It should be a national priority to ensure that these statistics are accurate and kept up to date. This is the only way that the global figures will also remain reliable.

The way that the world monitor is presented provides a good template for use on a national basis. The following examples from the current edition of the Monitor act as a guide, but the

full format used in the Monitor should be mirrored as closely as possible on a national scale, and kept updated for use in all lobbying operations.

More sophisticated levels can be added where market shares and other values can be calculated. Size matters with politicians in particular, but so does the ability to describe the importance of a type of business in particular markets.

Before using these numbers, it is important to make sure that they correspond to the most up-to-date version by checking [www.monitor.coop](http://www.monitor.coop).

**Co-operative enterprises worldwide employ 280 million people, making up almost 10% of the entire employed population. The sixth edition of the World Co-operative Monitor has revealed a global turnover of 2.1 trillion USD for the world's top 300 co-operatives. There are over 2.6 million co-operatives in the world with about 1,2 billion members.**

## TOP 300 Figures are based on 2015 data

TOP 300 BASED ON TURNOVER IN US \$ > distributed in > **27** Countries > Recorded a turnover of > **2,164.23** billion US \$

mainly concentrated in the “**insurance**” and “**agriculture and food industries**” sectors



THE **WORLD**  
**CO-OPERATIVE**  
**MONITOR**  
COLLECTED  
DATA FOR



Source = World Co-operative Monitor, 2017 edition

# PART 3

How co-operatives are relevant to  
economies and society

### 3. How co-operatives are relevant to economies and society

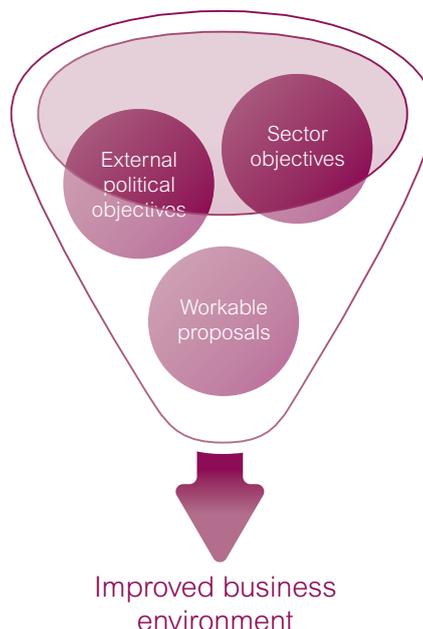
In this section we will try to align our key sector objectives with the external political objectives of decision makers. While these objectives will inevitably vary from one nation to another, we can identify a number of broad priorities which match with the ambitions of our sector.



Many governments share our sector’s priorities of building resilient economies and fostering enterprise so we can immediately identify a cross-over between the ambitions of the co-operative sector and that of national governments.

Similarly, through its Sustainable Development Goals we know that the United Nations has a policy framework with which our movement shares many goals.

We must make common cause where our ambitions and those of policymakers overlap, rather than leading our conversations with our ‘shopping list’ of issues that we wish to see delivered. Our overall objective of an improved business environment for co-operatives will always need an alignment of interests, ours – government’s plus practical ideas for how to achieve these.



So our communications messaging needs to show the relevance of co-operatives in a way that those we are seeking to influence will appreciate. This means that we must be able to present the case for co-ops as organisations that can solve everyday political and social problems.

Legislators and regulators will always be thinking about their policy priorities, from how to deliver on macro-policy issues such as economic performance or competition and choice in markets through to specific political priorities such as maintaining quality employment or affordable housing supply.

Returning to the purpose of co-operatives – they are problem solving organisations that can offer practical solutions in a wide range of policy areas. In this way, we are presenting co-operatives as a positive influence on the issues that matter most to those we are trying to convince.

## **THE FOLLOWING COMMUNICATIONS MESSAGES ARE EXAMPLES OF WHY CO-OPERATIVES ARE GOOD FOR THEIR ECONOMIES, THEIR MEMBERS, AND SOCIETY:**

These types of messages can be adapted for use by co-operatives in order to present our businesses in a way that is understood by the people we are trying to influence, reflecting the type of policy priorities that they are concerned with.

### **CONSUMER CO-OPERATIVES INCREASE CUSTOMER TRUST AND ACCOUNTABILITY**

In many countries, trust in institutions of all kinds is at an all-time low. Yet existing customers trust co-operatives more than they do investor-owned competitors. This feeling of trust is because co-operatives have been established to serve their customers, rather than investor shareholders.

Ownership by members means very different governance arrangements from those of investor-owned business. All members are treated equally, and every member has, in principle, one vote. Members elect representatives to form boards or committees which have responsibility for overseeing the affairs of the co-operative on behalf of its members. This democracy is a powerful benefit, empowering all members equally.

#### **CO-OPERATIVES PROTECT society and communities**

Co-operatives give a high priority to corporate social responsibility. Indeed, many co-operatives have a deliberate policy of dedicating some of their surplus to benefit the community, region or society in which they operate.

#### **CO-OPERATIVES PROVIDE competition and choice for consumers**

Because they are differently owned co-operatives provide extra competition and choice in the market place. They frequently offer products which differ from those of their competitors and can focus on different parts of the market.

### **CO-OPERATIVES CONTRIBUTE to corporate plurality and diversity**

The member ownership of co-operatives creates corresponding diversity in forms of corporate governance; risk appetite and management; incentive structures; policies and practices; as well as behaviours and outcomes.

Because of their ownership structure, co-operatives pursue business strategies aimed at long-term sustainability, contrasting with investor-owned companies that require shareholder-led, short and medium-term business strategies.

Co-operatives actively contribute towards corporate diversity because their reason for existence – their business purpose – is different to that of investor-owned businesses.

All businesses exist to serve their owners. The difference with co-operatives is that their owners are their members, who may be customers, workers or those with shared interests. This means that co-operative can focus on the needs of their members instead of the demands of external investors.

### **CO-OPERATIVES PROMOTE economic resilience and sustainability**

The evidence of the global financial crisis is that co-operatives have generally been more resilient than investor-owned firms.

During the financial crisis of 2007/8 and the following years of economic turmoil, co-operatives in the financial sector have not faced the levels of difficulty encountered by the banking sector and by certain other insurers.

Co-operatives play an essential role in the global economy, especially in times of crisis, by combining profitability with solidarity; creating high-quality jobs and strengthening social; economic and regional cohesion.

### **CO-OPERATIVES CAN HELP NATIONS to deliver the UN Sustainable Development Goals**

Co-operatives are also well placed to tackle inequality and poverty and help to grow economies which work for the widest number of people. Co-operatives can help to deliver against each of the 17 SDGs.

**Co-operatives should add particular national examples of how co-operatives have a value in policy terms, which match the particular policy priorities of the public authority they are seeking to influence. These could, for example, talk about how co-operatives can provide quality employment, increase access to affordable housing or increase the impact of renewable energy projects, depending on national factors.**

# PART 4

The co-operative agenda  
for public authorities

## 4. The co-operative agenda for public authorities

**The United Nations already recognizes the importance of co-operatives. In 2001 , the UN produced guidelines aimed at creating a supportive environment for the development of co-operatives:**

*'Co-operatives contribute to the stock of a nation's 'social capital', in ways that investor-owned businesses do not. The United Nations recognises this, urging Governments to encourage and facilitate the establishment and development of co-operatives, including taking measures aimed at enabling people living in poverty or belonging to vulnerable groups to engage on a voluntary basis in the creation and development of co-operatives.'*

*The UN, urges national governments, through resolution 56/11430, to 'encourage and facilitate the establishment of co-operatives, and to take appropriate measures to create a supportive and enabling environment for the development of co-operatives.'*

*In its promotion of Co-operatives, the International Labour Organization (ILO 193, 2002) recommends:*

*'Governments should provide a supportive policy and legal framework consistent with the nature and function of co-operatives and guided by the co-operative values and principles.'*

*The adoption of measures to promote the potential of co-operatives in all countries, irrespective of their level of development, for a range of purposes including the creation of income-generating activities and employment, the development of human resource capacities and knowledge of co-operation, the development of business potential, the increase of savings and investment, and the improvement of social and economic well-being.*

*The promotion of co-operatives as one of the pillars of national and international economic and social development.*

*That Governments should facilitate access of co-operatives to support services, investment finance and credit.'*

We understand the role of decision makers in creating an environment for diversity and growth that will enable co-operatives to flourish. By communicating strongly with them, we can inform them about our co-operatives and gain their interest in working through co-operatives to achieve positive public policy results.

This will open up the opportunity for a dialogue where we can discuss the policy priorities.

Through our membership survey, we asked about the policy priorities of Alliance members. We wanted to find areas of shared concern where we could help to develop responses across national and sectoral boundaries.

In grouping the responses into themes, we were able to prioritize the problems that co-operatives are reporting with their governments and regulators. We have weighted the responses in line with number of times similar issues were reported so as to reflect and rank the relative importance of each theme.

These themes provide us with the first areas that we can construct practical policies to share among Alliance members. We recognise that it will also be necessary to construct National

variations of these ideas that take account of particular challenges and opportunities in each country. Hopefully this approach can be adopted across a wider range of objectives.

#### The key priorities of Alliance members, as expressed in the membership survey are:

1.	The need to improve general awareness of co-operatives
2.	The need for positive policy frameworks to develop the co-operative sector
3.	Removal of barriers to international trade between co-operatives and by co-operatives
4.	The need for quality legislative and regulatory frameworks
5.	Practical ideas around capital raising
6.	Policy opportunities for co-operatives related to the Sustainable Development Goals

## THE NEED TO IMPROVE GENERAL AWARENESS OF CO-OPERATIVES

Alliance members from many jurisdictions have reported that they have experienced difficulties when working with government and regulatory authorities which appears to stem from a lack of knowledge about co-operatives. This problem was particularly acute when working with legislators. This can have severe consequences if the gap in knowledge leads to the inappropriate treatment of co-operatives resulting in a business environment that does not permit fair competition for co-operatives.

Government officials responsible for working on policy that affects co-operatives need a level of proficiency that enables them to work effectively with co-operatives. This includes a level of awareness of the different business purpose that motivates co-operatives, and an understanding of the business models employed in the sector.

Political leadership is important in ensuring that appropriate attention is given to this issue. To ensure that this works, in national and state governments, a named minister should act as the responsible member of the executive in its relations with all types of co-operatives. This will create a permanent line of communication for the sector, and help ensure that these matters are given sufficient status. Where it doesn't exist already national associations should consider engaging more closely with legislators and Parliamentarians by establishing a Parliamentary Friendship or All-Party Group which helps to inform legislators about our sector and advocates for a better business environment for co-operatives.

**CO-OPERATIVES REQUIRE: A commitment from public authorities to engage with co-operative organisations at all levels, on a regular basis. The machinery of government must be sufficiently skilled to understand the different objectives of co-operatives and is able to produce policy that reflects this.**

- National governments should nominate a minister responsible for relations with co-operatives
- Governments should ensure that they have access to training for officials responsible for working with the sector on a day-to-day basis.

### **How co-operatives can help:**

Alliance members in each country will take responsibility for increasing awareness of the model among politicians and providing training and support for relevant government officials. We will develop consistent communications messages that describe the different nature of co-operatives and their value to economies and societies. We will ensure that we maintain up to date statistics about the size and impact of our sector, and we will provide regular opportunities to share this information with public authorities and individuals within them.

National associations should establish Parliamentary Friendship or All-Party Groups in Parliament to inform and build consensus in favour of co-operatives.

## **THE NEED FOR POLICY FRAMEWORKS TO DEVELOP THE CO-OPERATIVE SECTOR**

Co-operatives should be able to compete on a level playing field with their shareholder-owned counterparts. Governments and regional/international authorities all have a responsibility to ensure that markets work properly.

This means that there should be no intentional or accidental bias against co-operatives when policy is developed, how the laws and regulations governing markets operate, or the manner in which co-operatives interface with governments and regulatory authorities.

Co-operatives should be welcomed as partners in helping global, regional and national authorities meet the wide range of challenges facing people and their communities. From playing their part in increasing investment in infrastructure and assisting economic development, to helping to plan for climate change, the expertise of co-operatives should be utilized for people across the world.

Governments also need to have a policy reason for supporting co-ops that recognizes their own objectives. We believe that this approach can open up positive discussions to improve tax policy and competition policy.

It should be a policy objective of governments and regulators at all levels to ensure that a level playing field exists for all types of business, regardless of ownership structure.

This will ensure that the shareholder-owned model does not dominate the attention of policymakers when they are establishing the principles for legislation and regulation. It will also recognize the positive contribution that co-operatives can make to society more widely.

**CO-OPERATIVES REQUIRE: Public authorities to adopt positive policies that promote corporate diversity and develop a work plan that will help to enable co-operatives to deliver their objectives.**

**How co-operatives can help:**

Alliance members will work to help this effort by highlighting examples where a more positive policy approach to co-operatives will benefit citizens through better functioning markets across a wide range of business sectors.

**REMOVAL OF BARRIERS TO INTERNATIONAL TRADE BETWEEN CO-OPERATIVES AND BY CO-OPERATIVES**

Alliance members reported a range of barriers to international trade between co-operatives and by co-operatives.

Such barriers included restrictions to competition that do not facilitate cross border co-operation, barriers to international consolidation, local and cross border trading restrictions. In some jurisdictions, co-operatives are barred from particular markets and unable to provide choice for consumers.

**CO-OPERATIVES REQUIRE: National, regional and global authorities to recognise the importance of a level playing field for all and to commit to remove barriers against co-operatives, where they exist.**

**How co-operatives can help:**

We should be prepared to identify such barriers and highlight them to the Alliance in order that additional pressure may be applied to collectively challenge where change is required.

**THE NEED FOR QUALITY LEGISLATIVE FRAMEWORKS**

The lack of an enabling environment is a critical problem for co-operative businesses, and Governments are responsible for the legal frameworks under which co-operatives registered in their country or state will operate. Too often, particularly in countries where the market share of co-operatives is low, the legal framework applying co-operatives is old-fashioned, restrictive, or unclear with regard to establishing new co-operatives.

Positive examples of the modernization of co-operative law are seen as strong models of activity to pursue. The introduction of a Co-operatives national law or special legal codes such as exist in France, South Korea and Portugal are cited as ideas that could be replicated elsewhere.

Clearly, by working on actual projects to modernize and improve legislation and regulation, co-operatives will be able to share a deeper understanding with public authorities. Such projects should be prioritised and driven forward at a national level, perhaps supported by global recommendations for legislative and regulatory standards

**CO-OPERATIVES REQUIRE:** National and state governments to review their legislation governing co-operatives and update it in favour of best practice legislation in order to create a legislative framework that facilitates free and fair competition and aims to reach the best global standards.

**How co-operatives can help:**

The Alliance will continue to develop global standards which can be shared with its members and form the basis of agreed policy objectives globally. Alliance members will help legislators to get a clearer idea about the specific characteristics of co-operatives. In particular, they will provide examples of best practice from around the world and work towards building global models of best practice in co-operative legislation.

## THE NEED FOR QUALITY REGULATORY FRAMEWORKS

While supervisors and regulators seek to make markets and products safer for consumers, they sometimes fail to understand the differences between legal structures and business purpose. The risk for co-operatives is that regulatory environments are designed simply on the basis of a 'one size fits all' approach that relates to the risks and challenges posed by competitors with investor-owned structures. The evidence is that ownership does in fact alter the behaviours of businesses, and it is important that regulatory regimes reflect this.

Though it was recognised that regulators in general had a better understanding of co-operatives than did legislators, regular meetings with regulators are seen as critical to improving their understanding. Some respondents to the survey highlighted annual or biennial auditing/ inspection of co-operatives undertaken jointly by the sector and the Government to guarantee compliance to law.

At a national and state level, regulators should ensure that regulation is not merely designed with shareholder-owned companies in mind and that it is sensitive to the different business purpose of co-operatives.

**CO-OPERATIVES REQUIRE:** Public authorities to commit to create regulatory regimes that are sensitive to the ownership structure of co-operatives, their different corporate purpose, and which are proportionate to the need to protect consumers.

**How co-operatives can help:**

On a national basis, co-operatives will commit to maintaining regular contact with regulatory bodies, including offering opportunities to help inform officials about their businesses. Globally, the Alliance will work through supranational structures, including the B20 to press the case for fair treatment.

## PRACTICAL IDEAS AROUND CAPITAL RAISING

The lack of capital raising options for co-operatives is seen as a serious barrier to co-operative development. Part of the cause of this is the nature of co-operatives themselves, which do not hold external investments. However, there are also legal and regulatory restrictions on co-operatives that mean there is a lack of funds for innovation and growth, hampering efforts to compete in a whole range of market places.

The objective must be to provide a range of options to build an adequate supply of capital that behaves and has characteristics suitable for co-operatives.

**CO-OPERATIVES REQUIRE:** Public Authorities should commit to support co-operative initiatives to facilitate new ideas for capital raising, including where necessary, changes to legislation and regulation in support of this.

### How co-operatives can help:

The Alliance has already published a document highlighting a range of initiatives that have been adopted to challenge the capital conundrum for co-operatives. The Alliance will facilitate the continued sharing of information of initiatives taking place in different jurisdictions, so that these are understood by its members. The Alliance will pursue its role as a catalyst for the development of new initiatives that help to address the capital conundrum.



# PART 5

Global action: How co-operatives  
can help to deliver the  
United Nations Sustainable  
Development Goals

## 5. Global action: How co-operatives can help to deliver the United Nations Sustainable Development Goals

Throughout their existence, co-operatives have shown that they are integral to economic development and spreading wealth. Millions of co-operative enterprises and their members are contributing every day from within their communities to achieving the United Nations Sustainable Development Goals in a way that is sustainable, inclusive, and people-focused.

This experience should be deployed in relation to some of the biggest challenges we face.

In 2016, the International Co-operative Alliance regrouped the SDGs into four key action areas where co-operatives can be most impactful:

- eradicating poverty,
- improving access to basic goods and services,
- protecting the environment, and
- building a more sustainable food system.

### **POLICY OPPORTUNITIES FOR CO-OPERATIVES RELATED TO THE SUSTAINABLE DEVELOPMENT GOALS**

The section below describes how co-operatives can contribute to delivering each of the 17 sustainable development goals, across developing nations.

**CO-OPERATIVES REQUIRE:** Public Authorities should commit to support co-operative initiatives to facilitate new ideas for capital raising, including where necessary, changes to legislation and regulation in support of this.

#### **How co-operatives can help:**

The Alliance will continue to work closely with the United Nations to ensure that the role of co-operatives remains a key part of the global effort to achieve the Sustainable Development Goals.

The Alliance and its members will seek to develop links between co-operative agencies that are skilled in the growth and support of co-operatives in the developing world, to ensure that sufficient expertise is available to support co-operative development.

#### **SDG 1: Eradicating poverty**

The co-operative model is a poverty fighting tool. In areas or sectors where few other options exist, they are a self-help way for people to create their own opportunities and to pool their resources for greater impact. As values- and principles-based enterprises, they

exist for the greater good of all and not for the financial gain of a few. They are also spaces where members can meet their needs in the long-term and secure their livelihoods.

## **SDG 2: Zero hunger**

Of all the co-operatives in the world, 32% operate in the food and agriculture sector, meaning that they have an important presence among rural communities.

They help small agricultural producers overcome the many challenges they face as individuals. Being often based in remote, rural areas, these obstacles are often a question of access: to markets, natural resources, information about food prices and market trends, high-quality inputs (such as equipment, seeds, and fertiliser), loans to purchase those inputs, and transport, storage, and other infrastructure.

When producers come together in a co-operative, individuals benefit from the strength of the collective, while preserving their autonomy. Through a co-operative, producers can improve their productivity, strengthen their position in the value chain, build more sustainable livelihoods for their families and their communities, and produce better food for all.

As a result, through a co-operative producer can improve their productivity, strengthen their position in the value chain, build more sustainable livelihoods for their families and their communities, and produce better food for all.

Financial co-operatives and credit unions are also important means to drive rural investment and development and help end hunger. Savings and credit co-operatives (SACCOs) are community-focused institutions that invest in the betterment of their members. SACCOs and credit unions in rural areas offer low-interest loans to agriculture and livestock producers, helping them to access the capital necessary to grow and raise, and process, transport, and market their products. For individuals, SACCOs can offer development loans for building a home or paying children's school fees.

## **SDG 3: Ensuring healthy lives**

Health co-operatives are important sources of preventative and curative care around the world, providing everything from home care services to full-service hospitals. They can be made up of healthcare providers, patients and community members, or a mixture of the two.

Given the unique people-focused approach of co-operation, health co-operatives respond to the needs of their members and are a source of affordable care for millions of households around the world.

## **SDG 4: Inclusive and quality education**

Education and training count among the founding principles of all co-operative enterprises. Co-operatives primarily contribute to SDG 4 by increasing their members' incomes, thereby allowing to afford better educational opportunities for themselves and for their families.

They can also step in when governments fail to provide infrastructure for education, for example, by building schools or forming co-operatives for youth to develop their profes-

sional skills. There are many co-operative schools and universities around the world that provide a people-focused approach to learning.

Education is not only a matter for young people in the co-operative world; co-operatives also provide essential lifelong learning opportunities for their members, whether they relate to professional development, leadership training, or literacy.

### **SDG 5: Gender equality and women's empowerment**

Co-operative enterprises all subscribe to the principle of voluntary and open membership, meaning that anyone can join a co-operative without fear of discrimination. Co-operatives are also democratically governed by their members, which means that members have an equal voice in decision-making processes. These key aspects of the co-operative identity help make them drivers of gender equality and women's empowerment.

The co-operative form of enterprise facilitates women's participation in local and national economies. Through credit unions and co-operative financial institutions, women can save and get access to financial services. The establishment of women's co-operatives are on the rise, particularly among domestic workers, who are often marginalised women in vulnerable economic and social situations. Co-operatives also help create employment, education, and training opportunities for women and girls who are usually excluded from the economy.

Women also strengthen their leadership skills through co-operation by not only participating in their organisation's governance, but by making decisions for members and their communities that increase their image as leaders and change makers.

The levels of membership among women in co-operatives are proof of their potential for achieving SDG 5.

### **SDGs 6 and 7: Water and affordable and clean energy**

In the case of water, sanitation, and energy, co-operatives can bring services to remote, rural areas where public and private actors do not find the investment attractive. Water and electric co-operatives are a community-managed solution for people to bring infrastructure to their area and make services affordable.

Co-operatives can also allow communities to transition to renewable energy and sell that energy to increase local wealth. People-owned renewable energy co-operatives have seen great success in Europe in recent years, and the U.S. has a long history of rural electric co-operatives.

### **SDG 8: Decent work and economic growth**

Co-operatives play a significant role in employment creation and income generation, through both direct employment and organising people's economic activities through co-operatives. It is estimated by the International Organisation of Industrial, Artisanal and Service Producers' Co-operatives (CICOPA) that co-operatives secure the livelihoods of 272 million people in the world<sup>1</sup>.

Because co-operatives are people-centred, they are also sources of decent work. Co-operatives often place more emphasis than their corporate counterparts on employee pay and benefits, offerings of education and training opportunities for workers, and community investment. There are increasing instances of workers buying out businesses when they fail and saving their jobs by turning those companies into worker co-operatives.

### **SDG 9: Resilient infrastructure and inclusive and sustainable industrialisation**

Achieving the SDGs will require modern and sturdy infrastructure to support development, and sustainable industrialisation that improves all people's lives in way that supports research and innovation.

Co-operatives are a valuable partner to achieve SDG 9, given their deep roots in local communities and understanding of people's needs. As discussed in the section on SDG 7 and energy, co-operatives can step in to fill gaps in basic goods and services where public and private investors are unable or unwilling to act. Examples include building roads, increasing access to financial services and markets, bringing technological advances to rural areas, and transitioning to environmentally sound industrial methods.

### **SDG 10: Reduced inequalities**

Co-operative enterprises drive equality in many ways. Through open and voluntary membership, allowing anyone, regardless of their background or socioeconomic status, to join if they can commit to the responsibility of being a member. Through active engagement of members in co-operatives' governance and operations, increasing people's representation and voice and inclusive business practices. Through increased wealth for members and their households.

### **SDG 11: Sustainable cities and communities**

Co-operatives have proven to be excellent partners in making human settlements more inclusive, safe, resilient, and respectful of the environment. Housing co-operatives provide lodging for people in need and allow them to manage it according to their needs as tenants. Co-operative insurers and mutuals help people vulnerable to natural disasters and the effects of climate change to protect their homes and their livelihoods, often when other insurers are not willing to take the risk. With concern for community as a founding principle, co-operatives have the long-term vision for environmentally sound investments, such as energy efficiency, safe and sustainable building materials, and disaster resilience.

Beyond safe and sustainable communities, co-operatives are also shepherds of culture and heritage. In December 2016, UNESCO added the "idea and practice of organising shared interests in co-operatives" to its list of intangible cultural heritage.

### **SDG 12: Sustainable consumption and production**

Environmental sustainability is a particular strength of co-operatives, given their shared principle of concern for community. Being values-based enterprises, co-operatives are committed to using natural resources in a sustainable way, and promoting sustainable

practices to the community. They are also early adopters of sustainability reporting, with many co-operatives tracking and making available data on their environmental impacts.

Within the co-operative movement are so many examples of sustainable consumption and production: comprehensive recycling and reuse programmes, innovative ways in reducing food waste and food loss along the supply chain, and investment in sustainable packaging and transport.

### **SDG 13: Climate action**

Guided by long-term goals, co-operatives can foster the buy-in necessary for the sacrifices necessary to address climate change. Whether that be paying more for renewable energy, ending the use of plastic bags, or stepping in to support communities vulnerable to disaster, co-operatives are ready to act.

They also help people find local solutions to problems created by environmental change, such as redefining land and resource use or diversifying activities to support greener ventures.

### **SDGs 14 and 15: Water and land**

Co-operatives exist to meet the needs of their members, but they also know that their members' needs cannot be met if the natural environment is not protected. Operating in all sectors of the economy, co-operatives work around the world to preserve the oceans, freshwater sources, forests, and biodiversity.

How can this be achieved through a co-operative? Fishery co-operatives train their members to avoid overfishing and adopt sustainable practices. Forestry co-operatives harvest wood in a way that protects and replenishes the area being used, educates the community, and promote love of forest ecosystems.

### **SDG 16: Peace, justice, and strong institutions**

Co-operative enterprises are democracy workshops. Through active member participation and “one member, one vote” governance, they help people develop their skills as fair decision-makers and become leaders.

Co-operative enterprises are democracy workshops. Through active member participation and “one member, one vote” governance, they help people develop their skills as fair decision-makers and become leaders.

As spaces without discrimination, co-operatives are also a forum for people to strengthen their interpersonal and intergroup relationships. They exist during political turmoil, economic crisis, displacement, and violence, and can help people find peace with their neighbours and rebuild their societies.

Co-operatives are therefore sources of positive social capital that foster a sense of community, empowerment, and inclusion.

## **SDG 17: Partnerships**

The founding principle of co-operation among co-operatives ensures that the global co-operative movement is a vast network with shared goals. Co-operatives work together to strengthen the overall movement. For example, consumer co-operatives in Europe work with agricultural co-operatives in Africa to source products for their shoppers, increasing their trade opportunities.

But co-operatives know that they are not the only forces at work when it comes to sustainable development. For that reason, co-operatives are working with governments, civil society, and the UN system to achieve the SDGs.

*Find out more about The International Co-operative Alliance's work on the Sustainable Development Goals in Co-ops for 2030:*

*[www.coopsfor2030.coop](http://www.coopsfor2030.coop)*



# PART 6

Sharing good practice: Some practical suggestions for influencing public authorities

## 6. Sharing good practice: Some practical suggestions for influencing public authorities

Using the communications and messaging protocols should be helpful to co-operatives where they are seeking to influence and inform individuals in public authorities.

There is no substitute for a well defined national plan of action, that clearly articulates the value of the co-operative sector in a particular country, the role that it can play in improving prosperity and the actions that governments need to take to help facilitate this.

Additional tactics can be deployed on specific policy areas that act as an illustration of how co-operatives can create a better world. This policy-led approach is very effective at engaging and maintaining the interest of politicians. The two case studies below explain this in greater detail.

### **IDEAS FOR NATIONAL AND REGIONAL ADVOCACY PLANS**

Many national co-operative representative bodies have developed plans for influencing their governments, Parliaments and independent regulators. These are an effective way

#### **Australia: – Blueprint for an Enterprising Nation**

*The Blueprint for an Enterprising Nation outlines the tangible benefits of providing goods and services through member owned businesses and some of the specific steps government and the sector itself can take to support and grow this important part of the economy.*

*The Business Council of Co-operatives and Mutuals (BCCM) is the national peak body representing Australian member owned businesses. Formed in 2013, the BCCM is led by the chief executives of Australia's co-operative and mutual businesses in all sectors including agriculture, financial services, health insurance, retail, motoring services and human services. The BCCM works to promote the role of member-owned enterprises in the national economy. With over 2000 co-operative and mutual businesses operating nationally representing a total of 29 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to economic and social development in Australia.*

*Working with Mutuo, BCCM devised a strategy aimed at maximising its impact on the Australian legislative and regulatory environment. It began by putting together 'Blueprint for an Enterprising Nation' a key lobbying document which identifies the size, scale and priorities of the overall sector.*

*The BCCM used this piece to establish and build strong relationships with policymakers which resulted in the 2016 Senate Economics References Committee Inquiry in to Co-operatives Mutuals and Member Owned Firms.*

*Most recently, following a Review commissioned by Federal Treasurer, the Australian Government has committed to bring forward legislation to build a better environment for Co-operatives, particularly in relation to capital raising.*

of clarifying the shared objectives of their member organisations and prioritising actions that they will pursue collectively on behalf of the sector.

It is also an opportunity to align national plans with the international communications messages of the Alliance.

### **Canada: Solving Challenges Together**

*A bold policy document conceived by Co-operatives and Mutuals Canada (CMC) – the national apex organization representing close to 9,000 member owned enterprises in Canada.*

*After many years of collaboration and dialogue, this association was launched in 2014, unifying the franco-phone and anglophone sectors. A year and half later, Canada had a national election which saw the Liberal Party of Canada elected with a resounding majority ushering in a new era of transparency and hope.*

*In an unusual move, the new Prime Minister published his mandate letters to his cabinet ministers. This allowed CMC to review the priorities of the government and link them to co-operative and mutual issues and position the movement to work with government to solve their key issues - affordable high-speed Internet, economic opportunities for first nations, and more renewable energy sources were identified as some of the government's priorities where co operative models could provide solutions.*

*The success of the campaign can also be credited to a comprehensive shift in our language. A seasoned communications consultant re-oriented our messaging to assure that we made appropriate offers to government instead of “asks” as policy requests are typically described.*

*In April 2017, the Canadian Parliament unanimously adopted a Motion recognizing the importance of co operatives. The campaign will expand, evolve and continue until the next election scheduled for October 2019.*

## **THINK TANK STYLE POLICY INTERVENTIONS**

Co-operative representatives should seek out opportunities to demonstrate the relevance of co-operative organisations to the wider society and economy. This means that there is value in engaging with public policy developments on an intellectual and practical basis so that new co-operatives can be established with the support of politicians.

### **United Kingdom: Driving change through policy**

*In 2001, the UK had just been through a major wave of de-mutualisation. This had a big effect on the co-operative and mutual sector, with many building societies and friendly societies converted to publicly listed companies. As a consequence, the number of co-operatives and mutuals and their market share, particularly in financial services, fell dramatically.*

*Politicians, policymakers and regulators had disregarded co-operatives and mutuals; the legislation was out of date and regulation was designed around joint stock companies. ➤*

➤ *Building on a successful project to create football supporter trusts – co-operatives that were enabling football fans to take an ownership stake in many professional clubs - Mutuo sought out new areas in which to develop new co-operatives and grow the co-operative sector.*

*The political impetus for the reform of public services which existed at this time meant that co-operatives had a new opportunity to be seen as modern and effective business models. Government wanted to create public service providers that were business-like and efficient but retained their accountability to service users and other stakeholders. Co-operative structures offered a way to this.*

*Mutuo produced a series of policy papers, suggesting how new co-operatives could be created by converting public service institutions into member owned mutuals.*

*As a result of this work, new co-operatives and mutuals emerged to provide public services in housing, health, education and a range of local government services. By 2017 more than 130 NHS Foundation Trusts (hospitals) had been created, 10 community housing mutuals, over 1,000 co-operative trust schools, youth service, leisure service and child care co-operatives.*

*This approach has had a strong beneficial effect for the UK co-operative sector. From a low position, there is now a political consensus in favour of co-operatives and mutuals.*

*Hundreds of new mutual businesses have been established in areas where services had previously been provided by state or municipal authorities. These mutuals are popular, with a new level of engagement between management, customers and staff, and the sector has grown significantly, with 2 million more members nationally.*

In our survey of Alliance members, we wanted to explore ideas that had improved the business environment for co-operatives, with a view to sharing this experience for use in different parts of the world. We grouped the ideas into themes for action.

1.	Government policy led initiatives to develop co-operatives
2.	Institutional initiatives
3.	Regulatory led initiatives
4.	Legislation led initiatives
5.	Parliamentary initiatives

## **GOVERNMENT POLICY LED INITIATIVES TO DEVELOP CO-OPERATIVES**

Respondents contributed a range of ideas where their experience of working on government led initiatives had worked favourably. Where Governments had established a national co-operative policy or specific policy working groups, this had been beneficial. Fiscal exemptions and promotions had also been effective, for example community shares programme and centre for co-op entrepreneurship. Overall, it was seen as essential that we should work with Governments to promote a proactive positive policy environment.

**Italy: Turning social security payments into investment***Lessons from the Italian Marcora Law*

*Worker co-operatives can play a significant part in rejuvenating firms which would otherwise close, in places where there is a supportive policy and business infrastructure to facilitate this. This can act as an essential component of a progressive employment policy.*

*Perhaps the best known example of this is Italy, where these conversions take place as negotiated employee buyouts between workers, exiting owners, the co-operative sector, and local authorities and bankruptcy courts.*

*Under a legal framework that is known as the Legge Marcora (Marcora Law), an infrastructure of support has been created to assist the worker buy-out of firms.*

*State funding that would otherwise have been spent on unemployment benefits is used to finance these new co-operatives. It has been phenomenally efficient for the taxpayer; it is estimated that this investment has safeguarded nearly 14,000 jobs, in 270 businesses and generated an economic return for the Italian State of 6.8 times the capital invested.*

*The Italian method of creating WBOs is a negotiated conversion and business restructuring mechanism with a unique set of supportive policies and a financing structure facilitated by a collaborative approach between workers, the co-operative sector, and the state.*

*By law, Italian co-operatives must contribute 3% of their annual profits to a national fund (fondo mutualistico) which is dedicated to co-operative development. This money is managed by a specialist agency, Cooperazione Finanza Imprese (CFI), which provides technical assistance, business feasibility studies for assessing the viability of new worker co-ops, and invests risk capital or debt capital finance for workers. CFI works closely with employees, local labour and business representatives, co-operative associations and consortia, before deciding to invest in or assist in the start-up or further consolidation of a WBO project. The Italian State Treasury has made available two funds for WBOs in order to promote and secure levels of employment in times of crisis and for the conversion of businesses in crisis into co-operatives. These funds contribute to the capitalization of a new co-operative via share or debt capital financing on a 1:1 ratio with workers' initial start-up or capital investments.*

**INSTITUTIONAL INITIATIVES**

Looking at the institutions of government, respondents reported that they had positive experience of specialist co-operatives ministries. These are common in some parts of the world, but not a general rule. Other examples included special protocols for co-ops. A joint government/sector development institute could help. Government/state loans to co-operatives in developing countries have a positive effect.

**REGULATORY LED INITIATIVES**

Frequent meetings with regulators are seen as critical to improving understanding. Some respondents highlighted annual or biennial auditing/ inspection of co-operatives undertaken jointly by the sector and the Government to guarantee compliance to law. Another experience was of the adaptation and dissemination of the ethical code and guide lines

for the administrative responsibility of co-operative enterprises. Banking and fiscal regulation have also provided opportunities for positive reinforcement.

### **LEGISLATION LED INITIATIVES**

Examples of the modernization of Co-operative law are seen as strong models of activity to pursue. The introduction of a Co-operatives national law or special legal codes such as exist in France, South Korea and Portugal are cited as ideas that could be replicated elsewhere.

#### **Republic of the Philippines: The Philippine Co-operative Code of 2008**

*The Philippines provides us with an example of good practice in relation to Government policy. In 2009 the Congress of The Philippines passed The Philippine Co-operative Code of 2008 which specifically champions the creation and growth of the co-operative sector. The Co-operative Code of 2008 was shepherded by the Co-op NATCCO Party List system where representatives ensured its successful passage.*

*The text of the Act is as follows:*

*“It is the declared policy of the State to foster the creation and growth of co-operatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of co-operatives and shall create an atmosphere that is conducive to the growth and development of these co-operatives.”*

*The Act hardwires in to the legal framework of the Philippines the desire to pursue a positive business and policy environment for co-operatives.*

#### **Background on the implementation of the Framework Act on Co-operatives in Korea**

*Since the financial crisis of 1997, Korea has suffered from income inequality and relative poverty. In addition, the rapid changing population structure due to the low fertility rate and aging have put pressure on the welfare funds of the Korean government. On December 1, 2012, in addition to financial support for disadvantaged people, the government put into effect the Framework Act on Co-operatives to help people achieve economic independence and welfare expansion through co-operatives.*

*Unlike the individual co-operative laws enacted by the government, the Act is meaningful as a private sector-led legislation. In October 2010, the Korea Co-operative Institute (KCI) submitted a report entitled “A Study in the implementation the Framework Act on Co-operatives in Korea” to the National Assembly’s Secretariat. This led a meeting in February 2011 to discuss the trends and issues on the Framework Act on Co-operatives. After eight preparatory meetings and two representative gatherings from March to September 2011, “The Network for the Framework Act on Co-operatives in Korea” was established on October 11, 2011. The network, which consists of 32 organizations and represents consumer and informal co-ops in Korea, advocated for the enactment of the Framework Act in the 18th National Assembly in accordance with the International Year of Co-operatives in 2012. ➤*

► Based on a draft of the Framework Act on Co-operatives in Korea presented by “A Study on the implementation of the Framework Act on Co-operatives in Korea”, members of the assembly and the Network submitted the bills. On November 4, 2011, after deliberation in the Economy and Finance Subcommittee, these three bills were brought up to the National Assembly Strategy and Finance Committee and became the Framework Act on Co-operatives. Finally, the bill passed in the Strategy and Finance Committee, the Legislation and Judiciary Committee, and the National Assembly plenary session from December 28 to 29, 2011. The government’s task force team, composed of the Office of Senior Presidential Secretary for Civil Affairs and the Ministry of Strategy and Finance, played a large role in passing the bill by mediating the difference in opinions between the government, the National Assembly and the private sector.

Before the act was enacted, only 8 individual co-operatives acts including agricultural, consumer, and fisheries co-ops existed. Thus, co-operatives that were not specified under the individual acts had no legal ground to start their business as co-ops. However, the Framework Act on Co-operatives now required only 5 people to establish a co-operative in almost all sectors except finance and insurance by registering without authorization. The Act enabled the establishment of non-profit social co-operatives that provide social services and employment for disadvantaged people and contribute to the community.

In addition, the Framework Act on Co-operatives in Korea included contents that were difficult to the individual laws. First, the Ministry of Strategy and Finance has taken charge of the authority on the co-operatives. The Minister of Strategy and Finance generalizes policies and builds a master plan for the co-operatives. In addition, they take a survey on the actual management conditions of co-operatives and announce the survey results every three years. Second, the Act enabled co-operation among different sectors of co-operatives. Third, it observes International Day of Co-operative on the first Saturday of July and Week of Co-operative in a week before the International Day of Co-operatives.

## PARLIAMENTARY INITIATIVES

Working with Parliamentarians in a structured way is an essential bedrock lobbying activity. By identifying sympathetic legislators, deeper relationships have been built up. Examples such as Co-operative Parliamentary groups or caucuses that inform MPs / senators on co-operatives have been effective

### **The Brazilian Co-operative Caucus**

After three decades of legislative action, the Brazilian Co-operative Caucus (Frencoop) is one of the most active and influential supra-party caucuses in the Brazilian Parliament. Today, the Group counts on the adhesion 47% of the member of the Lower House as well as the senators. Altogether, there are 279 members, with 243 Members of the House and 36 senators, regardless of their partisan flag or state of origin.

Its main objective, in partnership with the OCB System, is to ensure a favorable environment for the co-operative development. This can happen through voting bills or in the process of formulating normative and public policies of the government. On a monthly basis, the OCB Executive Board meets with the member of the Caucus to align priorities. ►

► *In the last year, thanks to a more intense role in the Parliament and to an aligned work between Frencoop and OCB, several matters of interest to the co-operative were approved in committees and plenaries. As an example, we can mention the end of the payment of social security contributions by the policyholder of labor co-operatives. It was established by the Resolution 10/2016 of Senate; the due recognition of the co-operative act in the legislation that dealt with integrated production, with the enactment of Law 13,288/2016. Another example is the continuation of discounts on the purchase of energy for electrification co-operatives, with the enactment of Law 13.360 / 2016.*

*In 2017, Frencoop's challenge was to expand the space of co-operatives in public policies, taking into account the importance of collective entrepreneurship. It was a period of renewal of economic growth, for social inclusion, income generation and regional development. Among these matters, the main proposal to foster co-operative system is the Complementary Law Bill 271/2005, which deals with the appropriate tax treatment of the co-operative act.*

## ABOUT THE INTERNATIONAL CO-OPERATIVE ALLIANCE

The International Co-operative Alliance is a non-profit international association established in 1895 to advance the co-operative model. The Alliance is the voice for co-operatives worldwide, representing more than 300 national level co-operative federations, individual co-operative organisations and government offices concerned with co-operatives across 105 countries (figures of January 2017).

The Alliance works with global and regional governments and organisations to create the legislative environments that allow co-operatives to form and grow. The Alliance promotes the importance of co-operatives' values-based business model.

The International Co-operative Alliance unites co-operatives worldwide and is the custodian of the co-operative values and principles and makes the case for their distinctive values-based economic business model which also provides individuals and communities with an instrument of self-help and influence over their development. The Alliance advocates the interests and success of co-operatives, disseminates best practices and know-how, strengthens their capacity building and monitors their performance and progress over time

One in every six people on the planet are co-operators. Through its membership, the Alliance represents 1,2 billion people from any of the 2.94 million co-operatives worldwide. The largest 300 co-operatives in the world have combined annual revenues of 2.16 trillion USD (2015) and 280 million people around the world (10% of the employed population) secure their livelihoods in co-operatives, either through direct employment or by organizing through a co-operative.

Operating from a global office in Brussels, Belgium, the International Co-operative Alliance is organised with four Regional Offices (Europe, Africa, Americas, and Asia-Pacific), and eight Sectoral Organisations (Banking, Agriculture, Fisheries, Insurance, Health, Housing, Consumer Co-operatives, and Service and Industry cooperatives).



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