

ILO Sub-Regional Knowledge Sharing Workshop on Cooperatives in the Arab States

Beirut, 23-26 November 2010

Concept Note

COOPERATIVES: MORE THAN ONE WAY OF DOING BUSINESS

The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to sustainable development. In adopting resolution 64/136, the Assembly noted that cooperatives impact poverty reduction, employment generation and social integration.

A cooperative is the enactment of an old idea: cooperation. The purpose of a cooperative is to allow individuals to come together as an enterprise and pool their resources in order to reach a common goal, which would have been difficult for them to achieve otherwise.

A cooperative is defined as an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.” ILO Recommendation 193

Over 1 billion people globally are members of a cooperative. Internationally, cooperatives identify themselves by reference to seven core values introduced by the International Cooperation Alliance in 1995, and adopted by ILO Recommendation 193.

7 Cooperative Principles

- **Voluntary and open membership**
- **Democratic member control**
- **Member economic participation**
- **Autonomy and independence**
- **Education, training and information**
- **Cooperation among cooperatives**
- **Concern for community**

Cooperatives can be distinguished from other business enterprises in that they are controlled by their members who are both the recipients of the benefits of the collective business and also the owners. Risks and losses are similarly shared, while benefit is reinvested in the cooperative or else kept in reserve accounts or distributed to members in proportion to their transactions with the cooperative.

Cooperatives have the potential to advance ILO's Decent Work agenda, and contribute to the attainment of social development goals including poverty prevention and eradication. Cooperatives today provide 100 million jobs worldwide, effectively providing 20% more jobs than multinational enterprises.¹ According to the International Cooperation Alliance (ICA), the top 300 cooperatives worldwide are responsible for an aggregate \$1.1 trillion, equal to that of the world's tenth largest economy. In a number of countries, cooperatives like the Migros Group² in Switzerland, Grupo

¹ <http://www.ica.coop/coop/index.html>

² <http://m09.migros.ch/en/migros-community/strategy>

Mondragon in Spain, the Crédit Agricole bank in France and the Kuwaiti Union of Consumer Co-operative Societies³ in the Arab States region have become large successful businesses.

Cooperatives also provide a unique channel for the provision of basic social services and goods. Agricultural cooperatives account for 80 to 99 percent of milk production in Norway, New Zealand and the United States. In the Republic of Korea, 71 percent of fishery production is managed by cooperatives. In Brazil, cooperatives administer 40 percent of agriculture. Rural electric cooperatives in Bangladesh serve 28 million people, while rural electric coops own almost half of the electric distribution lines in the US, serving over 37 million people.⁴

COOPERATIVES IN THE SUB-REGION

Cooperatives in the Arab region have been predominantly state-driven, weak and male-dominated. There is a dearth of information on cooperatives, particularly in the absence of a regional cooperative umbrella.⁵ From the Arab States, only four countries namely the United Arab Emirates, Kuwait, Egypt and Morocco have cooperative representation in the ICA.⁶ Outdated regulatory and legislative restrictions have posed a particular impediment to cooperative development in the majority of Arab countries, including the United Arab Emirates and the Occupied Palestinian Territories (OPT), where new laws on cooperative societies have been subsequently drafted and are currently under review.

To democratize and promote cooperative collaboration, the ILO Arab States has been increasingly engaged in strengthening the capacities of cooperatives in recent years. In the Occupied Palestinian Territories, the ILO has provided technical assistance in drafting the new cooperative law, based on ILO Recommendation 193 of 2002 on the Promotion of Cooperatives. This new legislation brings to an end the dual structure of cooperatives in the West Bank and Gaza Strip, where the former is administered by Jordanian law, while the latter follows Egyptian law. By this new law, a General Commission for Regulating Cooperatives will also be established, serving as the umbrella structure for cooperative support services. The draft law is currently under review by the Council of Ministers of the Palestinian Authority.

In South Lebanon, the ILO has provided capacity development assistance to cooperatives in the agro-industry, beekeeping and livestock sectors. ILO conducted a training of trainers' to promote the capacities of cooperative extension workers to deliver support services to local cooperatives. To

³ The Kuwaiti Union of Consumer Co-operative Societies whose members are 6.5% of the Kuwaiti population handled nearly 70% of the national retail trade in 2007. <http://www.kuccs.coop/history.php>

⁴ <http://www.un.org/News/Press/docs/2009/dev2784.doc.htm>

⁵ The Arab Co-operative Union was founded in 1981 and includes membership from Palestine, Iraq and Lebanon.

⁶ <http://www.ica.coop/members/index.html>

promote local ownership and sustainability of this work, the ILO supported the establishment of the Forum for Development of Cooperatives in the South, which was officially registered at the Ministry of Interior in 2010, and will work on a strategy for the development of cooperatives in South Lebanon.

The ILO is also promoting women's employability through capacity development of women cooperatives, particularly in conflict settings including in Iraq, OPT and Yemen. In Iraq, and as part of its Local Area Development Programme, the ILO has conducted women entrepreneurship development and business management trainings to over 2,000 beneficiaries, including women-led cooperatives. In Yemen, the ILO is working in close partnership with the Ministry of Agriculture and Irrigation to promote the increased participation of rural women producers in cooperatives through capacity development activities directly targeting rural women coops. In the OPT, the ILO is similarly working to promote entrepreneurship and self-employment among rural women cooperatives, emphasizing skills development in the areas of business administration, marketing, negotiation, planning and financial management skills.

RATIONALE FOR A SUB-REGIONAL WORKSHOP ON COOPERATIVES

The sub-regional workshop on Cooperatives will be held from 23-26 November 2010 in Beirut, Lebanon. The workshop is targeting tripartite and cooperative representation from six Arab countries including Lebanon, Syria, Jordan, Iraq, Yemen and the OPT. The workshop will present a unique opportunity for social partners, donors, cooperative federations and members to reflect on the Arab cooperative movement in the context of the global experience, examining more closely the potential role of cooperatives to advance the decent work agenda in Arab States. More specifically, the workshop will seek:

- i. To provide an overview of the cooperatives movement in the Arab States region, examining regulatory policies and legislative frameworks, needs and opportunities, key challenges, best practice and lessons learned;
- ii. To create awareness among the social partners about cooperatives in the context of the social and solidarity economy, the role of cooperatives, their achievements and shortcomings;
- iii. To agree on practical ways to promote and strengthen collaboration between cooperatives and social partners;
- iv. To take stock of key achievements, highlight best practice and analyze lessons learned and key recommendations toward a participatory action plan for cooperative development in the Arab States region.

The first day will be devoted to the global cooperative experience and the potential contribution of cooperatives to the Decent Work agenda. A full session will be dedicated to the role of cooperatives within the context of the Social Economy. The Social Economy (SE), as defined in the ILO Johannesburg Conference on the Social Economy⁷, is "a concept designating enterprises and organizations, in

⁷ The ILO Regional Conference on "The Social Economy-Africa's Response to the Global Crisis," took place in Johannesburg, South Africa from 19-21 October 2009.

particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have a specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.⁸” The ILO has built a long tradition and developed expertise in the area of Social Economy. This is embedded in ILO standards and documents including the Global Jobs Pact (2009), the ILO Declaration on Social Justice for a Fair Globalization (2008), and ILO Recommendation 193 Concerning the Promotion of Cooperatives (2002).

Turkey and Morocco’s experience in the Social Economy will be showcased, highlighting the role of the SE actors or the “third sector” in reducing vulnerability and promoting social responsibility through creating safety nets and generating decent jobs.

The focus in the afternoon session will shift to the cooperatives sector in the Arab States, presenting a tripartite perspective on collaboration between cooperatives and social partners, and an overview of major Arab cooperatives, key challenges and success stories. Social partners and representatives from Arab cooperative unions and federations will exchange country experiences and alternative viewpoints on the potential role of cooperatives in socio-economic development.

On the second day, a full session will be dedicated to the policy and legislative frameworks governing the cooperative sector in the Arab region, in the context of ILO Recommendation 193. This session will focus on national and regional cooperative development policies, legislative caveats, and key areas of reform toward creating an enabling legal and policy environment for cooperative development.

The ILO’s work in the cooperatives sector in the sub-region will also be showcased, as part of local economic recovery and development efforts to provide technical and financial assistance to local entrepreneurs, cooperatives and institutions to help start, reactivate and strengthen enterprises and cooperatives. The Lebanon, Iraq and Palestine experience will be presented as case studies. The gender dimension of cooperatives and the promotion of women employability in conflict settings will be the focus of the next session, which will zoom in on the challenges women rural coops face more specifically.

The third day will be dedicated to the design of a participatory action plan for cooperative development in the region. Participants will be split into two parallel roundtables to discuss i) the policy and regulatory framework; ii) cooperatives and decent work. The workshop will conclude with a sub-regional overview of the cooperatives sector, garnering stakeholder consensus around key priority areas for intervention toward a stronger role for cooperatives in promoting decent work in the Arab States region. On Day 4, an optional field mission will be conducted to South Lebanon for a first hand showcasing of ILO work in the cooperatives sector.

⁸ <http://www.itcilo.org/en/news/responses-to-the-crisis-through-the-social-economy>