Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations
The International Labour Organization (ILO) considers cooperatives and other social and solidarity economy enterprises and organizations (SSEEOs) as instrumental in providing opportunities for productive employment and improving the living and working conditions of women and men. These institutions can be particularly useful in areas where for-profit businesses or public authorities and service providers are not present, which may be the case in rural areas. SSEEOs play an important role in the promotion of rural entrepreneurship and business development, employment creation and provision of social protection, as well as in representation and voice for rural producers and workers including those in the informal economy.
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1. Rationale and justification

Because of the political, social and economic crises that have occurred over recent years, it is important to plan more comprehensive and democratic public policies that contribute to achieving sustainable development, particularly in rural areas where the majority of the poor live.

National development strategies and frameworks do not always adequately address the role of rural development. They may not reach the rural poor and in particular, the most vulnerable and disadvantaged groups. Furthermore, experience and research have revealed that the level of success of development strategies depends on the quality of the participation of local stakeholders in social dialogue and in the design of policies and strategies affecting their lives.

Cooperatives and other social and solidarity economy organizations have a major role to play in reaching the poor in the rural economy and realizing decent work. The ILO is the only specialized UN agency with an explicit mandate to work in cooperation. It views cooperatives and other SSEEOs as being instrumental in providing opportunities for productive employment and improving the living and working conditions of women and men. They can be particularly important in areas where for-profit businesses or public authorities and service providers are absent. They provide employment and vital services such as health care, education, access to water and sanitation, improved infrastructure and access to markets, often being the only provider of these services. Cooperatives and other SSEEOs play an important role in the promotion of rural entrepreneurship and business development, employment creation and provision of social protection, as well as representation and voice to rural producers and workers.

Cooperatives and other SSEEOs are present in all sectors of the rural economy, ranging from agriculture and horticulture to energy; forestry to finance; social services and community development to transport, tourism, mining and many others. Playing a critical role in delivering on decent work goals and achieving fundamental principles and rights at work, they have been considered as the most effective social and economic institutions that address all dimensions of reducing poverty and exclusion. Given the collective dimension of cooperatives and other SSEEOs, as well as the degree of participation of their members, users or beneficiaries, these organizations are an important tool for local development strategies in rural areas.

The Social and Solidarity Economy is a concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims of their members and fostering solidarity.

The term “cooperative” means 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.

The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

(a) Cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and

(b) Cooperative principles as developed by the international cooperative movement. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

ILO Promotion of Cooperatives Recommendation, 2002 (No. 193)

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1 Cooperatives are estimated to provide employment to 250 million people worldwide (http://ica.coop/en/facts-and-figures), and about 50 per cent of the world's agricultural produce is marketed through cooperatives (ILO: Promotion of rural employment for poverty reduction, Report IV, ILC, 97th Session, 2008).


2. Scope and definitions

The ILO Constitution makes an early reference to the role of cooperative enterprises within the organization, giving it an explicit mandate to work on cooperatives.\(^5\) The ILO’s work on cooperatives dates back to 1920, and is now based on the Promotion of Cooperatives Recommendation, 2002 (No. 193), which is considered the first and only instrument of universal applicability on cooperative policy and law adopted by an international organization. Recommendation No. 193, which covers all sectors and countries, sets out cooperative principles and values, and emphasizes that cooperatives should enjoy equal treatment with any other type of enterprise. Recommendation No. 193 further encourages cooperation between employers’ and workers’ organizations with cooperative organizations in order to reach sustainable development goals. It also recognizes informal cooperatives, and urges governments to promote cooperatives in transforming what are often marginal survival activities (sometimes referred to as the “informal economy”) into legally protected work, fully integrated into mainstream economic life.\(^6\)

The ILO has recognized the role of cooperatives and the social and solidarity economy (SSE) on several occasions since the adoption of Recommendation No. 193. The 2008 ILO Declaration on Social Justice for a Fair Globalization recognized that productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities. The 2009 Global Jobs Pact\(^7\) recognizes cooperatives as providing jobs in a range from very small businesses to large multinationals, while several Conclusions adopted by the International Labour Conference emphasize the role of cooperatives. These include the Conclusions on the promotion of sustainable enterprises in 2007,\(^8\) the youth employment crisis in 2012,\(^9\) and achieving decent work, green jobs and sustainable development in 2013.\(^10\)

On activities related to cooperative and other SSE development, the ILO works closely with its constituents, as well as with the international cooperative movement. The ILO collaborates with the International Co-operative Alliance (ICA), and is a member of the Committee for the Promotion and Advancement of Cooperatives (COPAC), composed of the ICA, the ILO, the Food and Agriculture Organization (FAO), the United Nations Department of Economic and Social Affairs (UN-DESA), and the World Farmers’ Organization (WFO). In addition, the ILO is a founding member of the United Nations Inter-Agency Task Force on Social and Solidarity Economy.

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3. The ILO’s approach

Together with the social partners and other partner organizations and institutions, the ILO works to create more and better jobs in the rural economy by promoting cooperative development and the social and solidarity economy through several, often overlapping approaches: guidance and advice on creation of enabling environments for cooperative development; building the capacity of cooperatives and other SSEEOs through technical cooperation and development of capacity-building tools; and providing research-based advocacy on the contribution and role of SSEEOs in the rural economy.

Guidance and advice on creation of enabling environments for cooperative development at national, regional and international levels

In order for cooperative enterprises to thrive, a conducive enabling legislative and regulatory environment and access to resources are required. An enabling environment for enterprises, including cooperatives, is the first pillar of the ILO sustainable enterprise strategy, with a goal of encouraging investment and entrepreneurship that balances the needs and interests of the enterprise – both workers and employers – with the broader aspirations of society.

The ILO’s approach on enabling environments for cooperative development include promotion of a participatory approach that incorporates different ministries and other government agencies, the cooperative movement, trade unions and employers’ organizations. Policies or strategies on rural employment that acknowledge cooperatives as being key employers’ organizations and institutions, the ILO works to create more and better jobs in the rural economy by promoting cooperative development and the social and solidarity economy through several, often overlapping approaches: guidance and advice on creation of enabling environments for cooperative development; building the capacity of cooperatives and other SSEEOs through technical cooperation and development of capacity-building tools; and providing research-based advocacy on the contribution and role of SSEEOs in the rural economy.

Building capacities of cooperatives and other SSEEOs through technical cooperation and development of capacity-building tools

The ILO’s technical assistance for SSE development focuses specifically on policy and legal advice, capacity building through human resource development, and poverty alleviation through self-help. Several ILO projects and programmes have been supporting SSEEOs in addressing issues such as youth employment, gender equality, social protection, migration, child labour, informal economy and local economic development. With respect to the latter, the ILO has also been promoting SSEEOs and in particular cooperative enterprises, through local economic development as a way to draw on the strength of these different approaches.

The ILO’s approach to local economic development (LED) aims to promote decent work, productive employment that delivers a fair income, provides social protection, and allows women and men to participate in the development process. It does this by focusing on a specific territory, targeting sectors with economic potential, linking job quality to enterprise competitiveness, building capacity of local and national stakeholders, involving employers’ and workers’ organizations, being locally owned and managed, prioritizing strategies and tools that benefit the poor, and linking LED to employment policies.

The LED approach is a participatory development process that encourages partnership arrangements between the private and public stakeholders of a defined territory, typically gathered in forums that enable joint design and implementation of a common development strategy by making use of local resources and competitive advantages in a global context, with the final objective of stimulating economic activity and creating decent jobs for all. LED is a process that will provide different solutions according to place, culture, economic potential and political circumstances, as well as social and institutional environment.

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Unlike traditional community development approaches, LED provides the means and structures that represent the local voice when dealing with its national and international counterparts. It combines many of the ILO’s approaches to promoting the rural economy. Policies supporting sustainable local economic development, in particular through SSE, can play a key role in response to the challenges of globalization and the drive for decentralization, in particular increasing the participation in and importance of local dialogue, connecting people and their resources for better employment opportunities and a higher quality of life in rural areas.

Rural areas, especially in developing countries, have not been able to harness the potential of globalization largely due to bottlenecks in value chains caused, for instance, by inadequate infrastructure or disconnection among rural stakeholders. By taking advantage of the territorial identity of rural areas as a development asset, providing a space for voice, representation, and commitment, or building the capacity of rural populations, LED is a winning approach for self-empowered, long-term development of even remote rural areas.\(^\text{16}\)

Recommendation No. 193 places strong emphasis on the importance of capacity building and training for cooperatives. It states that national policies should develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills of members, workers and managers of cooperatives, and improve their access to information and communication technologies; and promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems. In addition, the recommendation states that national policies should provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce.\(^\text{17}\) In addition, one of ILO’s sustainable enterprise strategy objectives is to help entrepreneurs in particular youth, women and marginalized groups to start and build successful enterprises.\(^\text{18}\)

Providing research-based advocacy on the contribution and role of SSEOs in rural economies

The ILO produces case studies and other material highlighting the relevance of cooperative development and the social economy for employment creation, rights at work, social dialogue and sustainable development, for instance. Given the importance of cooperative statistics for the design of appropriate policies and intervention, the ILO supports efforts to enhance the relevance and usefulness of statistical systems to provide comprehensive and internationally comparable statistics on the cooperatives. As outlined in the Resolution adopted at the 2013 session of the International Conference of Labour Statisticians, such statistics are critical to quantify the impact cooperatives and SSEOs have on their members and on the economy as a whole, as well as how they cope in times of crisis. Consolidated partnerships exist at international, national and local level with academic and research institutions and the ICA.\(^\text{19}\)

As a response to the increased relevance of SSE on the international, regional, and national agendas, in 2014 a United Nations Inter-Agency Task Force on SSE (UNTFSSE) was established, with ILO being among the founding members. Taking into account the congruence of SSE aims with the relevant ILO standards and documents\(^\text{20}\) and being convinced that the SSE provides complementary paths to development, the Task Force can play an important role in providing inputs to the UN system regarding the development potential and policy implications of SSE, in light of the post-2015 development agenda.

\(^{16}\) ibid.
\(^{17}\) The Promotion of Cooperatives Recommendation, 2002 (No. 193).
\(^{20}\) The conclusions of the Committee on Youth Employment (2012); the Declaration on Social Justice for a Fair Globalization (2008); the Decent Work Agenda; the Promotion of Cooperatives Recommendation, 2002 (No. 193); The ILO Declaration on fundamental principles and rights at work (1998); the Resolution concerning decent work and the informal economy (90th ILC Session, 2002); the Conclusions concerning the promotion of sustainable enterprises (96th ILC Session, 2007); and the Resolution concerning the promotion of rural employment for poverty reduction (97th ILC Session, 2008).
4. The ILO’s experience to date

The ILO’s Public Procurement and Social Economy project explores the potential to use public procurement to stimulate the social economy in South Africa. It seeks to develop and test new social economy enterprise models that reduce barriers to market entry for social economy suppliers and that create additional jobs.

The ILO has used the LED approach since the 1990s, and it has been particularly useful in crisis-affected and rural areas. A good example of the approach in rural areas is the case of the Local Empowerment through Economic Development (LEED) project in Sri Lanka, which focuses on empowering people through promoting sustainable employment and livelihoods. The project supports the re-establishment of both primary and secondary cooperatives in for instance agriculture, fisheries and boat-making, and promotes their access to markets.

The Cooperative Facility for Africa (COOPAFRICA) was a technical cooperation programme for the promotion of cooperative development in nine countries in Eastern and Southern Africa. COOPAFRICA promoted an enabling legal and policy environment, effective cooperative unions and federations as well as demand-driven services for cooperatives. As part of the COOPAFRICA’s financial business development services, a Challenge Fund Mechanism was set up as a financing mechanism to allocate funds for proposals from organizations and institutions working on cooperatives, and to support innovative cooperative projects, including many around innovation in agriculture or income diversification in rural areas. The total funding over the five rounds of proposals for over 80 organizations was around USD 3 million. The Challenge Fund mechanism was used to link the demand side (mainly primary cooperatives) and the supply side (business development services providers either from the cooperative movement, such as cooperative colleges or unions, or from the outside, such as NGOs).

The Cooperative and Organizational Support to Grassroots Initiatives (ACOPAM) programme promoted self-employment among the peoples of five countries in the Sahel region through the promotion of cooperatives and other self-help organizations. Through a highly participatory approach with an emphasis on development of local organizations, ACOPAM implemented sub-projects around five main themes, namely cereal banks; small-scale irrigation; gender and micro-finance; land management; and cotton marketing. The ACOPAM approach to promoting cooperatively managed cereal banks has been particularly successful, and has now been generalized throughout the Sahel, contributing to enhancing food security in the region.

The Syndicoop approach helped to strengthen organization among informal economy workers, and improve employment opportunities, incomes and working conditions through cooperatives in Kenya, Rwanda, the United Republic of Tanzania, South Africa and Uganda. Based on this, a handbook for trade unions and cooperatives on organizing workers in the informal economy and strengthening trade union and cooperative capacity to organize unprotected informal economy workers was developed and designed to replicate the approach in other countries. The INDISCO programme promoted business opportunities among indigenous and tribal peoples, based on self-reliance and traditional livelihoods.

25 Interregional Programme to Support Self-Reliance of Indigenous and Tribal Peoples through Cooperatives and Self-Help Organizations.
5. Practical guidance and resources

The ILO provides a wide range of capacity-building tools related to the social economy, cooperative development and local development which are very relevant for the rural economy. Training materials are available in different languages and adapted to the different contexts.

Managing Your Agricultural Cooperative (My.COOP) is a training package on the management of agricultural cooperatives, based on the MATCOM tools (see below).\(^{26}\) The package has been translated into ten languages, and has been used and adapted to the conditions of different countries around the world. The package includes an innovative mobile learning toolkit, and an interactive platform that provides a space to discuss and share experiences of cooperatives.

Materials and Techniques for the Training of Cooperative Members and Managers (MATCOM), which was developed between 1978 and 1989, is a training package on cooperatives in various economic sectors, different target groups and different levels of cooperative management.\(^{27}\) It was translated and adapted to over 40 different language and country contexts around the world. MATCOM manuals have been used by different types of cooperatives in several economic sectors, by various target groups and levels of cooperative management. Training manuals targeting consumer and agricultural cooperatives, for instance, offer practical and detailed advice on how to improve business operations, ranging from budgeting practices to storage methods.

Another example is the Academy on Social and Solidarity Economy,\(^{28}\) held every year since 2010 in collaboration with the International Training Centre of the ILO. The SSE Academy also includes a distance learning course and a virtual interactive space for learning, the Collective Brain.\(^{29}\)

The LED Sensitizing package aims to establish why Local Economic Development has become a necessary, viable and complementary alternative to traditional development strategies in a globalized world. It argues that, in a world increasingly dominated by international trade flows and economic integration, LED provides an appropriate framework both to maximize the socio-economic potential of every territory – regardless of whether rich or poor, developed or underdeveloped, urban or rural, central or remote – and to minimize the risks associated with engaging in development strategies, while generating decent and sustainable employment. It also provides guidance on the key steps of the LED process.\(^{30}\)

**Instruments**


**Tools**


**LED Knowledge Platform.**

**SSE Academy Collective Brain.**

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\(^{28}\) For more information see: http://socialeconomy.itcilo.org/en.

\(^{29}\) For more information see http://www.sseacb.net.

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**Publications**

**Fact sheets**


**Cooperative enterprises**


—. 2013. *Providing clean energy and energy access through cooperatives*, Cooperatives Unit, Green Jobs Programme (Geneva).


**Social and Solidarity Economy**


—. 2013. *Academy on Social and Solidarity Economy: An opportunity to enhance youth employment* (Turin).


Overview of Policy Guidance Notes on the Promotion of Decent Work in the Rural Economy

Supporting inclusive agricultural growth for improved livelihoods and food security
- Decent Work for Food Security and Resilient Rural Livelihoods
- Decent and Productive Work in Agriculture

Promoting economic diversification and triggering productive transformation for rural employment
- Economic Diversification of the Rural Economy
- Promoting Decent Work for Rural Workers at the Base of the Supply Chain
- The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas
- Transitioning to Formality in the Rural Informal Economy
- Sustainable Tourism – A Catalyst for Inclusive Socio-economic Development and Poverty Reduction in Rural Areas

Promoting access to services, protection and employment-intensive investment
- Providing Access to Quality Services in the Rural Economy to Promote Growth and Social Development
- Extending Social Protection to the Rural Economy
- Developing the Rural Economy through Financial Inclusion: The Role of Access to Finance
- Employment-Intensive Investment in Rural Infrastructure for Economic Development, Social and Environmental Protection and Inclusive Growth

Ensuring sustainability and harnessing the benefits of natural resources
- Greening Rural Economies and Green Jobs
- Decent Work in Forestry
- Harnessing the Potential of Extractive Industries

Increasing the voice of rural people through organization and the promotion of rights, standards and social dialogue
- Rights at Work in the Rural Economy
- Promoting Social Dialogue in the Rural Economy
- *Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations*
- Decent Work for Indigenous and Tribal Peoples in the Rural Economy
- Empowering Women in the Rural Economy

Improving the knowledge base on decent work in the rural economy
- Enhancing the Knowledge Base to Support the Promotion of Decent Work in Rural Areas

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