



Cooperatives, including social cooperatives, as part of the Social Economy

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SEEO and Cooperatives: Some Figures



- Social Economy Enterprises and Organizations (SEEO): a significant and growing movement worldwide.
- SEEO: US\$ 1.9 trillion in operating expenditures, 48.4 million full-time jobs, serve 4.6% of the economically active population.
- Cooperatives: 1 billion members; more than 750,000 cooperative societies around the world; 100 million jobs.



What are SEEO?



- **Institutional perspective:** Cooperatives, mutual benefit societies, associations and community-based organizations (CBOs), social enterprises and some foundations.
- **Normative perspective:** Characteristics, values and principles are common to SEEO (e.g. stakeholder principle)
 - Stakeholder principle.
 - Democratically controlled and managed.
 - Flexible and innovative.
 - Voluntary participation or membership and individual commitment.
 - Locally rooted; strong community ownership.
 - Values: self-help, self-reliance, principle of solidarity.



What are SEEO?



- **Objective:** Provide and produce goods, services and knowledge to their members (or beneficiaries) and to the surrounding community rather than serving as a tool in the interest of the general public or investment capital = *a different way of doing business*.
- Collaborating with the public sector.
- Part of the formal private sector or the informal economy.



ILO and Social Economy



- ILO has built a long tradition and developed a thorough expertise in supporting SEEO.
 - Through normative instruments (e.g. ILO Recommendation 193).
 - Through technical activities (e.g. advice on national policy and law, access to finance, organizational development, networking, etc.).
 - Through different settings (informal and formal economy, rural and urban communities).
- October 2009: ILO Regional Conference in South Africa.
 - “The social 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 and providing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.”



ILO and Social Economy



- 99th Session of the International Labour Conference:
 - "Priorities of the Office should include: (...) (viii) strengthening its work on cooperatives and social economy as important areas of employment creation"
- Social and Solidarity Economy Academy (ITC-ILO Turin, 25-29 October 2010).
- ILO Paper on "Enterprises and Organizations of the Social Economy".



Cooperatives and Social Economy



- **Cooperatives:** Important role in solving social problems.
- **In common:** Same values.
- **Main difference:**
 - Social enterprises: Profit-making commercial enterprises reinvesting their income in the achievement of their statutory objectives.
 - Social cooperatives: Distribute the income among their members.
- **Recent development:** Increase in social service cooperatives.



Cooperatives and Social Economy



- **Social service cooperatives:**
 - Created when social security systems created by the State can no longer be maintained or leave significant gaps in the provision of services.
 - In developing, industrialized and countries in transition alike.
 - Some cooperatives exist entirely to provide social services, in other cases such services are provided as part of a more comprehensive range of services.
 - Number of cooperatives with both provider and user members has increased, particularly in several European countries (→ special legislation; active encouragement).
 - So far: No figures on employment effects but considered to be substantial.



Cooperatives and Social Economy



- **Shared services cooperatives:**
 - Organizations whose members are entrepreneurs, independently owned businesses, tradesmen, professionals, or municipalities or other public bodies that jointly acquire goods or services at a specified quality for the best available price.
 - Great diversity, e.g. social or health service industries.
 - Example: Rural Wisconsin Health Cooperative (USA).



Cooperatives and Social Economy



- The main determinants for successful development of cooperative enterprise in the social sector:
 - Responsibility and effectiveness of the public sector.
 - Legal and administrative environment.
 - Pressures upon policy-makers from other stakeholders.
 - Particularly committed individuals.
 - Support by broader cooperative and other social movement.



Social cooperatives in Italy and Poland



- **Social cooperatives in Italy**
 - First appeared in Italy in the late 1980s to refer to the pioneering initiatives (“social enterprise”).
 - Italian Parliament passed the legal framework for “social cooperatives” in 1991.
 - Today: Social cooperatives account for 60% of the total supply of social services in Italy.
- **Social cooperatives in Poland**
 - Act on Social Cooperatives (July 2006): Social cooperatives a kind of labour cooperative, established by unemployed individuals and individuals with problems of integrating socially and economically into society.
 - Social Economy concept is present in the 2007-13 programming documents.
 - But: Social cooperatives are not flourishing in Poland.



Social economy enterprises in the Arab region



- Background Paper “Cooperatives in the Arab World: Reaffirming their validity for local and regional development”:
 - Social economy enterprises are in general dominated by foundations and associations established by rich people for charity purposes, and cooperatives are not seen within this basket.
 - Much to be done in order to define the concept and scope of the social economy in the Arab world and to strengthen the position and visibility of cooperatives as part of it.



Conclusion



- Social cooperatives are one new way to solve old problems. They are not a panacea.
- Social cooperatives should be viewed as one of the structures in a socially oriented economy.
- Creation of social cooperatives should be encouraged by additional tax and credit preferences.
- Measures should be designed to establish funds to guarantee and support sharer savings.



Conclusion



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