



Cooperatives in the Arab World

**Reaffirming their validity
for regional and local
development**

Background paper

**Huseyin Polat
ILO Consultant**

ILO Sub-Regional Workshop, Beirut, 23-26 November 2010

This workshop will:

- Take a general picture of cooperatives in the Arab world;
- Raise awareness among the ILO's social partners about cooperatives;
- Agree on practical ways to strengthen collaboration between co-ops and social partners;
- Take stock of key achievements and lessons learned and prepare a participatory action plan to develop cooperatives in the Arab States Region.

This session will:

- Provide general information about cooperatives and their problems and potential in the Sub-Region;
- Summarise the ILO's work undertaken on cooperatives in the Sub-Region;
- Propose options to be considered as the next step to be taken to revalidate and strengthen the role of cooperatives in local and regional development;
- Discuss future pathways from State-controlled to members-based cooperatives.

Major characteristics of cooperatives in the Sub-Region

- Remodelled by a combination of self-help and cultural practices, including charity;
- Community-based, but membership has family/tribe orientation;
- To a large extent dominated by the State;
- National co-op apexes are tasked to take the role of government agencies;
- Although autonomy is not yet there, cooperatives are still considered to be part of the civil society.

The roots of inefficiency

- “Identity” & “Image” problem: Lack of autonomy and independence
- Low membership coverage and participation: lack of “sense of ownership”
- Weak apex organisations: strong government influence and control
- Lack of favourable policy and legislation
- Low women’s participation
- Government and “donor” dependency

Co-op Policy and Legislation

- Except Palestine, countries in the sub-region have no conducive and up-to-date cooperative policy and legislation. Earlier ILO attempts in Jordan and Lebanon did not produce any concrete results.
- The new Palestinian Cooperative Law can be considered as a “model” for the Arab world.

Some perform better

- Agricultural cooperatives are widespread and many successful co-ops exist
- Olive oil, beekeeping, savings and credit, livestock, handicraft production and food processing by women-only co-ops
- Fishery cooperatives in Yemen
- Micro finance and indigenous – Bedouin Co-ops in Syria

Cooperatives and social partners

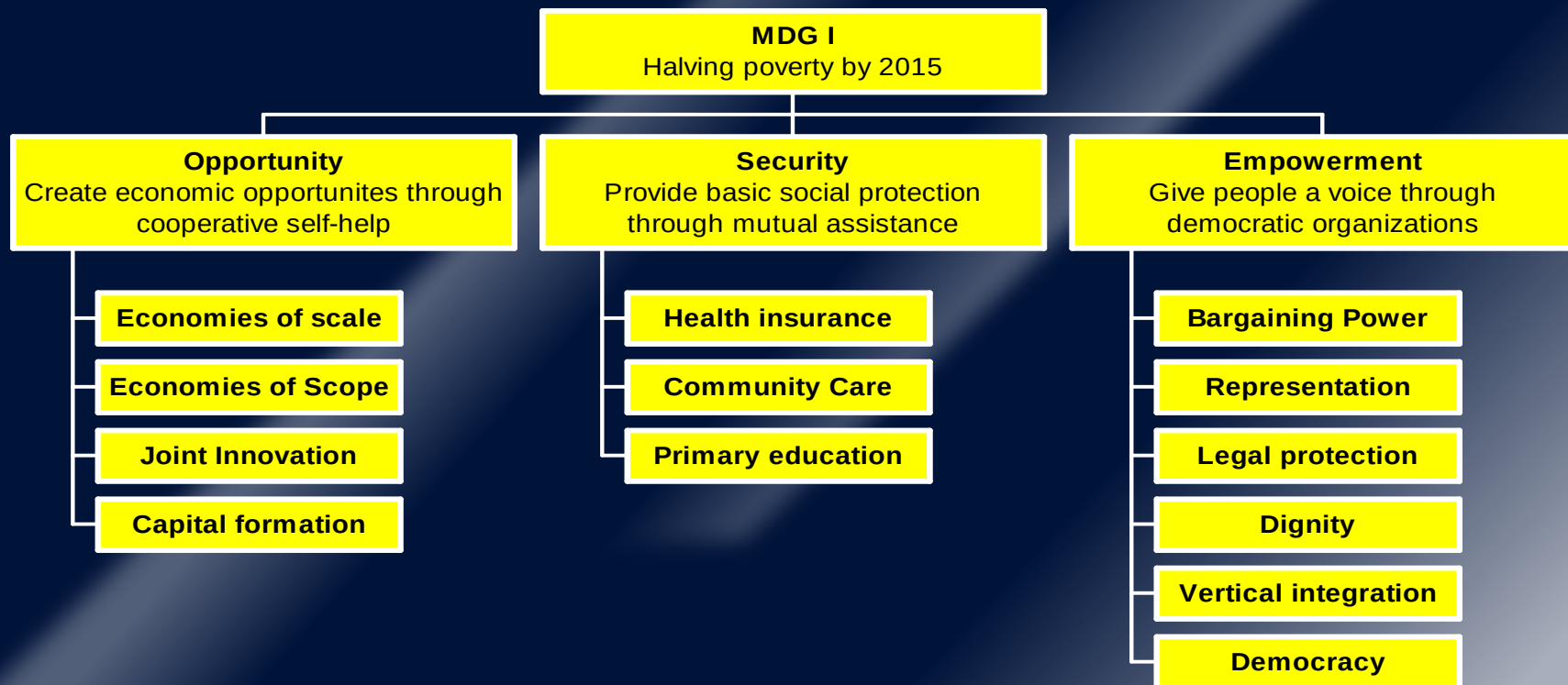
Co-ops & trade unions

- Both are considered to be “twin pillars” of labour;
- Share common values, principles and strategies;
- As part of their “non-bargaining” activities, TUs support co-ops established by their members
- These are yet to be seen in the Arab world in general..

Co-ops & employers

- The areas of convergence are far greater than those of divergence
- Co-ops are part of employers
- Both generate employment
- Both contribute to poverty reduction
- Strong relationship and partnership among them has yet to be seen in the sub-region

Cooperatives and Poverty: a logical framework



Co-ops and poverty in the Arab world

- 40 % live below poverty line (140 Million ppl)
- Highest rate of youth unemployment
- Proved success record of co-ops in fight against poverty in the whole sub-region and in crisis situations in Palestine, South Lebanon and Iraq
- Agricultural cooperatives play special role in poverty reduction in Syria and Yemen



The role of the ILO

- Support to Member States on co-op policy and legislation
- Cooperative education and training in Turin
- Support cooperatives to create “green” jobs
- Support local cooperatives for local reconstruction and rehabilitation during and after crisis
- Contribute to gender equality through support women cooperatives



The ILO's role /cont'd

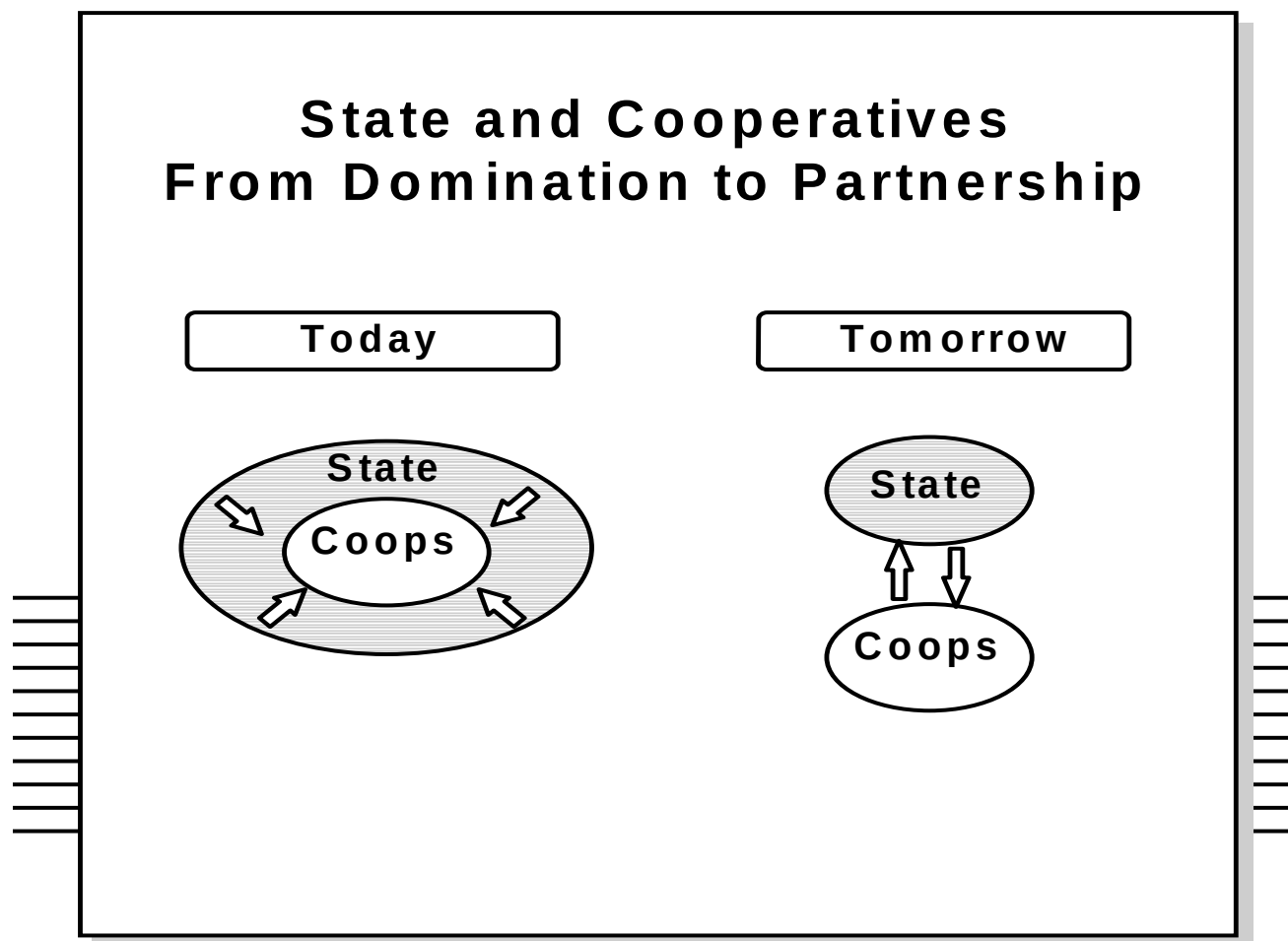
- Leadership and ToT training in the field
- Youth employment thru cooperatives
- Support cooperatives as part of the employers' group: To implement DWCP
- Support cooperatives through TC projects
- Cooperatives as part of SME development in the sub-region
- Support cooperatives as part of the social economy

The next step: What should be done?

Purpose:

- Revalidate and strengthen the role and functions of cooperatives in local and regional development, particularly in poverty reduction and job creation in the sub-region
- The next step is to design an action plan with components for cooperatives, governments, social partners and the ILO, including donors

1. Creating a favourable policy and legal environment



What is needed ?

- A well-formulated, consistent, clear, realistic and long-term cooperative development policy which is in line with the overall national development objectives and guided by the provisions of ILO Recommendation No. 193 (2002) on the Promotion of Cooperatives

The Overall System of Participatory Cooperative Policy Making

Participatory Policy Design

- Situation Analysis
- National Cooperative Conference
- Drafting and Adoption of the Cooperative Development Policy Paper



Participatory Law-Making

- Formation of a Technical Unit
- Drafting of the new act and organization of a consultation campaign
- Finalization and enactment of the new law



Participatory Policy Implementation

- Reorganization of the institutional framework
- Formulation of a support programme to cooperative reforms
- Implementation of the support programme



Participatory Policy Monitoring

- Continuous monitoring and adjustment of cooperative reforms

2. Remodelling the role of the State

- Promoting cooperatives thru provision of support services without intervention (section II of the ILO Recommendation 193)
 - Institutional framework for registration;
 - Allowing cooperatives to create appropriate reserves;
 - Provide for the adoption of measures for the oversight of cooperatives which respect their autonomy;
 - Facilitate membership of cooperatives in cooperative structures;
 - Encourage the development of cooperatives as autonomous and self-managed enterprises.

Support services of the Government

- Human resource development programmes;
- Research and management consultancy services;
- Access to finance and investment;
- Accountancy and audit services;
- Management information services;
- Information and public relations services;
- Consultancy services on technology and innovation;
- Legal and taxation services;
- Support services for marketing; and
- Other support services where appropriate.

(Rec. 193, Section III, Article 11, Para. 2)

3. Cooperative education and training



4. Using best practice case studies

- Preparation and dissemination of good practice case studies from successful co-ops;
- Study tours for people to replicate these cases
- Knowledge sharing workshops to bring together ppl from successful co-ops and those to replicate them;
- Use best practices in co-op management and ToT workshops to raise awareness.

5. Sensitizing the ILO's social partners

- ILO's social partners in the sub-region are aware of the role of co-ops in local development and job creation
- Collaboration among them is not *yet* visible
- Good potential exists to strengthen collaboration thru participation of co-ops in implementing the DWCP
- Social partners should be encouraged to participate in the events during IYC in 2012.

6. Special support for women co-ops

- Special consideration to increase women's participation in co-ops (Rec. 193, Artic. 7/3)
- Women-only co-ops contribute to women's empowerment and uplift economic status
- Future priority of ILO projects should be to increase women members in cooperatives
- The value chain analysis approach could be used to strengthen women's cooperatives.

7. Cooperative apex organisations

- Sectoral unions need to be strengthened and specialised in food processing and marketing
- Reaching economies of scale is a ***must*** for competition and sustainability
- Common services needed by primary co-ops should be rendered by sectoral unions
- National co-op federations should be independent from the State, but strengthen collaboration with the State and civil society
- Regional and inter-regional cooperation by the co-op federations.

Conclusions & Recommendations

Draft proposals for discussion:

From State-controlled to
member-based democratic
cooperatives

1. for the Governments

- Set-up a joint committee to review existing policy and revise it or draft a new one
- Finalize the national policy
- Draft /revise cooperative law (using ILO Rec. 193 and seeking ILO advice in the process)
- Enact, popularise and implement the law
- Monitor implementation

2. for the social partners

- Take part in the cooperative reform process (policy and law making)
- Strengthen union-cooperative collaboration to support workers establish cooperatives
- Strengthen social dialogue thru networks with national co-op federation and sectoral co-op unions
- Take part in designing and implementing co-op development projects

3. for Cooperatives

- Establish lobby group with TUs and employers
- Take part in drafting co-op policy and law
- Undertake popularise campaigns on policy and law and register new members
- Develop an action plan to reform cooperative structures
- Prepare projects to deal with major problems
- Improve management performance of primary cooperatives thru training

3. for Cooperatives /cont'd

- Take sector-wide action to eliminate gender barriers and promote women's participation
- Take part in implementing DWCP to create more and better jobs, together with TUs and employers' organisations
- Design and implement projects, with the ILO, FAO and other UN agencies, to strengthen co-op structures, establish co-op training schools, create jobs thru local development, etc.

4. for the ILO

- Help Member States to revise/redesign cooperative policy and law
- Organise a subregional workshop to discuss how to do it step-by-step
- Help national co-op organisations to improve their capacities and structures
- Support implementing new policy and law with TC projects
- Continuous advice and support by the Regional Office.

5. for the donor community

- Help cooperatives learn how to manage their business (not attempt to manage on their behalf)
- Work thru specialized agencies (ILO & FAO) or local NGOs, not diirectly with primary co-ops
- Adjust themselves and work plans according to the conditions of co-ops
- Encourage governments to improve policy and legal environment and support services.