



International Labour Organization
Regional Office for Arab States



**Cooperatives in the Arab World:
Reaffirming their validity for
local and regional development**

background paper for the
**Sub-Regional Knowledge Sharing Workshop
on Cooperatives in the Arab States**

Beirut, 23-26 November 2010

prepared for discussion by

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Executive Summary

The cooperative movement represents one of the largest membership-based civil society organisations in the world, bringing together more than 800 million people. In 2008, the 300 largest cooperatives were responsible for an aggregate turnover of \$1.1 trillion. Cooperatives provide over 100 million jobs around the world, 20 percent more than multinational companies. Because of the growing importance of the role of cooperatives in development, the United Nations General Assembly proclaimed 2012 as the International Year of Cooperatives (IYC) during its 64th Session. On occasion of the IYC and as a response to Member State demands to promote cooperative development, the ILO Regional Office for Arab States launched a Sub-regional Knowledge-Sharing Workshop on Cooperatives in the Arab States between 23 and 26 November 2010. The objectives of the workshop were to:

- a) Provide an overview of the cooperative movement in the Arab States;
- b) Raise awareness among ILO's social partners about cooperatives, exploring modalities to strengthen collaboration between cooperatives and social partners; and
- c) Take stock of key achievements and lessons learned and prepare a participatory action plan for cooperative development in the Arab States region.

This background paper was prepared to provide an overview of cooperatives in the sub-region, summarize their present situation and challenges and draw some lessons for future action which would be used to initiate discussions during the workshop. For the purposes of this workshop, the sub-region includes Iraq, Lebanon, Jordan, Syria, Yemen and the occupied Palestinian territory (oPt).

According to a recent United Nations report about Millennium Development Goals (MDG) achievement, 40 percent of the population in Arab countries, i.e. approximately 140 million people live below the poverty line, with no reduction in poverty rates over the last 20 years. Youth unemployment further represents over 50 percent of the unemployed population in most Arab countries. This illustrates the need for well-established and successful cooperative structures, to play a bigger role in job creation and poverty reduction. Cooperatives are known to be the "safety nets" for poor people around the world. In the sub-region, cooperatives are already proving this fact by working with and for the poor despite limited resources and inadequate structures.

The ILO has been working since the early 1990s in the Arab States, particularly in Iraq, Lebanon, Jordan and the occupied Palestinian territory (oPt) to assist member States in reforming cooperative policy and legislation. The work in the oPt has resulted in a new cooperative law favourable to cooperative development. This work has yet to materialise in Lebanon and Jordan.

At the grassroots level, the ILO has also been working on the capacity development of cooperatives, providing technical training on management, micro credit, marketing, accounting, and gender mainstreaming through technical cooperation projects in the sub-region. Special attention has also been placed on training women cooperative leaders for a stronger and more equal participation of women in cooperative development. ILO projects focusing on recovery and reconstruction work have actively sought collaboration with local cooperatives, including in the creation of green jobs. The Regional Office also supports cooperatives as part of its mandate to promote small and medium-sized enterprises (SMEs).

Although the cooperative spirit and the self-help way of doing business and providing social services has a long history and widespread existence in the Arab world, formal cooperative structures were only introduced in the early 1900s. Cooperatives are part of civil society, despite strong government influence, a high degree of dependency and lack of autonomy. As proven globally, cooperatives can play an important role in job creation and poverty alleviation. Cooperatives in the sub-region, however, face a number of challenges, preventing them from tapping into their full potential and playing a greater role in socio-economic development:

- State-cooperative relations are very poor and cooperatives are not recognized as social enterprises, part of private business.
- At the grassroots level, cooperatives are not autonomous or independent.
- The number of cooperative members is limited, with no “sense of ownership” among members, due to the virtual absence of cooperative education and training.
- Government support services are inadequate to help cooperatives stand on their own feet and work independently.
- Cooperatives lack sufficient access to finance and credit and are donor-dependent.
- Cooperative apex organisations are very weak and under the strong influence of governments, further undermining their independence and autonomy.
- Women are not equally represented in cooperatives, with wide discrepancies in membership and low participation rates.
- With the exception of the 2010 new cooperative law in the oPt, cooperative policy and legislation in the sub-region is generally not favourable to cooperative development.
- Although cooperatives generally have a close relationship with trade unions and are considered to be part of employers’ organizations, cooperatives in the sub-region have not been successful in harnessing such a partnership.

Despite the above-cited challenges and structural weaknesses, there are various successful cooperative ventures in the sub-region that should be further studied for replication. Agricultural cooperatives are the most widespread types of cooperatives in all countries. Those include production and marketing, agricultural credit, beekeeping, livestock, and olive oil processing. Examples of successful cooperatives include beekeeping and olive oil cooperatives in South Lebanon, agricultural cooperatives in Syria, olive oil, credit and savings, handicraft production and poultry cooperatives in the oPt, and fishery cooperatives in Yemen.

In order to revalidate and strengthen the role of cooperatives in local and regional development as autonomous, sustainable and member-controlled cooperative enterprises, effort needs to be taken toward:

- Developing favourable policy and legislation for democratic and member-based cooperative development, using ILO Recommendation 193.
- Remodelling the role of the State to promote cooperatives by providing suitable support services without intervention.
- Institutionalising cooperative education and training.
- Replicating good practice case studies at the national, regional and global levels.
- Sensitizing ILO’s social partners about cooperatives and strengthening the participation of cooperatives in social dialogue mechanisms.
- Introducing special support programmes for women cooperatives, including participatory value chain analysis.

- Reaching economies of scale and developing partnerships with the State through cooperative sectoral unions and national federations.
- Promoting regional and inter-regional cooperation toward cooperative development.

The last section outlines some of the major conclusions and recommendations, including suggested roles and responsibilities for primary stakeholders including governments, the cooperative movement, social partners, the ILO and the donor community.

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1. Introduction:

The cooperative spirit or the notion of self-help has a long history and widespread existence in the Arab world. The traditional and informal types of self-help and mutual help societies, many of which are sometimes seen as a combination of “self-help” and “charity” are common in local communities. The most widespread and common term used to define civil society organizations in the Arabic language is “Jam’iyyat,” which also includes informal associations and cooperatives. Community based self-help and charity groups are popular in carrying out many of the social services and assisting poor families¹.

The “formal” cooperative type “al taawaniya” was introduced in the Arab world in the early 1900s, as a different kind of enterprise, in many instances, rooted in a combination of local practices. Cooperatives across the region are, to a large extent, dominated by the State. National cooperative apex organizations are tasked to take the role and responsibilities of the government agency responsible for promoting cooperatives, including registration and control of primary societies. In many countries cooperatives also receive direct and indirect subsidies to distribute farm inputs and basic commodities at lower prices.

Cooperatives in the Arab world are generally community or family/tribe-based organizations. Membership coverage is low and sometimes limited to the family/tribe members. As a result, the principle of open and voluntary membership is not always applicable.

¹ As indicated by Rowshan (Cooperatives and Islam, draft paper for discussion, the Cooperative College UK, July 2010), cooperatives and Islam share many common beliefs and values. They both emphasise the importance of human dignity, solidarity and socio-economic justice for all. Some areas of cooperative enterprise are already recognised as providing *sharia*-compliant services, such as in cooperative insurance. Other areas, such as in cooperative investments, are not far behind in receiving this recognition.

Box 1: Cooperatives – Definition, Values and Principles

According to the International Cooperative Alliance (ICA), a cooperative is 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.

Cooperatives promote values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and solidarity with others.

Cooperative principles are guidelines by which cooperatives put their values into practice. The ICA General Assembly adopted seven core cooperative principles in 1995, which include:

1. Voluntary and Open Membership;
2. Democratic Member Control;
3. Member Economic Participation;
4. Autonomy and Independence;
5. Education, Training and Information;
6. Cooperation among cooperatives;
7. Concern for Community.

Source: ICA Identity Statement

The ILO has been increasingly engaged in recent years in promoting cooperatives in the Arab States region through technical consultations with government and cooperative movement representatives. The ILO has been involved in cooperative policy and legislation, training of government and cooperative staff and designing and implementing technical cooperation projects to strengthen the capacities of cooperatives. More specifically, the ILO is involved in public awareness raising through evidence based advocacy and sensitization to cooperative values and principles. It works to promote cooperative competitiveness through tailored tools including cooperative management, audit, and vertical integration. The ILO also works to promote the inclusion of cooperative principles and practices at all levels of the national education and training systems. Last but not least, the Cooperative Branch at the ILO provides advice on cooperative policy and cooperative law, including participatory policy and law making and ensuring that cooperative law is understood in its broadest sense encompassing, for example, taxation of cooperatives, labour law in cooperatives, accounting standards and competition law, as well as the implementation of the law.

Cooperatives in the Arab world have contributed to the process of preparing ILO Recommendation 193 on the Promotion of Cooperatives. The Arab Cooperative Federation (ACF), in partnership with the ILO, also organized a regional conference in Cairo, Egypt from 27-29 April 2002 to formulate inter alia a common Arab position on the revision of ILO Recommendation 127 on the role of cooperatives in the Economic and Social Development of Developing Countries².

² Mission Report on the Conference by J. Schwettmann, ILO Cooperative Branch, 17 May 2002.

The Arab Employment Forum (AEF)³ held in Beirut in 2009, emphasized the importance of sustainable enterprises, of which cooperatives are part, in job creation. One of the main conclusions of the AEF was that, *"Promoting entrepreneurship is key. Promoting more inclusive, broader and deeper growth through greater regional cooperation and integration is needed. The ILO constituents can play a role in fostering region-wide (and sub-regional) alliances, knowledge sharing, service delivery, representation, policy dialogue and advocacy platforms."*

In line with AEF recommendations as well as requests made by Member States and social partners, and taking into account the proclamation of 2012 as the International Year of Cooperatives (See Box 2), the ILO Regional Office for Arab States organized a sub-regional cooperative workshop with the following objectives:

- i. To provide an overview of the cooperative 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.

This background paper has been prepared to present a general overview of cooperatives in the sub-region, including general characteristics, common problems and challenges, best practice and lessons learned to guide future cooperative development efforts. The paper concludes with a list of recommendations for how to make the cooperative movement independent and self-reliant in terms of management and competitive business enterprises.

³ Sustainable Enterprise Development and Employment Creation in the Arab Region: A review of issues, Arab Employment Forum, Beirut, Lebanon, 19-21 Oct. 2009.

Box: 2 The International Year of Cooperatives (2012)

The United Nations recognizes the cooperative movement as an important partner in the implementation of the United Nations development Agenda, as defined in UN global conferences and summits since the 1990s. The United Nations General Assembly has proclaimed 2012 as the International Year of Cooperatives (IYC) on 18 December 2009 during its 64th Session. The purpose behind the IYC is to raise awareness about the role and potential contribution of cooperatives in socio-economic cooperative development, in order to:

- Increase public awareness about cooperatives, how they benefit their members and contribute to socioeconomic development and the achievement of the Millennium Development Goals;
- Promote awareness about the global network of cooperatives and their potential role in community building, democracy and peace;
- Promote the formation and growth of cooperatives among individuals and institutions to address common needs for socio-economic empowerment⁴
- Encourage governments and regulatory bodies to establish policies, laws and regulations conducive to cooperative development.

Source: COPAC Website

2. Cooperative Development: A Global Perspective

2.1. Recent developments

According to the International Cooperative Alliance (ICA), the cooperative movement brings together over 800 million people around the world. The United Nations estimated in 1994 that the livelihood of nearly 3 billion people, or half of the world's population, was dependent on cooperative enterprise work. These enterprises continue to play significant economic and social roles in their communities. In 2008, the largest 300 cooperatives were responsible for an aggregate turnover of \$1.1 trillion. This represents the size of the 10th economy of the world and is nearly the size of the Spanish economy. The size of the cooperative business is also growing, with a 14 percent growth in turnover between 2007 and 2008 among the ICA's global 300 list, presenting an index of 300 of the world's largest co-operative and mutual enterprises.

Cooperatives provide over 100 million jobs around the world, 20 percent more than multinational enterprises. In 2008 and 2009, cooperative organisations, particularly cooperative banks, proved more resilient to the financial crisis than their capital-intensive counterparts. According to an ILO report, historical and current empirical evidence proves that the cooperative model of enterprise is a sustainable form of enterprise able to withstand crisis, maintaining the livelihoods of the communities in which they operate⁴.

Cooperatives are also important socio-economic organisations for the promotion and protection of the rights of different vulnerable groups, including women, youth, indigenous and tribal peoples and people with disabilities. The recently adopted UN Convention on the Rights of Persons with Disabilities

⁴ Birchall J. & Ketilsen L. H: Resilience of the Cooperative Business Model in Times of Crisis, ILO 2009.

and its Operational Protocol, which had already been ratified by over 118 countries, specifically note the role of cooperatives in providing employment for the disabled (Article 27f).

At the national level, cooperatives are significant economic actors, with various examples illustrating the actual role and contribution of cooperative businesses in different countries⁵:

- In **Brazil**, cooperatives are responsible for 40 percent of the agricultural GDP and 6 percent of total agribusiness exports. In 2006 Brazilian cooperatives exported 7.5 million tons of agricultural products for a value of \$2.83 billion to a total of 137 countries (*Source: Brazil-Arab News Agency, 2 February 2007*).
- In **Colombia**, over 7,300 cooperatives were responsible for 5.61 percent of the GDP in 2007. They employ over 110,000 people and provide 87.5 percent of all microcredit in the country. Cooperatives provide health insurance to 30 percent of all Colombians and are responsible for 35.29 percent of Colombian coffee production (*Source: Sector Cooperativeerativo Colombiano 2007*).
- In **Denmark**, consumer cooperatives in 2007 held 36.4 percent of the consumer retail market (*Source: Cooperative Norden AB Annual Report 2007*).
- In **Finland**, cooperative groups within Pellervo were responsible for 74 percent of meat production, 96 percent of dairy products; 50 percent of egg production and 34 percent of forestry products. Cooperatives also handled 34.2 percent of the total deposits in Finnish banks.
- In **France**, 9 out of 10 farmers are members of agricultural cooperatives. Cooperative banks handle 60 percent of total deposits, while 25 percent of all retailers are cooperatives (*Source: GNC Newsletter, No 348, June 2007*).
- In **Japan**, agricultural cooperatives report outputs of \$90 billion with 91 percent of all Japanese farmers as members. In 2007 consumer cooperatives reported a total turnover of \$34.048 billion with 5.9 percent of the food market share (*Source: Cooperative 2007 Facts & Figures, Japanese Consumers' Cooperativeerative Union*).
- In **Kenya**, cooperatives are responsible for 45 percent of the GDP and 31 percent of national savings and deposits. Cooperatives operate 70 percent of the coffee market, 76 percent of the dairy market, 90 percent of pyrethrum, and 95 percent of cotton.
- In **Korea**, agricultural cooperatives have a membership of over 2 million farmers (90 percent of all farmers), and an output of \$11 billion. The Korean fishery cooperatives also report a market share of 71 percent.
- In **Turkey**, the Agricultural Credit Cooperatives (ACC) network is the second largest rural credit provider following the Agricultural Bank, with a share of 20 percent. ACC owns the largest fertilizer factory in the country (www.tarimkedi.org.tr).
- In **Singapore**, consumer cooperatives hold 55 percent of the market in supermarket purchases and have a turnover of \$700 million.
- In **New Zealand**, 22 percent of the gross domestic product (GDP) is generated by cooperative enterprises. Cooperatives are responsible for 95 percent of the dairy market and 95 percent of the export dairy market. They hold 70 percent of the meat market, 50 percent of the farm supply market, 70 percent of the fertiliser market, 75 percent of wholesale pharmaceuticals, and 62 percent of the grocery market (*Source: New Zealand Cooperativeerative Association, 2007*).

⁵ International Cooperative Alliance (ICA) website: www.ica.cooperative

- In **Norway**, dairy cooperatives are responsible for 99 percent of milk production, while consumer cooperatives hold 24.1 percent of the market (Source: Cooperative Norden AB annual report 2007). Fishery cooperatives are responsible for 8.7 percent of total Norwegian exports; while forestry cooperatives are responsible for 76 percent of timber. A total of 1.5 million out of 4.5 million Norwegians are members of cooperatives.
- In the **United States**, approximately 30 percent of farmers' products are marketed through 3,400 farmer-owned cooperatives. More than 30 cooperatives have an annual revenue in excess of \$1 billion. In 2003 the top 100 US cooperatives had a combined revenue of \$117 billion.

2.2. Cooperatives as part of the Social Economy

In recent years, particularly in Europe, cooperatives have been considered an important part of the social economy. There is no “universal definition” of the social economy, but it could be said that the social economy is a concept designating organizations and enterprises, which have the specific feature of producing goods and services while pursuing economic and social aims. Management and decision-making is made based on participatory principles involving not only their members but also workers, users and/or consumers. These organizations are structured on a membership basis and are characterized by collective ownership and considerable mobilization capacity⁶. The social economy in Europe includes cooperatives, mutual societies, associations and foundations.

The significance of cooperatives in the European social economy movement can be found in their representativeness. While social economy organizations in Europe employ 20 million workers, or 10 percent of all jobs, European cooperatives represent 163 million members and 5.4 million jobs. The Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) directly employs 320,000 people, insures over 100 million members and is responsible for over 20 percent of the European insurance market⁷.

To illustrate this, in Turkey, the newly-growing social economy sector has 17 million direct beneficiaries (with their families, serves more than half of the Turkey's population), creates more than 500,000 jobs (directly), and owns and runs 34 universities (by foundations). Its cooperative segments are the largest in volume of purchase and sale/export of main agricultural products and distribution of farm inputs⁸.

⁶ Develtere & Fonteneau: African responses to the crisis through the social economy. Working document for the ILO Regional Conference on the Social Economy, October 2009.

⁷ ILO and Cooperatives, COOPERATIVE News, No. 2, 2009.

⁸ Polat, H.: Social Economy in Turkey, paper presented at the ILO's Regional Conference on Social Economy, Johannesburg, October 2009.

Box 3: Distinctive Features of the Social Economy

- The primacy of the individual and the social objective over capital;
- Voluntary and open membership;
- Democratic control by members;
- The combination of the interests of members/users and/or the general interest;
- The defence and application of the principle of solidarity and responsibility;
- Autonomous management and independence from public authorities;
- Use of surplus to carry out sustainable development objectives and services of interest to members or of general interest.

Source: Charter of Principles of Social Economy, CEP-CMAF

The social economy is a core element in ILO's Decent Work agenda due to its potential for job creation, respect of fundamental rights at work, social protection and social dialogue. In its Declaration on Social Justice for a Fair Globalization, the ILO underlined the need for a strong social economy: "Convinced that in a world of growing interdependence and complexity and the internationalization of production... 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."⁹

3. Cooperatives in the Sub-Region:

3.1. General overview: Cooperatives as part of Arab civil society

In recent years, the significance of civil society, the protection of basic freedoms, and their relationship to economic development have been acknowledged at the highest levels of Arab governments¹⁰. According to Zurayk and Chaaban, Arab civil society may be thought of as the "fifth sector", alongside the State, the market, the religious community and the Family/Tribe, while it is commonly referred to as the "third sector" in countries of the Global North¹¹. Although not with the same degree of autonomy and visibility in every country, cooperatives constitute part of civil society.

There are approximately 30,000 cooperatives in the Arab world, mostly in the agricultural sector (59 percent), followed by consumption (29.9 percent) and housing (5.6 percent).¹² Cooperative unions from various Arab countries came together and established the Arab Cooperative Federation (ACF) in 1981 in Baghdad. In 1989 the Arab Forum convened in Baghdad in which 14 Arab countries participated. Iraq was elected president of the ACF. The Federation's headquarters were later moved to Cairo, Egypt.

⁹ ILO Declaration on Social Justice for a Fair Globalization, 2008.

¹⁰ ICNL: Global Trends in NGO Law, Vol. 1, Issue 4: Survey of Arab NGO Laws (March 2010)

¹¹ Rami Zurayk and Jad Chaaban: Arab civil society, the food crisis and the protection of small farmers and the poor, American University of Beirut, draft paper 2009.

¹² Mohamed Ahmad Abdel Thaher. The Development of the Cooperative Movement in Egypt, the Arab States and the World. Arab Cooperative Federation. Arab Center for Cooperative Development. pp. 78-79.

The following is a summary of the history and present situation of cooperatives in selected Arab countries:

3.1.1. Iraq

Similar to other Arab States, Iraq has a long history of cooperatives, where the first cooperative societies law was issued in 1922, and the first consumer cooperative society was established in 1937. In 1967, there were already 848 cooperative societies in Iraq, the majority in the agriculture and housing sectors. New cooperative laws were developed in 1977 (number 202), 1982 (number 85), and 1992 (number 15) with the aim of revitalizing the cooperative sector. The 1992 law was amended in 1994, and again in 1999, and has been the main legislative framework governing the cooperative sector in Iraq. The law calls for the establishment of a General Cooperative Union, a Cooperative Fund, a regional cooperative union for each governorate, cooperative associations, joint cooperative associations, central cooperative societies and a vocational education and training center for cooperatives under the supervision of the Financial Auditing Department¹³.

General Cooperative Union in Iraq (GCUI)

The General Cooperative Union in Iraq was established in 1971. In 1980 the General Cooperative Department under the Ministry of Labour and Social Affairs was dismantled, its functions transferred to the General Cooperative Union. The GCUI is independent administratively and financially from the Government. Its decisions are considered binding on all cooperative societies.

There are 16 governorate cooperative unions each representing a governorate, with the exception of Kurdistan. There are 232 societies affiliated to these unions as consumers', producers', housing and services cooperatives, while another 116 cooperatives are not active. Due to the political turmoil in Iraq, the cooperative sector faced two major setbacks to its work, the first in 1991 and the second in 2003. In both cases, the headquarters of the GCUI were bombed.

Main Cooperative Sectors

- Consumer Cooperative Societies: These are a total of 186 consumer cooperatives, including 13 dealing with agricultural marketing. Their membership exceeds 1.5 million.
- Productive-Worker Cooperatives: These are a total of 62 societies working mainly in the textile industry, roses, ceramics, and carpentry. Those include 35,000 members.
- Services Cooperatives: These are a total 62 societies, with membership bordering 250,000.
- Housing Cooperatives: These are a total of 29 societies, with 2.4 million members. The aim of these cooperatives is to construct or make available housing at affordable prices to help address the housing crisis in Iraq¹⁴.

Cooperatives were made mandatory in rural Iraq following the 1958 land reform for those who received land. Prior to the 2003 occupation, cooperative groups were under the control of the ruling party and served as a social and political organization. In some cases rural cooperatives were points of distribution for government-provided inputs, including fertilizers and seeds to agricultural producers.

¹³ The General Cooperative Union in Iraq. Media and Relations Unit. 2010.

¹⁴ Ibid.

In post-occupation Iraq, agricultural producers no longer benefited from government support for agricultural inputs. The cooperatives that are being encouraged today are envisioned as private sector entities strictly based on 'market principles'. The cooperative format is seen only as a way to facilitate cooperation between agricultural producers to achieve economies of scale by buying in bulk at reduced prices, thus reducing the cost of inputs and increasing profit (USAID 2005)¹⁵.

In the new era, cooperative recovery work was initiated with the technical and financial assistance of the US Government. Efforts to form a cooperative began in 2008 with the support of 47 Mada'in Qada agricultural associations. The *Green Mada'in Association for Agricultural Development* (GMAAD) is a non-profit agricultural cooperative in Iraq. Its membership includes over 800 small farmers, mostly from the Mada'in Qada, a region east of Baghdad. The cooperative was founded with the help of the United States Department of Agriculture's (USDA) Provincial Reconstruction Team (PRT) to rebuild Iraq's agricultural sector. Initial funding of \$6 million was provided by the US Department of State. Two-thirds of the funding was used to provide farmers with access to credit through a Revolving Loan Fund¹⁶.

GMAAD assists farmers in buying fertilizer and seeds in addition to hiring drivers and renting equipment to harvest wheat and barley. Cooperative members may make arrangements to sell their products directly to the public in Baghdad.

Table 1: Cooperatives in Iraq: Facts and Figures (2001)

Type of cooperative	No of cooperatives	No. of members
Local agricultural cooperatives	881	20.5037
Consumer cooperatives	221	887.270
Collective farms	3	169
Specialized cooperatives	49	16.397

Source: Esim, Omeria 2010

3.1.2. Jordan

The first cooperative law (number 39) in Jordan was issued in 1952, drawing mostly from the Palestinian Cooperative Law of 1933. The cooperative movement started with the establishment of the Cooperative Development Department (CDD) in 1952. The Jordan Central Cooperative Union (JCCU) was established by 247 primary cooperative societies in 1959. This was complimented by the establishment of the Cooperative Institute in 1963 and the Cooperative Auditing Union in 1964¹⁷.

The number of cooperative societies reached 709 in 1967. The cooperative movement suffered a serious setback in the aftermath of the June 1967 war, as over half of the societies were located in the West Bank (at that time cooperatives in the West Bank were affiliated to the JCCU), where activities were suspended. Because of this conflict, the Government of Jordan took over the

¹⁵ In the Esim-Omeira paper "Rural Women Producers and Cooperatives in Conflicts Settings in the Arab States", 2009.

¹⁶ Habenstreit, Linda C. Cooperative playing key role as Iraq rebuilds farm sector. *Rural Cooperatives*. 10 Jan. 2010.

¹⁷ Draft Cooperative Sector Strategy of Jordan (Prepared jointly by the ILO and World Bank mission in 1998).

responsibility of cooperative development by establishing an autonomous but quasi-governmental agency, the Jordan Cooperative Organisation (JCO), which absorbed the JCCU, the Cooperative Institute and the Audit Union.

The Cooperative Law of 1971 changed the nature of Jordan's cooperative sector by placing all functions and responsibilities of the hitherto autonomous apex bodies under the JCO as "super apex". Since the Government held the majority of seats on the Board of Directors of the JCO, this resulted in effective government control over the cooperative movement. Established in 1978, the Jordan Cooperative Bank (JCB) disbursed between 16 to 20 per cent of the total institutional credit between 1980 and 1985. The Central Bank stopped the JCB from operating because it was on the brink of bankruptcy. By 1995, the financial situation of JCO had become so alarming that the government decided to dissolve the organisation all together, replacing it by the Jordan Cooperative Corporation (JCC), a government agency fully financed by the State.

In 1998, the Government of Jordan requested World Bank assistance in reforming the cooperative sector through (a) formulation of a comprehensive cooperative sector strategy and (b) the design of a cooperative development project for the implementation of this strategy. The World Bank in partnership with the ILO Cooperative Branch subsequently prepared a cooperative sector review, entitled "Cooperative Sector: Agenda for Renewal and Growth". This was discussed with the Jordanian authorities, finalized and formally accepted by the Government in April 1999. Following this approval, and upon the request of the Head of the JCC (Deputy Prime Minister in-charge of JCC), the ILO provided technical assistance in the preparation of the draft for the omnibus act in 1999.

The reform proposals developed by the World Bank included, in addition to legal and policy changes, a complete restructuring of the JCC which would see its functions limited to cooperative registration and legal supervision. The reform proposals also called for the establishment of a "Cooperative Service Association"¹⁸.

ILO comments on Cooperative Law No. 18 of 1997 and the Cooperative Societies Charter of 1998 were sent to the Government of Jordan. During the second mission in 1999, the ILO incorporated the proposed changes in the draft law, and discussed it with the JCC executive director. However, JCC was not convinced that the proposed law was necessary for the cooperative movement in Jordan to become independent from the State and develop as an autonomous, member-based and member-controlled organisation. The mission concluded that "there is unrefutable evidence that government-sponsored cooperative development has failed in Jordan, as it has failed elsewhere". To substantiate this claim, at present, JCC operates merely as a registrar of cooperatives.

In terms of cooperative presence, in 2004 there were approximately 970 cooperative societies in Jordan with 117,000 members and assets exceeding 400 million Jordanian Dinars. The main types of cooperatives were multi-purpose (437), agriculture (187) and housing cooperatives (181).¹⁹

¹⁸ Schwettmann, Jorgen: ILO Mission Report to Jordan, 30.09. - 4.10.1999.

¹⁹ Abdel Thaher, pp. 55-56.

3.1.3. Lebanon

The first Lebanese cooperative law was enacted in 1909 and amended in 1932 and 1938. The subsequent cooperative law of 1964 was first amended in 1972, and again in 1977, with changes to three articles related to the characteristics of the cooperative and the inspection of the Directorate of Cooperatives for the board of directors. The law was again amended in 1983 with changes in two articles concerning increased monitoring of the activities of cooperatives by the Directorate.

The National Cooperative Credit Union was also established in 1968, while the Lebanese Federation of Cooperative Societies was established in 1969. As of 2000, there were 695 cooperatives registered in Lebanon, the majority in Mount Lebanon, the Bekaa and South Lebanon.

In the immediate aftermath of the Israeli withdrawal from South Lebanon in 2001, the ILO fielded a high-level multi-disciplinary mission to South Lebanon at the request of ILO constituents. The mission's objectives were i) to promote job opportunities through maximizing the socio-economic potential of the South and its integration with the rest of Lebanon; and ii) to enhance rehabilitation and socio-economic integration of the diverse vulnerable crisis-affected groups²⁰. A project proposal and a summary project outline on "Employment and Income Generation through Rural Cooperatives in South Lebanon" was prepared and attached to the mission report by the Cooperative Branch representative. This was partially taken into account later, in designing another Project document "Policy and Legal Framework for Cooperatives" to be funded by the United Nations Development Programme and implemented by the Department of Cooperatives at the Ministry of Agriculture²¹.

At the request of the Ministry of Housing and Cooperatives, the ILO Regional Office organized a national seminar on cooperative development in Beirut (13-16 November 1995) in partnership with the Arab Labour Organization (ALO) and the Workers' Union of Lebanon. The seminar emphasized the need for a conducive cooperative development policy and a new cooperative law²².

According to Adwan, the evolution of cooperatives in Lebanon has been closely associated with the transformations in the capacity of the state. Because cooperatives were heavily supported by the government in the 1960s and 70s, they suffered a major decline during the civil war. Their re-emergence in the post-war period was largely driven by political parties and donor initiatives, which strongly damaged their reputation in turn²³ (Adwan, 2004).

There are over 1,400 cooperatives in Lebanon today, the large majority in the agricultural sector, followed by housing and credit. According to the National Federation of Lebanese Cooperatives, there are a total of 1,201 (active) cooperatives, 799 of which are agricultural cooperatives, 195 housing and credit, 49 beekeeping, 42 fishing, 47 handicrafts, 38 consumer, and 31 miscellaneous. The majority of cooperatives are in South Lebanon (260), followed by North Lebanon (226) and the Bekaa region (203). Only 4 cooperatives are registered in the Capital, Beirut.

²⁰ Mission Report – Participation in the ILO Multi-disciplinary Mission on Employment, Social Rehabilitation and Re-integration to South Lebanon, ILO Cooperative Branch, 27 July 2000.

²¹ Government of Lebanon, Ministry of Agriculture Directorate of Cooperatives, UNDP/ILO Project Proposal: Policy and Legal Framework for Cooperatives, November 2002.

²² Lebanon Seminar Report, Cooperative Development and Promotion, Geneva, 18 Nov. 1995.

²³ In the Issue Brief 3 of the ILO Beirut as quoted above under footnote 4.

In South Lebanon, according to the Registrar, there were 240 cooperatives in 2009. These are organized in two cooperative unions. The first cooperative union covers two governorates, and has 40 affiliated cooperatives (it is also helping 90 other cooperatives not yet members of the Union). The second union is in Marjayoun Caza and has 36 affiliated cooperatives in 42 villages. The most wide-spread cooperatives are olive oil, beekeeping and livestock cooperatives²⁴.

Women groups have also established a number of cooperatives, particularly in rural areas. According to a case study, women cooperatives in Lebanon, in general, face difficulties in marketing their goods, impeding long-term sustainability. This is essentially due to gender barriers to mobility, mismatching between products and market demands, lack of subsidies or investment in inputs, total liberalization of local markets and flooding with similar, cheaper and more competitive products²⁵. During the 2006 war, rural women's cooperatives played an active part in relief and emergency efforts. Rural women also played an active role in advocacy efforts, where they participated in various forms of public campaigning for women's citizenship and economic rights. The original group of nine rural women cooperatives has grown today to include more than 17 groupings and cooperatives.

3.1.4. Occupied Palestinian Territory (oPt)

The cooperative way of doing business and services is natural to Palestinians, because of strong traditional family and community ties. Cooperatives therefore constitute an important means of survival for Palestinians under occupation²⁶.

The first law for cooperatives in Palestine was drafted under the British mandate in 1933, 13 years after a cooperative law was established for the Jewish minority in historic Palestine in 1920. Between 1933 and 1946, the number of Palestinian cooperatives increased from 50 to 246²⁷. The majority of these cooperatives focused on agriculture, rural development and transportation. They became particularly active in the fifties and sixties, with their numbers reaching 487 in the West Bank and the Gaza Strip. This significant increase came as a result of Jordanian (in the West Bank) and Egyptian (in the Gaza Strip) cooperative development policies that encouraged people to organize in cooperatives. After 1967, Israeli occupation authorities imposed a set of restrictions and procedures that hindered collective action, including cooperative work. Various Palestinian, Arabic and international organizations, however, continued to support cooperatives, which in turn rendered cooperatives dependent on external donor support and funding.

After the establishment of the Palestinian National Authority (PNA), the Ministry of Labour (MoL) through its General Directorate of Cooperatives paid significant attention to promoting and developing the cooperative sector. All cooperative laws that were in effect have remained valid. Hence, the Jordanian Cooperative Law No. 17 of 1956 still applies in the West Bank, while the

²⁴ Polat, H. – Report of the ILO Consultant on preparatory work towards strengthening local cooperatives through training in war-affected areas in South Lebanon, March 2009.

²⁵ Lina Abu Habib (ed.) – Case studies in women's empowerment: What's in a day's work? Rural Women Cooperatives challenge patriarchal market institutions in Lebanon, 2009.

²⁶ Adnan Obeidat, Palestinian Cooperative Development, a study funded by the UNDP, 2005.

²⁷ Abdel Thaher, pp. 64.

Egyptian Cooperative Law No. 50 of 1933 and the Cooperative Regulation No. 1 of 1934 are still operational in the Gaza Strip²⁸.

Acknowledging that existing laws fail to meet and cope with the challenges and development aspirations of the cooperative movement in the oPt, preparatory activities for a new law were undertaken by the Directorate General of Cooperatives. A national workshop was held in June 1997 to discuss the future vision of the Palestinian cooperative movement. The workshop laid out the general plan for the development of the cooperative sector for the years 1998-2000. The plan included a unified Palestinian cooperative law and bylaws. Several committees were subsequently formed to draft the new law. The work of the Ministry on a new law continued and the draft was discussed in a joint workshop with the ILO in November 2008. The draft law was reviewed using ILO Recommendation 193 on the Promotion of Cooperatives (2002) as reference. Further revision was made in November 2009, before the draft law was finally forwarded to the Council of Ministers for consideration.

The draft was in turn amended by the Council of Ministers and forwarded to the President's Office for approval in June 2010. It is seen in the latest draft of the cooperative law that ILO Recommendation 193 was used as a general guide in preparing the text. The new Palestinian Cooperative law outlines:

- The restructuring of the Cooperative development administration by establishing the General Commission for Regulating Cooperatives (GCRC), as a semi-autonomous policy and service structure;
- A new policy to promote cooperatives;
- A working definition of cooperative society (under Article 13)
- Inclusion of cooperative apex structures in policy-making;
- The roles of the general assembly and management committee in detail;
- The role and participation of members and conditions for membership;
- Protection of the name of "cooperative" (against misuse);
- Regulations and procedures for the liquidation and dissolution of cooperatives;
- Contents of bylaws in detail.

At the end of 2009, according to the Department of Cooperatives, the number of registered cooperatives reached 855, of which 565 are active, with a total membership of 57,000. Fifteen percent of all cooperative members are women. Around 42 percent of active cooperatives operate in agriculture (animal husbandry and plant production), 40.5 percent in housing, 2.5 percent in handicrafts and 2.5 percent in services. There are eight sectoral cooperative unions, seven of which are members of the General Union of Cooperatives. More than one third (200) of all active cooperatives were registered after 2000.

²⁸ Sarsour & Polat: The Palestinian Cooperative Movement – Problems and Prospects, ILO/UNDP study, January 2010.

According to an ILO study undertaken on women cooperatives in the West Bank and the Gaza Strip in 2009, out of the 461 registered cooperatives in the West Bank, only 101 actually have women members. Gender disparity is mainly attributed to women's limited access to and control over the physical and financial resources needed for obtaining membership, as well as women's general preference to join women-only cooperatives over mixed cooperatives. Women-only cooperatives operate in all 11 West Bank governorates. Ramallah alone houses 44 percent of cooperatives in the West Bank and is home to 20 percent of cooperative membership²⁹.

Box 4: The Palestinian Olive Oil Cooperative Federation

Olive Oil for Peace

Established in 1966 as the first cooperative union in Palestine, the Union of Olive Oil Cooperatives has 20 affiliated primary cooperative societies with 4,000 farmer-members. Despite difficulties and restrictions imposed by the Israeli occupation, the Union has resumed its activities in the last four years and been successful in supporting primary cooperatives and exporting olive oil in Arab countries. Thirteen cooperatives have oil pressing units and warehouses. Another eight primary cooperative societies have certification for the production of organic olive oil, allowing them to use the Fairtrade label for their sales in Italy, France and the UK.

In the UK, the Arab-British Culture and Society awarded the Union for its contribution to the recognition of the Palestinian problem in 2009. Together with an Israeli like-minded agency, the Union has been working to implement the joint project "Olive Oil for Peace".

Source: Information gathered by H. Polat, ILO Consultant visiting the Union, Nov. 2009

3.1.5. Syria

In Syria, cooperatives were used as a way to promote socialism and socialist relations. The first cooperative law was issued in 1950 (number 65f), but the total number of cooperatives remained limited. By 1957 there were only 57 cooperatives, 38 of which were in the agricultural sector, with a membership of 2,261.

Some economists suggest that the cooperative movement in Syria evolved gradually until the early 1970s, when the sector started to pick up. Before 1976 there were 3,385 agricultural cooperatives with 256,000 members. In 1984 there were 4,050 agricultural cooperatives with 440,347 members³⁰.

Today, the cooperative sector in Syria is led by three cooperative unions: the Housing Cooperative Federation, the Farmers' Cooperative Federation and the Handicrafts and Production Cooperative Federation. Over 550,000 are members of housing cooperatives (figures from 2004), approximately 10,759 of handicraft cooperative societies (2005 figures), and 3,236 of production cooperatives (2005 figures).³¹

²⁹ Mainstreaming Gender Equity Concerns in Palestinian Cooperatives: a Needs Assessment, an ILO study undertaken by Al-Sahel Company for Institutional Development and Communications, 2010.

³⁰ Syria: Role of Government in Agriculture, 1987.

³¹ Abdel Taher pp.46-48

UNDP supported an initiative for the establishment of self-reliant local financial institutions, with cooperative character, namely the sanduq (sg.), which literally means savings box in Arabic. A novel concept in centralized banking system, the sanadiq (pl.) are self-managed and autonomous in their decision-making, which has included the adoption of financial practices consistent with local values. Between September 2000 and December 2002, 22 sanadiq were established, comprising 4,691 members, with shareholder equity of US\$ 130,000. The repayment rate as of 31 December 2002 was 99.7 percent. Return on average equity was 17 percent, almost half of which (46 percent) was paid to shareholders, with the balance (54 percent) retained as capital. Loans permit farmers to bypass trader-moneylenders and sell their produce at a higher price. Labourers turn into farmers; and micro entrepreneurs use quick-turnover repeat loans for new investments and rapid business growth.

According to a recent UNICEF evaluation, by 2003 the number of sanadiq reached 30 with 6,468 shareholders and a share capital of 10.65 million Syrian Pounds. Special attention was given to women, who represented 41 percent of members most of whom are illiterate³².

It is also fair to mention the existence of indigenous peoples' (the Bedouin) cooperatives in Syria. It is to be noted that most indigenous and tribal peoples around the world organize themselves in cooperatives at the local level to protect their lands, traditional practices and cultural identity³³. Syria is not an exception with regard to tribal-based cooperatives of this particular group of people.

The hima (protected) cooperatives established by the Bedouin have been in operation in Syria since the early 1960s. They have become an important safety net for the indigenous peoples, the poorest of the poor. The Bedouin cooperatives are formed after thorough studies are conducted to determine which tribe or tribes have legal use of the land. Cooperatives are then formed from these tribes according to guidelines established by the General Union of Peasants.

Each cooperative has its own executive board which acts much like the tribal *majlis* of the past. The board determines the actions of individual members, acts as mediator between the tribes and the government, and helps with credit facilities and marketing. Each cooperative controls the use of its own lands. Individual members retain ownership of their herds and flocks, although limitations are placed on the number of animals any one member may graze on the cooperative's pastures. Cooperatives control migrations between summer and winter grazing areas as well as pasture rotation³⁴.

3.1.6. Yemen

As in most rural societies, Yemen has a long history of community solidarity and self-help efforts. However, formal cooperatives with emphasis on the provision of business services for their member-owners, were introduced in Yemen only in the sixties. In the South, the colonial administration encouraged the production of cotton through cooperatives. After independence, many additional cooperatives were established by the State with the objective of controlling agricultural production, the provision of credit and inputs, and the collection and distribution of agricultural produce. In the

³² Imady, O. & Siebel, H.D.: Sanduq- A microfinance Innovation in Syria Driven by Shareholder Value, April 2005.

³³ Polat, Huseyin: Indigenous Peoples' Cooperatives and the ILO-INDISCO Programme, Review of International Cooperation, ICA, Vol. 91, No. 1, 1998.

³⁴ Nomads in Jordan and Syria, Cultural Survival 8.1 .1984.

North, cooperatives developed more at the initiative of farmers, and many were initially successful. In the early eighties, however, individual cooperatives were subordinated to semi-public structures, i.e. the Local Counsel for Cooperatives (LCCD), and as a result quickly lost their reputation for being member-oriented efficient service providers. After the reunification in 1990, a significant consolidation started to take place, i.e. most government controlled units were abandoned by members, and in other places new cooperatives were established mostly as member-initiated and member-controlled organizations³⁵.

Since 1994, the development of cooperatives in Yemen has been facilitated by a new cooperative law, which was amended in 1998. Prior to the unification of South and North Yemen there existed two separate unions for agricultural cooperatives. In 1991, a conference of 450 cooperative representatives decided to establish a successor organization, the Agricultural Cooperative Union (ACU), which only became operational in 1996.

The total number of various types of cooperatives societies and unions registered with the Ministry of Social Affairs in Yemen is 1,410, of which 850 (60.3 percent) are agricultural cooperatives societies (ACSs).

The number of agricultural cooperative societies organised under the Agricultural Cooperative Union (ACU) is 554. The ACU works to:

- Support agricultural cooperatives in the production and marketing of agricultural produce by supplying subsidized inputs and machinery;
- Provide a link between government/state agencies and cooperatives with the aim of effectively channelling government support to agriculture;
- Provide education to cooperative members and training for staff and management;
- Represent cooperative interests at the national, regional and global levels;³⁶
- Formulate policies to plan production based on labour market demand (local and foreign);
- Conduct research and studies on cooperative development;
- Provide capacity development to cooperatives in the area of financial management, planning and project development.³⁷

According to an ILO report, the majority of cooperatives in Yemen are male-only or mixed cooperatives in which there is little managerial participation by women producers due to male domination, reinforced by culture and tradition. Of 427 cooperatives registered with the Agricultural Cooperatives Union, ten are women-only. None of these women-only cooperatives are currently active due to a lack of resources and weak management skills, limited government support, corruption and weak marketing ability.

Yemeni cooperative law stipulates that a minimum capital input of 500,000 Yemeni Rials is needed to establish women's cooperatives, which is less than what is required for men-only cooperatives. "It

³⁵ www.ocdc.cooperative/publications/Agricooperatives.doc

³⁶ <http://www.ocdc.cooperative/publications/Agricooperatives.doc>

³⁷ Presentation by the Agriculture Cooperative Union to the ILO Sub-Regional Knowledge Sharing Workshop on Cooperative Development in the Arab States. 23-26 November 2010.

is nevertheless too much for poor rural women to raise, which is yet another obstacle to their entrepreneurship," said the report³⁸.

A FAO/World Bank study indicates that there are well established fishery cooperatives in Yemen as well. The establishment of fishery cooperatives is governed today by the Law No. 18 of 1994. The Third Fisheries Project funded by the World Bank supported fishery cooperatives, by providing facilities for landing, auctioning, storage of fish, for ice-making and boat repair. Large loans were provided by the Fourth Fisheries Development Project for the purchase of boats, engines and nets. The initiatives strongly strengthened the artisanal fleet. According to the study, fishery cooperatives along the coast of the Gulf of Aden are well functioning, compared to those in the Red Sea where only 5 out of 37 cooperatives are performing well. There are 134 fishery cooperatives in Yemen out of which 120 are members of the Yemeni Fishery Cooperatives Union³⁹.

3.2. The roots of inefficiency: Major problems

Cooperatives in developing countries share some common weaknesses and inefficiencies most of which stem from excessive state-sponsorship and top-down cooperative development policies in an unfavourable legal and policy environment. Cooperatives in the Arab world share common problems, which include:

- *State-cooperative relations - Recognition and treatment:* State-cooperative relations are poor. Cooperative apex organisations function as if they are State parastatals. Recognition of the movement's autonomy and independence and acceptance of cooperatives as a different type of enterprise is generally not evident. A common misconception among the general public is that cooperatives "should be" controlled by the State to avoid "corruption". On the ground, it has also become common practice and an integral part of general cooperative policy that government should be kept in the loop about cooperative activities, as a sign of recognition.
- *Autonomy and independence:* Lack of autonomy and independence seems to be one of the major problems 'diluting' the image of cooperatives.
- *Lack of member awareness and sense of ownership:* Cooperative members are generally not aware that cooperatives are owned by them and not the State. This means that the sense of ownership among them is missing, or, to a large extent, not strong due to a lack of education and training on cooperative principles and core values. Their participation in the general assembly, the decision-making body of a cooperative, is therefore often negligible.
- *Lack of support services:* The needs of support services cooperatives are not adequately provided by the State. There are government agencies providing some support services for cooperatives, but the services often come at the price of government interference.
- *Lack of access to finance:* Despite the existence of "cooperative" banks in Jordan (closed), Syria and Yemen, cooperatives have no access to finance satisfactorily. Cooperatives are therefore unable to get financial support to invest in processing and marketing of agricultural produce. Cooperatives are therefore not self-reliant in financial matters.

³⁸ ILO Policy Brief 6: Enhancing the Participation of Rural Women Producers in Cooperatives in Yemen, ILO-RO Beirut, 2009.

³⁹ Angelo Bonfiglioli & Khaled Ibrahim Hariri: Small-Scale Fisheries in Yemen- Social Assessment and Development Prospects, FAO/World Bank study, Dec. 2004.

- *Poor management performance and/or lack of good governance:* In general, management performance of cooperatives is poor. Very few cooperative apex organisations are managed professionally without government interference. Cooperative board members and executives are dependent on outside consultants or government officials simply because they have no management background and experience due to lack of continuous management and skills training programmes for cooperatives. In Yemen, for instance, the following (management and performance) problems of cooperatives were highlighted in the UNCDF-FAO Assessment Report⁴⁰:

Too many cooperatives, even the best ones, lack focus on objectives and outputs and do not fully operate as business units. In Yemen, fisheries cooperatives seem to share with agricultural cooperatives a number of barriers and constraints blocking them from entering and competing in the market economy and making it difficult for them the transition to the private sector. Major common issues are the following:

- (i) a weak understanding of business operations and low levels of business and technical skills (for instance, for monitoring and evaluating all business activities),
 - (ii) general low levels of innovation and flexibility (partly due to their dependency on government offices and involvement in government programs,
 - (iii) limited access to markets, in particular the lack of linkages to formal sector enterprises,
 - (iv) lack of a long-term strategy and business plan (including a resource mobilization strategy, through service fees and business operations),
 - (v) insufficient capacity to identify, examine and prioritize potential economic activities and effectively implement those selected,
 - (vi) little or no linkages to (and little economic potential to establish linkages with) commercial financial institutions, and general weakness in accessing to credit services,
 - (vii) weak commercial linkages with other cooperatives operating in the same subsector or in other affiliated sectors.
- *Weak apex organisations:* As stated above, national cooperative apex organisations are weak and operate like government parastatals. Sectoral organisations of cooperatives also need technical expertise and financial support to make cooperatives benefit from the economies of scale which is, to a wider extent, missing among cooperatives in the sub-region.
 - *Donor (and government) dependency:* While government dependency among cooperative apex organisations continues, donor dependency started at the grassroots level, due to lack of capacities to implement the “imposed” projects, designed without their participation.
 - *Gender inequality* and low levels of women participation: As a general phenomenon, women’s participation in cooperatives is very low. This has cultural roots reflecting widespread gender inequalities in social and economic life. As a reaction to this situation, women-only cooperatives just recently started to take root, some proving more successful than others.

⁴⁰ Bongfiglio & Hariri, UNCDF-FAO Project, 2004.

3.3. Cooperative policy and legislation in the Sub-Region:

It is commonly accepted that the role of the government in cooperative affairs should be restricted to four functions,⁴¹ namely legislation, registration, dissolution/liquidation, and monitoring the application of the law by the cooperatives. Therefore, the main objective of a cooperative law (should) be to guarantee minimum government involvement, maximum deregulation, maximum democratic participation and minimum government spending by translating the cooperative principles into a legally binding framework for the organization of self-determined self-help.⁴²

Box 5: ILO Recommendation 193: National Policies on Cooperative Development

National policies should notably:

- a) promote International Labour Standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to disguise employment relationships, by combating pseudo cooperatives violating workers' rights, and ensuring that labour legislation is applied in all enterprises;
- c) promote gender equality in cooperatives and in their work;
- d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
- e) develop technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
- f) promote education and training in cooperative principles and practices, at all levels of the national education and training systems, and in the wider society;
- g) promote the adoption of measures that provide for safety and health in the workplace;
- h) provide 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;
- i) facilitate access of cooperatives to credit;
- j) facilitate access of cooperatives to markets;
- k) promote the dissemination of information on cooperatives; and
- l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

ILO Recommendation No. 193 (2002) on the Promotion of Cooperatives describes the scope and contents of cooperative policy and legislation as well as its major characteristics (see box).

With the notable exception of the oPt, countries in the sub-region have no conducive cooperative policy and up-dated cooperative law favourable for cooperative development. In Lebanon and Jordan, ILO's technical consultations undertaken earlier on cooperative policy and law have not produced the desired results. In Lebanon, the cooperative law of 1964 which was amended in 1972 is still operational (see box)⁴³.

⁴¹ Henry, Hagen: Guidelines for Cooperative Legislation, 2nd edition, ILO/COPAC publication, 2005.

⁴² Henry, *ibid*.

⁴³ Information was provided by National Cooperative Federation of Lebanon (through ILO Beirut), August 2010.

3.4. Some perform better: Different types of cooperatives

Agricultural cooperatives are known to be the most widespread types of cooperatives in all countries in the sub-region. There are different kinds of cooperatives established in the agricultural sector, including, production, marketing, agricultural credit, beekeeping, animal husbandry, olive oil processing, etc. Agricultural cooperatives in South Lebanon are mainly specialized in livestock, beekeeping and olive oil production. Food processing cooperatives established by women groups are also successful.

Despite unfavourable political and legal environment, affected by crisis situation, between 1999 and 2001, as seen in Table 2 below, there were 124 cooperatives established in Lebanon, out of which 98 were agricultural cooperatives. Out of 124 cooperatives 76 cooperatives were established in South Lebanon, 68 being agricultural cooperatives⁴⁴.

Box 6: Lebanon - Basics of Cooperative Law of 1964 (amended in 1972)

The law defines cooperatives as non-profit organizations whose objective is to improve the socio-economic conditions of its members through cooperation between them toward a common objective. No more than one cooperative with the same purpose can be established in the same village, if its population is less than 20,000. A cooperative should be composed of at least ten people. A cooperative is governed by an executive board (majlis idara). The Ministry of Agriculture is responsible for registering, assisting, and monitoring all cooperatives in Lebanon, through a Cooperatives Department within the Ministry. The registration process entails that the cooperative submits an application to the Cooperative Department. This should include the name and signature of members, the name of the cooperative, its objectives, regional and sectoral scope, in addition to the profile of its founding members and the number and value of its shares. The Cooperative Department should come back with its decision within a period not exceeding two months after the submission of the application. Upon approval, at least 2/3 of the signatories on that application officially meet to ensure payment for shares, and vote for the board of directors (3-7 members) and the audit committee (3 members). Cooperatives are exempt from taxation including municipal taxation (including electricity, water, construction license etc), fees (including fees for publishing in official bulletins, conducting lab exams in governmental institutions), indirect taxation (cooperatives are exempt from 50 percent of fees to export products outside) and direct taxation (income tax on profit of cooperative, tax on transfer of grants, tax on real estate owned by the cooperative). The National Union for Cooperative Credit is mandated by law to regulate disbursement of credit to cooperatives (It ceased to exist in the 90s). A citizen cannot be a member of two cooperatives with the same objective.

Source: Information provided by the National Federation of Cooperatives (through ILO Office Beirut)

⁴⁴ Analysis of the Cooperative Sector in South Lebanon, UNDP/ICU (Istituto per la Cooperativeerazione Universitaria), 2008

Table 2: number of cooperatives formed in Lebanon between September 1999 and December 2001

	Agri cultural	Animal husbandr y	Fishing	Bee - keeping	Housing	Saving & Credit	Othe rs	Total
Bekaa	17	5	1	-	-	-	5	28
Beirut	1	-	-	-	-	1	3	4
Mount Lebanon	5	-	-	-	6	-	-	11
South Lebanon	68	1	2	2	2	-	1	76
North Lebanon	2	1	-	-	1	-	-	4
Total	93	7	3	2	9	1	9	124

In Yemen, there are successful agricultural and fishery cooperatives (see box 8).

Box 7: Beekeeping Cooperative Society in South Lebanon

The Jabal Amel Beekeeping Cooperative Society in South Lebanon was established in 1986 and now has 300 members from 30 villages. Its aim is to help members increase their production and improve the quality of honey. The majority of members (up to 70 percent) are dependent on beekeeping as their main source of livelihood. The society focuses on training of members for quality production. It has facilities to produce beehives and special clothers for members. It is a member of the National Federation of Beekeepers' Cooperatives, with its President, Tarek Yassin serving as Vice-President of the Federation. Yassin attended high-level training programmes in France and has been collaborating with the ILO, as well as Italian beekeeping experts. The cooperative helped the affected people after the war and is now working with the United Nations Development Programme to clean land mines.

Source: ILO Consultant's visit to Jabal Amel Cooperative society, Nov. 2009.

Table 3. Select statistics on cooperatives in the West Bank and Gaza Strip, August 2007

<u>Sector</u>	<u>Per cent of cooperatives</u>	<u>Per cent of members</u>
Agriculture	39 percent	39 percent
Housing	44 percent	26 percent
Credit/Saving	13 percent	17 percent
Consumer	2 percent	16 percent
<u>Crafts</u>	<u>2 percent</u>	<u>2 percent</u>
TOTAL	100	100

Source: Ministry of Labour, Palestinian Authority, 2008 (in Esim, Omeria 2010)

Box 8: Yemeni Fishery Cooperatives: Roles and functions

1. Sale of fishing equipment (boats, gears, engines, ice plants and chill stores) and provision of marketing services (fish storage, auctions), of transport (some cooperatives own insulated trucks – which are either rented to private traders on a daily basis or used directly by them to transport fish to major inland auction centers), and of fuel supplies.
2. Cooperatives and societies generate income from profits on fish sold in local markets and to the National Corporation for Services and Fish Marketing, NCSFM. Cooperative societies receive a percentage (2 percent) of the value of the fish catch from their members, towards social security and other functions. These cooperatives are not involved in direct fish marketing.
3. Provision of financial services (enabling members to obtain credit, acting as agent for the fisheries credit programme of the Cooperative Agriculture Credit Bank, CACB) and social security (between 2 to 5 percent of the value of fish catch from their members are put in a social security system).
4. Sale of food: some cooperatives assume the role of consumer cooperatives (by buying food and other items from wholesale dealers and selling them to the fishing communities)
5. Processing activities: Some cooperatives are involved in processing of some products (shark, sea cucumber, etc.). Technologies are quite rudimentary (drying, grading and packing, and the product is of low quality).
6. Provision of small social welfare benefits (credit for education, health, etc.)

Source: Bongfiglioili and Hariri: Small-Scale Fisheries in Yemen, UNCDF-FAO Fisheries Project, 2004

3.5. Cooperatives and social partners

Trade unions and cooperatives are considered to be the “twin pillars” of the labour movement. In many developed and developing countries around the world trade unions and cooperatives share common values, principles and strategies and collaborate to improve the working and living conditions of working people. As part of their « non-bargaining » activities, trade union organizations assist their members in establishing different types of cooperatives. The activities undertaken by these cooperatives contribute to the well-being of trade union members by strengthening their purchasing power⁴⁵.

In developing countries, where cooperatives enjoyed considerable support from government authorities that were sometimes responsible for setting them up, unions were reprimanded for their aggressiveness or else integrated into one-party systems at the mercy of public powers. Moreover, and in contrast to the situation prevailing in industrialized countries, while unions tended to

⁴⁵ Polat, Huseyin: Trade Unions and Cooperatives – Some Commonalities and Differences (background paper presented in the joint ILO/ITUC Regional Workshop on Trade Unions and Cooperatives, Nairobi, Kenya, 16-17 April 2009).

concentrate their activities in urban areas to protect workers employed in industry and utilities (which constitutes a minority of workers), cooperatives were more active in rural areas⁴⁶.

Box 9: ILO Recommendation N°.193 Role of Employers' and Workers' Organizations in Promoting Cooperatives

Para. 14- Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.

Para. 15- Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

Para. 16- Workers' organizations should be encouraged to:

- (a) advise and assist workers in cooperatives to join workers' organizations;
- (b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;
- (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
- (d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
- (e) assist and participate in programmes for cooperatives aimed at improving their productivity;
- (f) promote equality of opportunity in cooperatives;
- (g) promote the exercise of the rights of worker-members of cooperatives; and
- (h) undertake any other activities for the promotion of cooperatives, including education and training.

The ideals pursued by Employers' Organizations may not necessarily be identical to those of cooperatives. However, the areas of convergence are far greater than those of divergence. Some of these areas include but are not limited to the fact that⁴⁷:

- Both find strength in unity and are inspired by solidarity;
- Both are committed to human development;
- Both generate employment;
- Both contribute to the poverty eradication effort;
- Both are committed to gender equality.

In the Arab world, case studies trade union-cooperative collaboration and/or strong partnership between cooperatives and employers' organisations are non-existent.

Iraq, Lebanon, Jordan, Syria and Yemen have ratified the ILO Core Conventions 29, 98, 100, 105, 111, 138 and 182. Convention 87 has been ratified by Syria and Yemen. In practice, trade union activities

⁴⁶ Tchami, Guy: Handbook on Cooperatives for use by Workers' Organizations, ILO 2007.

⁴⁷ Report on the ILO/IOE Regional Workshop on Employers' Organizations and Cooperatives, Nairobi, Kenya, 15-16 February 2010.

are carried out under strict restrictions. In an ILO regional expert meeting, the following general description was made about trade unions in the Arab world⁴⁸:

In general, trade unions in the region may feature one or more of the following: lack of freedom of association; trade union monopoly given by labour legislation to a specific trade union federation, with the prohibition of other organizations; lack of internal democracy, with leaders appointed and not elected, which is a major reason for the discouragement of the new generation of workers, who has different conditions and backgrounds, from joining the unions; outdated discourse; territorial mind sets; political party capture of union leadership; lack of change in leadership, which is restricted to older men, as youth and women are rarely found in trade union leadership positions, despite the growth in women's labour force participation and pressing youth employment issues.

In Lebanon, for instance, according to the ITUC Annual Survey of 2009, political tensions make it difficult to carry out trade union activity, independently of political manipulation⁴⁹. On the trade union-cooperative collaboration, the General Union of Cooperatives in Lebanon says that trade unions and cooperatives come together regularly to discuss means of improving working and living conditions of workers. They also set up lobby groups to push for the revision of labour laws and cooperative law reform. Joint working groups meet regularly to discuss ways of strengthening union-cooperative collaboration.

In Palestine, workers have the right to set up and join unions and to collective bargaining, although this is not yet enshrined in law. During the ILO Consultant's mission, it was explained that the Association of the Chambers of Commerce, Industry and Agriculture provide technical advice to cooperatives while Palestinian trade unions assist their members in establishing cooperatives. According to the new cooperative law, the representatives of the Palestinian employers' and workers' organisations will be represented on the board of the General Commission for Regulating Cooperatives (GCRC), the top policy-making body and support structure for cooperatives.

In Iraq, the draft Labour Code prepared with the assistance of the ILO was made public in 2007. However it has been held up by the Council of Ministers, and has yet to reach Parliament. When passed, it will recognise all trade unions with some exceptions, offer some protection to trade unionists against discrimination, protect workers from discriminatory actions, such as death threats, and allow collective bargaining. Nonetheless, the law still had some shortcomings which the ILO asked to be rectified.

In Jordan, according to the ITUC, trade union rights are restricted, and only one union, the General Federation of Jordanian Trade Unions (GFJTU), is allowed.

In Syria also, according to the ITUC, only one trade union federation is allowed, the GFTU, which has close links to the government.

In Yemen, according to the ITUC, the 2002 labour law is consistent with some of the provisions of ILO labour standards, though it still contains several restrictions on trade union rights. The new Labour

⁴⁸ Informal Employment in Arab States: A Gender Equality and Workers' Rights Perspective. Report of the Regional Experts Meeting, Carthage, 15-17 July 2008 (from Abdesattar Mansour's presentation).

⁴⁹ ITUC Annual Survey of violations of trade union rights 2009.

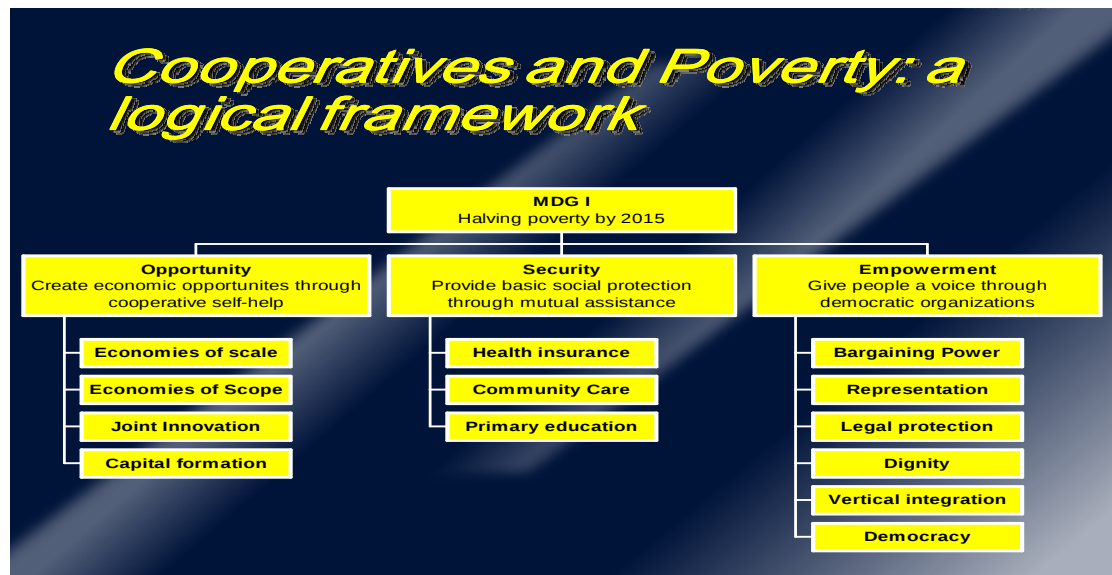
Law, still in draft form, contains several significant changes, namely that foreign workers may join trade unions but without the right to be elected to trade union office.

From the above description of the trade union situation in the sub-region, one can say that there is much to be done to initiate and build up healthy and sustainable relations and linkages between cooperatives and the ILO's social partners.

3.6. Cooperatives and poverty

According to the ILO, promoting decent work in rural areas is fundamental to achieving the Millennium Development Goals. Approximately 3.4 billion people, near half of the world's population, now live in rural areas. Some 97 per cent of the world's rural population live in developing countries. In the majority of countries, poverty levels are higher in rural areas than in urban areas, with wide economic disparities, most notably in the poorest countries. Because the extent and severity of poverty are greater in rural than in urban areas, providing opportunities for productive employment and decent work for rural workers is a major development challenge. From 1961 to 2000, the world's rural population increased by 1.2 billion and it will continue to grow for at least another decade. It is only as a portion of the total population that the gradual decline has begun.⁵⁰

The Global Cooperative Campaign Against Poverty, initiated jointly by the International Labor Organization (ILO) and the International Cooperative Alliance (ICA), presents the cooperative enterprise as "the only form of organization meeting so fully all the dimensions of poverty alleviation as summarized by the World Bank: opportunity; empowerment and security."⁵¹



⁵⁰ ILO Rural Employment Report, ILC 98th Session, 2008.

⁵¹ *Cooperating Out of Poverty: The Global Cooperative Campaign Against Poverty*. The International Labor Organization (ILO) and the International Cooperative Alliance (ICA). February, 2004.

According to the US Overseas Cooperative Development Council (OCDC), the route out of poverty via transformational development has three pathways:

- 1) **Economic Pathway** – alleviating poverty; stimulating economic growth;
- 2) **Democratic Pathway** – providing a framework for democratic participation; and
- 3) **Social Pathway** – building social capital and trust (including prior to and after conflict); bridging ethnic, religious and political divides; and providing social services (especially addressing HIV/AIDS).

Cooperatives are unique in addressing all three pathways simultaneously.⁵²

Birchall argues that if we want to enable poor people to help themselves through economic activity that builds on their strengths and compensates for their weaknesses, then people-centred business such as cooperatives have built-in advantages⁵³.

Box 10: **Poverty in the Arab World**

Poverty is one of the most pressing issues confronting the Arab world today. According to the United Nations Development Program (UNDP) and the Arab League, about 40 percent of the population in Arab countries, i.e. approximately 140 million people, live below the poverty line. The UNDP Report *“Development Challenges for the Arab Region: A Human Development Approach,”* observes “no reduction in poverty rates over the last 20 years” across the region. The Report highlights the prevalence of youth unemployment, which represents “more than 50 percent of the unemployed population in most Arab countries,” constituting the highest rate of youth unemployment in the world. The report emphasizes the need to increase regional food self-sufficiency — a goal far from being achieved despite the successful increase in cereal production in both Sudan and Syria. The Report calls for the establishment of a “social contract” or an “alliance for development” between the rich Arab oil producers and those less well to do, to enable the latter to meet their daily necessities.

The report also calls for a transition from a development model focusing on oil and raw materials to a model more focused on poverty reduction and job creation.

Source: Development Challenges for the Arab Region: A Human Development Approach, 2010.

Cooperatives play an important role in the fight against poverty in the sub-region, particularly in crisis situations. In South Lebanon, cooperatives have played an active role in rebuilding the rural infrastructure and reviving the local economy after the Israeli bombing in 2006. Poor people in rural areas organized themselves in cooperatives and self-help organisations assisting the local community in clearing mines and restoring economic life. UNDP and other donors gave priority to work through cooperatives and other community organisations. In the oPt, many community services are provided by cooperatives and cooperative-type self-help groups due to the Israeli occupation and insufficient resources of the Palestinian Administration. Agricultural cooperatives in Syria and Yemen also have a special role to play in poverty reduction. To a large extent, cooperatives are considered to be the “safety nets” for poor people in the sub-region, particularly in rural areas,

⁵² Cooperatives: Pathways to Economic, Democratic and Social Development in the Global Economy, OCDC Pathways paper, August 2007.

⁵³ Birchall, Johnston: Cooperatives and the Millennium Development Goals, ILO/COPAC publication, 2004.

due to their widespread existence with various types of economic, social and cultural roles and responsibilities some of which are specifically given to them.

4. The ILO's work on cooperatives in the sub-region

4.1. Support to Member States on cooperative policy and legislation

The ILO Cooperative Branch is one of the oldest technical units established in 1920 by the first Director-General of the ILO, Albert Thomas. The unit provides advice on cooperative policy and legislation to Member States. Technical support includes participatory policy and law making, so as to ensure that cooperative law is understood in its broadest sense. Issues of concern to cooperative legislation include inter alia taxation of cooperatives, labour law in cooperatives, accounting standards and competition law, in addition to implementation mechanisms. The Cooperative Branch undertakes consultation missions upon request. Its services include training programmes organized annually on policy and legislation, guidelines on how to design and implement cooperative laws, as well as how to prepare and implement technical cooperation projects to capacitate cooperatives, etc.

As referred to above, since the early 1990s the ILO has been assisting Member States in the region, particularly Iraq, Lebanon, Jordan and the occupied Palestinian territory to draft new cooperative policy and legislation and revise existing legislation. Two workshops were organized in Palestine in 2008 and 2009 respectively to revise the draft cooperative law, using ILO Recommendation No. 193 as guide. The draft law was finalized and sent to the President for approval in June 2010.

4.2. Cooperative Education and Training: Restoring the confidence

The ILO offers technical training on cooperative policy and legislation mainly in the Turin Centre upon request. Training is also organised at the regional and national levels in partnership with Member States, national and regional organizations. Representatives of Governments, employers' and workers' organisations, cooperatives and NGOs participate in these training workshops. Recommendation 193 is used extensively during these training programmes to guide the process. Delegates coming to Geneva to attend the International Labour Conferences also often take the opportunity to visit the Cooperative Branch for technical consultation on cooperative policy and law. Such training programmes were held in Jordan, Lebanon, the oPt, and for the region in Egypt (in cooperation with Arab Cooperative Federation).

ILO Technical Cooperation projects provide training on cooperative management, including through training of trainers, micro credit, marketing, accounting, and gender mainstreaming. The ILO organized trainings in both cooperative management and policy and legislation in Yemen, Lebanon, Jordan and Iraq. To capacitate local cooperatives and cooperative apex organisations in project management, education and training, the ILO projects organize training of trainers' workshops. Upon the ILO's withdrawal from project management, local partners take over and continue activities through cooperative extension workers trained by the projects. Special attention is placed on the training of women cooperative leaders in order to strengthen gender equality and support women cooperative members for leadership positions.

Box 11: South Lebanon Project**Training of Cooperative Extension Workers: Local capacity-building (June 2009)****Follow-up Recommendations**

1. Learning from the extension workers: The trained cooperative extension workers will start working with selected cooperatives which will continue for an initial period of six months. At the end of this 'trial' period, it is recommended that these extension workers should be called back to participate in a one-week 'feedback/refreshers workshop' to share their experiences.
2. Best practice case studies: After this workshop, it is recommended that the project management select the most successful and sustainable cooperative development initiatives and prepare case studies (with pictures) for wider distribution.
3. One-day technical consultation with the Cooperative Department and the General Cooperative Union of Lebanon: It is recommended that the cooperative law be revised as a matter of priority. For this purpose, a one-day technical consultation meeting should be organized to discuss the process of revising the cooperative law, using Rec. 193 as guideline.
4. A Sub-Regional Workshop: the South Lebanon project produces some good and interesting examples of recovery, reconstruction and development initiatives at the grassroots level through working together and capacitating local cooperatives. The project's recent move towards transferring part of its capacity-building responsibilities to local extension workers is the first step toward making these cooperatives self-reliant. Against this background, it is recommended that a sub-regional workshop is organized to share the South Lebanon experience with other countries in the sub-region.

Source: Workshop Report, July 2009.

4.3. Cooperatives and job creation

It has been argued that cooperatives are well placed to mobilize social capital and can therefore promote socio-economic development by providing employment, and an equitable distribution of profits toward social justice. Cooperatives play a significant role in the agriculture sector, in both developed and developing countries. Agricultural cooperatives create employment in areas such as production, marketing, credit, insurance and transportation. Given that 70 per cent of the world's poor reside in rural areas, employment creation in rural areas should be strengthened by increasing agricultural productivity, while concomitantly creating non-farm employment. With the increased focus on the revival of the agricultural sector, policy-makers should take the opportunity to further promote the cooperative model as a mechanism for poverty reduction and employment creation in this sector⁵⁴.

In the ILO's tripartite structure and decision-making process, cooperatives are represented by the employers' group. Within this group, cooperatives are known to be 'specialists' in job creation, as they create a 100 million jobs globally. At the national level, cooperative apex bodies are members of employers' organisations and are therefore also represented in the tripartite committees responsible for the implementation of the Decent Work Country Programmes (DWCP). Within the overall DWCP, cooperatives particularly take part in job creation schemes for specific target groups

⁵⁴ Joint UN/DESA-ILO-ICA Expert Group Meeting on Cooperatives and Employment, Beijing, China, May 2006

including women, youth, the disabled, indigenous and tribal peoples. The COOP Africa programme reported that between 2008 and 2010, cooperatives in 9 African countries created 124,852 self-employment opportunities and 3,954 direct jobs. The Challenge Fund of the programme has directly supported 1,150 cooperatives benefiting 225,437 members⁵⁵.

In developing countries, including the Arab world, agricultural cooperatives are more widespread than other types of cooperatives. They contribute to rural employment through their value chains in processing, marketing and supply work and networks, taking into account the importance of creating green jobs. This is in line with the ILO and UN policy on green jobs. The joint report of the ILO, WFP and FAO about progress on MDG 1 (Eradicating extreme poverty and hunger), prepared for the UN high-level meeting in September 2010, mentions that the “concept of green jobs encapsulates the transformation of economies, enterprises, work places and labour markets into a sustainable, low-carbon economy providing decent work”⁵⁶. The report further highlights the Green Jobs Initiative that was launched jointly by the ILO, UNEP, UNIDO, the International Confederation of Trade Unions and the International Organisation of Employers, to promote opportunity, equity and just transitions to sustainable economies. The project aims to mobilize governments, employers and workers to engage in social dialogue on coherent policies and effective programmes leading to a green economy and decent work for all.

During the two ILO cooperative training workshops organized in South Lebanon (2009) and in the oPt (2010), participants listed the areas in which cooperatives, particularly agricultural cooperatives, were successful in creating **green jobs**. The South Lebanon workshop produced interesting findings and recommendations about cooperatives and green jobs⁵⁷ (see box below).

Box 12 Cooperatives and Green Jobs

- *Beekeepers and Green Jobs - by Tarek Abou Faour (Beekeepers' Association of South):* Supporting the growth of beekeeping will create green jobs through reforestation activities, awareness raising about the importance of bees, particularly in schools, work with municipalities and advocacy efforts to stop the use of pesticides. The cooperative is growing aromatic plants and working with the ministry to increase the potential of natural resources.
- *Green Jobs through Organic Farming – by Ms. Amal El Hanna (President, Organic Agric. Cooperative):* Organic farming can create additional jobs through using traditional methods and it can save water.
- *Renewable Energy project of Jihad Al-Binaa:* This is a small project implemented by JBDA which reduces the consumption of electricity and provides jobs, maximizes heat and wind energy, and protect the environment. It was replicated in all project villages in Nabatiah.
- *Food Processing and Green Jobs – by Ms. Daad Ismail (President of Women Cooperative):* The Food processing cooperative has proved successful in waste management and is assisting in mine collection and reforestation activities. The cooperative is also promoting organic products.

⁵⁵ The ILO's CooperativeAfrica Programme Master SPROUT for 2nd Phase, 2010.

⁵⁶ Thematic Paper on MDG 1: Eradicating Extreme Poverty and Hunger: Review of Progress 2010, UN Development Group, March 2010.

⁵⁷ ILO Workshop Report on ToT in South Lebanon (July 2009).

4.4. Cooperatives for local reconstruction and rehabilitation during and after crisis

An ILO study explains the role of cooperatives in crisis situations⁵⁸: “In general, Cooperatives/SHOs (self-help organisations) in many crisis situations have the capacity to enhance considerably the ability of the affected population to cope, and to prevent or reduce the impact of crisis situations. In particular, Cooperatives/SHOs have a most valuable role within capacity building programmes”.

The ILO has been supporting and capacitating local cooperatives in the sub-region as a means of community response to livelihood recovery and post-conflict reconstruction. The ILO South Lebanon Project has been successful in helping local communities to organise themselves in cooperatives and mobilise their resources for recovery and reconstruction after the Israeli destruction in 2006. One of the important approaches taken by the project was to work through local organisations, particularly cooperatives and community-based NGOs. The project was evaluated independently in 2008 and findings of the evaluation team were quite positive (see box). The relevance of the approach taken by the project, namely the participatory value chain analysis (PVCA), was particularly highlighted in the report⁵⁹.

In the oPt, cooperatives are generally considered to be the most suitable ‘survival kit’ used, apart from the government agencies and donor organisations, to live under the Israeli occupation. Donors particularly choose cooperatives to reach local communities, although in most cases, intensive donor intervention in the affairs of cooperatives makes them “donor-dependent”.

According to the FAO, agriculture plays a key role in the Palestinian economy and food security situation, providing work for more than 39 percent of those in informal sectors and supporting a significant proportion of Palestinian families who cultivate their lands for livelihood. In 2005, the agricultural sector provided job opportunities and employment to 136,383 workers and 14,000 private businesses in the West Bank and Gaza Strip (WBGs). However, Israeli closure policies, the construction of the Separation Wall, land confiscation, limited access to water resources, lack of access to services and limited access to the labour market are leaving many villages facing impoverishment and high levels of unemployment⁶⁰.

Box 13: South Lebanon Project – Evaluation Highlights

Direct and relevant assistance has been delivered to nearly 1,000 direct beneficiaries for livelihood recovery. This figure is more than double the original target of 400 households the Project document initially set as target. The Project targeted the poor and vulnerable. Those included a small percentage of women (5 percent of direct beneficiaries), as well as people with special needs. Nearly all the assistance provided was found to be relevant and of high quality. However, some inefficiencies occurred due to the initially short (10 months) duration of the project, which was too brief to include the full agricultural cycle. Given the agricultural nature of the value chains assisted, it will take time for the full impact of the interventions to be realised.

⁵⁸ The Role of Cooperatives and other Self-Help Organisations in Crisis Resolution and Socio-Economic Recovery, E. Parnel, ILO, 2001.

⁵⁹ Evaluation Summaries: Local Socio-Economic Recovery in War-Affected areas of South Lebanon, ILO Evaluation Unit, 2008.

⁶⁰ FAO Case Study Series No. 1: Promoting Employment and Entrepreneurship for Vulnerable Youths in the West Bank and Gaza Strip, FAO 2010.

Evaluation findings revealed that livelihoods have been recovered or improved by the majority of beneficiaries. It is likely that most of these improvements will prove sustainable. Local capacity has been built to use the PVCA methodology among local organisations including cooperatives, trade unions, chambers of commerce, development NGOs, and municipalities. The methodology created a participatory framework that offered opportunities for an integrated response.

Source: Evaluation Summaries: Local Socio-Economic Recovery in War-Affected areas of South Lebanon, ILO Evaluation Unit, 2008.

Cooperatives in the oPt, as part of their social responsibility, also contribute to the recognition of the Palestinian people's cause internationally through gaining *Fairtrade* certification and commercial networks with cooperatives in other countries⁶¹ (see box 14).

Box 14: Zaytoun wins 2009 Arab-British Culture and Society Award

The Arab-British Centre has announced that Zaytoun, a cooperative that works with Palestinian farmers and distributes Palestinian olive oil in the UK, is the winner of the 2009 Arab-British Culture and Society Award.

The annual award of £5,000 is made to an individual or organisation that in the opinion of the judges has made an outstanding contribution to the British public's knowledge and understanding of the life, society and culture of the Arab people.

The judges unanimously chose Zaytoun for the inspirational way it has marketed Palestinian olive oil and olives in the UK.

Through the background briefings, informative promotions and exchange visits it has organised, it has very effectively raised awareness in the UK of the life, problems and potential of Palestinian farmers. Its success in gaining Fairtrade certification – a first for a Palestinian product and a world first for olive oil – has created new opportunities for extending the British public's knowledge of an important aspect of the life of Arab people.

Source: Cooperatives in the Spotlight, Thursday, 21 May 2009

4.5. Cooperatives and gender mainstreaming

The ILO Bureau for Gender Equality supports and advises constituents and Office staff at headquarters and in the field on matters concerned with promoting and advocating for gender equality in the world of work. At the 2009 International Labour Conference, delegates from governments, employers' and workers' organizations held a general discussion on gender equality in the world of work. The Report of the Committee on Gender Equality included a resolution placing gender equality at the heart of decent work.

Cooperatives are among the most suitable vehicles to promote gender equality in the world of work, since "equality" is a core cooperative value. The ILO Regional Office for Arab States also promotes and works through cooperatives to increase participation of women in development and to promote gender equality and gender mainstreaming. Specifically in rural areas, cooperatives are the 'only' democratic structure for women to get organised and improve their socio-economic rights and positions. However, as evident in Lebanon, Iraq, Jordan and the oPt, 'women-only' agricultural

⁶¹ Cooperatives in the Spotlight, UK Periodical Magazine, Thursday, 21 May 2009

cooperatives face various challenges including cultural barriers and restrictions on mobility of women members of agricultural cooperatives.

In partnership with the United Nations Office of Project Services (UNOPS), the Regional Office organized in 2008 the first Training of Trainers' (TOT) Workshop on Gender and Entrepreneurship Together (GET Ahead) for women enterprises in the Arab States. The TOT included participants from Iraq, Lebanon, the West Bank and the Gaza Strip⁶².

Within the context of the Gender Equality and Women's Empowerment Project in the oPt, the ILO conducted a situation analysis and needs assessment for women in cooperatives, entitled "Mainstreaming gender equality concerns in Palestinian cooperatives". The assessment was conducted in the West Bank between September–December 2009, and covered around 40 women cooperatives. The study came out with a number of key findings, as per box 15⁶³.

Box 15: Gender Equality through Women Cooperatives in Palestine

Under the MDG Fund, UN agencies, including UNDP, UNIFEM, UNFPA, UNESCO, UNRWA and the ILO, have been implementing a Gender Equality and Women's Empowerment Programme in the oPt. The programme was designed to support the initiative and commitment of the PA to gender equality and women's empowerment in its mid-term Development Plan. One of the three strategic components of the programme is to enhance economic opportunities for women through their equal participation in economic life. Under this component, the ILO has been assisting women cooperatives in their efforts to become self-reliant in managing their cooperative enterprises and expanding their business in order to create more and better jobs for women, allowing them to increase their income. The ILO undertook a needs assessment in 2009 in order to identify major problems that revealed the following:

- Women participation in cooperatives is relatively a new phenomenon, as most women cooperatives were established after 2000;
- Women were encouraged to establish cooperatives by donors rather than by their own will;
- Projects implemented by women cooperatives are small in both scale and scope (low membership coverage and uneconomic business volume);
- Most women cooperatives are dependent on outside resources (charity) instead of the economic participation of members;
- Most women cooperatives are engaged in social development and welfare activities, but they often rely on local and international NGOs to implement such programmes.

Source: MDG-Fund Project Document and ILO Needs Assessment Study, 2010.

The Regional Office organised the second ToT workshop in the oPt, this time for women cooperative leaders in March 2010. The workshop brought together 27 participants, including 21 women leaders representing 9 women cooperatives, local NGOs and the Ministry of Labour. This was part of the capacity-building activities of the MDG-Fund Project aimed at empowering women and creating equal opportunities. The workshop used ILO training tools, including the Material and Techniques for Co-operative *Management Training* (MATCOM materials). Adopting the participatory approach, the workshop produced a set of follow-up recommendations to strengthen gender mainstreaming and the participation of women in cooperatives.

⁶² ILO/UNOPS Workshop Report: Training of Trainers' Workshop on Gender and Entrepreneurship Together, Amman, 11-16 March 2008.

⁶³ ILO Study Report on "Mainstreaming Gender Equality Concerns in Palestinian Cooperatives", undertaken by Al-Sahel Company, March 2010.

In the area of knowledge-sharing, the Regional Office produced specific policy notes and issue briefs on gender and women workers' rights and cooperatives in Arab countries⁶⁴.

The Regional Office also launched a two-year regional project with the Centre of Arab Women for Training and Research (CAWTAR), the International Development Research Centre (IDRC) and the Arab Gulf Programme for United Nations Development Organizations (AGFUND). The project focused on research and raising awareness of the widespread informal economy in the Arab region, and its impact on women and men. The countries covered were Egypt, Jordan, Lebanon, Syria, Tunisia, Yemen, the West Bank and the Gaza Strip. This second phase of the project, funded by the Canada-based International Development Research Centre, aims to inform and raise awareness about the informal economy in the Arab States, with a focus on gender aspects.

Box 16: ToT Workshop for the Palestinian Women Cooperative Leaders

A training of trainers' workshop was organised in March 2010 for 21 women cooperative leaders to train the latter on how to manage cooperatives, transforming them into true member-based business enterprises. The objective of the workshop was to equip participants with enabling skills to work as cooperative extension workers and promote women cooperatives in Palestine through the provision of cooperative management and leadership trainings, as well as consultancy and business development services. The workshop had three strategic goals:

- A. To empower existing women-only cooperatives through special mechanisms designed to strengthen their management performance, enhance members' effective economic participation as well as membership expansion (short-term);
- B. To lay the foundations for the success of new women-only cooperatives, with the aim of encouraging and supporting women leaders to form women cooperatives in economic sectors that show a high growth potential through capacity building training activities (medium-term);
- C. To participate in the reform process of the Palestinian cooperative movement, contributing to gender equality in cooperatives and the creation of equal opportunities for women and men (long-term).

Source: ToT Workshop Report, April 2010

4.6. Cooperatives and youth employment

The publication of the ILO Report "Global Employment Trends for Youth" coincides with the United Nations International Year of Youth (2010). According to the report, out of 620 million youths between the ages of 15 and 24, 81 million were unemployed as of the end of 2009. Target 1.B of MDG 1 intends to achieve full and productive employment and decent work for all, including women and youth.

The ILO pays particular attention to the role of cooperatives in creating jobs for the youth. The ILO is founder and partner in the Youth Employment Network (YEN) together with the UN and the World Bank. Among the ILO projects aimed at creating jobs for youth through cooperatives in Africa, SAY-

⁶⁴ Issue Briefs and Policy Briefs on Gender and Cooperatives are: Rural Women Producers and Cooperatives in conflict settings in Arab States (Issue Brief 3); Enhancing the Participation of Rural Women Producers in Cooperatives in Yemen (Policy Brief 6);

JUMP (South Africa) and YES-JUMP (Kenya and Zimbabwe) are particularly relevant for Arab countries.

According to the UN Report *Development Challenges for the Arab Region*, the Arab world has been found to have the highest rate of youth unemployment. The following case study from FAO on youth empowerment and job creation for youth in rural areas looks interesting and worth replicating (see box 17).

Box 17; Junior Farmer Field and Life Schools (JFFLS) and Youth Farmers' Cooperatives in the West Bank and Gaza Strip

A Junior Farmer Field and Life Schools (JFFLS) programme in WBGS in the West Bank and Gaza Strip (WBGS) takes an innovative approach to empowering youth by raising self-esteem and teaching life skills. Using the agriculture growing calendar, young people learn agricultural skills while developing corresponding life lessons such as setting goals, learning the importance of personal space for growth, and teamwork, and using cultural activities to keep local traditions alive. Providing a safe social space for boys and girls, the schools address gender sensitivity, child protection, psycho-social support, nutrition, education and business skills. By developing agricultural skills, young people learn the importance of sustainable farming practices and the environment.

Some 260 girls and 280 boys participated in the project, while teachers from local schools received training to become facilitators for after-school activities. Women's cooperatives prepared nutritious meals for students. Products grown by the students were sold during open days to teachers and parents, and the profits saved for future activities. Participants stated that they developed new skills, expressed interest in continuing the programme and pursuing agricultural education, and performed well in their end-of-year exams. Participants showed a general improvement, with a positive change in their attitudes, including greater confidence and optimism. Owing to the success of the pilot project, FAO is cooperating with 18 schools in WBGS for the 2009-10 school year to continue extending its benefits to 620 new students. FAO has grouped former JFFLS graduates into new Youth Farmers' Associations (YFAs). Eight YFAs were created in 2009, and ten will be created in 2010. Ultimately, the programme may lead to a revision of the national curriculum with the inclusion of agricultural activities.

Source: <http://www.fao.org/docrep/012/i1450e/i1450e00.pdf>

4.7. Support through ILO social partners: Cooperatives as employers

The ILO Regional Office works together with the social partners, employers' and workers' organisations, in the sub-region to promote cooperatives as enterprises to create decent jobs. Cooperatives also take part in implementing the DWCP as part of employers' organisations. In technical training programmes organised in the ILO Turin Centre and in the field for the leaders of employers' and workers' organisations, cooperatives are included in the curricula, particularly how to use Recommendation 193 by the workers and employers in establishing cooperatives for their members. Employers' and Workers' Specialists in the technical team of the Regional Office also provide technical advice on cooperatives.

4.8. Support to Cooperatives through Technical Cooperation Projects

The ILO Regional Office is currently implementing two technical cooperation projects on cooperative development or projects with cooperative development components: Crisis Recovery Project in South Lebanon and the MDG-Fund Gender Project in Palestine. The third one for Palestine (PAL-COOPERATIVE) is expected to be approved by the donor soon and its implementation will start by the beginning of 2011. These projects are mainly implemented by local teams with technical support from the specialists in the Regional Office in Beirut and technical units in Geneva.

4.9. Enterprise development support at regional level

The ILO through its Recommendation 189 (1998) concerning General Conditions to Stimulate Job Creation in Small and Medium-Sized Enterprises insists on Member States to encourage a more positive attitude towards risk-taking and promote entrepreneurial role models and award schemes. One of the main objectives of the Recommendation is “to create and strengthen an enterprise culture which favours initiatives, enterprise creation, productivity, environmental consciousness, quality, good labour and industrial relations and adequate social practices, all of which are equitable”.

According to the conclusions of the International Labour Conference in 2007, sustainable enterprises should innovate, adopt appropriate environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets. They should also apply workplace practices based on full respect for fundamental principles and rights at work and international labour standards, fostering good labour–management relations as an important means of raising productivity and creating decent work⁶⁵.

The ILO’s Global Jobs Pact also indicates key actions⁶⁶ to create jobs (see box). The Pact highlights the importance of sustainable enterprises, agricultural infrastructure and value-chain processes to create and sustain jobs. It is important to point out that within the small enterprise category, rural cooperatives have the potential to create more jobs.

Box 18:	from the Global Jobs Pact (key action needed)
- Give much greater priority to the generation of decent work opportunities with systematic, well-resourced, multidimensional programmes to realize decent work and development in the least developed countries. - Promote the creation of employment and create new decent work opportunities through the promotion and development of sustainable enterprises. - Provide vocational and technical training and entrepreneurial skills development, especially for unemployed youth. - Address informality to achieve the transition to formal employment. - Recognize the value of agriculture in developing economies and the need for rural infrastructure,	

⁶⁵ Conclusions concerning the promotion of sustainable enterprises, ILC 2007.

⁶⁶ ILO Global Jobs Pact Booklet, 2010.

industry and employment. - Enhance economic diversity by building capacity for value-added production and services to stimulate both domestic and external demand.

The Regional Office's strategy to promote enterprise development in the region is based on the following:

- A number of business environment assessments were conducted in the region based on which clear recommendations were formulated for Governments to consider. Currently an assessment of Jordan is underway.
- Intervening at the institutional level to assist service providers and representatives' association to improve their services and provide the necessary support to enterprises.
- Training people on how to successfully start a business, improve it and eventually grow. A number of training programmes have been introduced in the region such as the Start and Improve Your Business, and Expand Your Business. These packages were translated to Arabic and adapted to the region's need.
- Fostering the development of an entrepreneurship culture among youth by introducing the Know About Business educational curricula at secondary, vocational and higher education levels.

The Regional Office assisted governments to improve their policy and regulatory framework, making it conducive for enterprise development, while also providing direct support to small and medium-sized enterprises in the sub-region, including cooperatives. Training programmes are also conducted for SME practitioners, using ILO training materials including Start and Improve your Business (SIYB) and Know About Business (KAB). Cooperative board members are trained using MATCOM and Gender Manuals. The Regional Office is also conducting research and sharing national, regional and international best practices among constituents in the region.⁶⁷.

5. The next step: Revalidating and strengthening the role of cooperatives in local and regional development

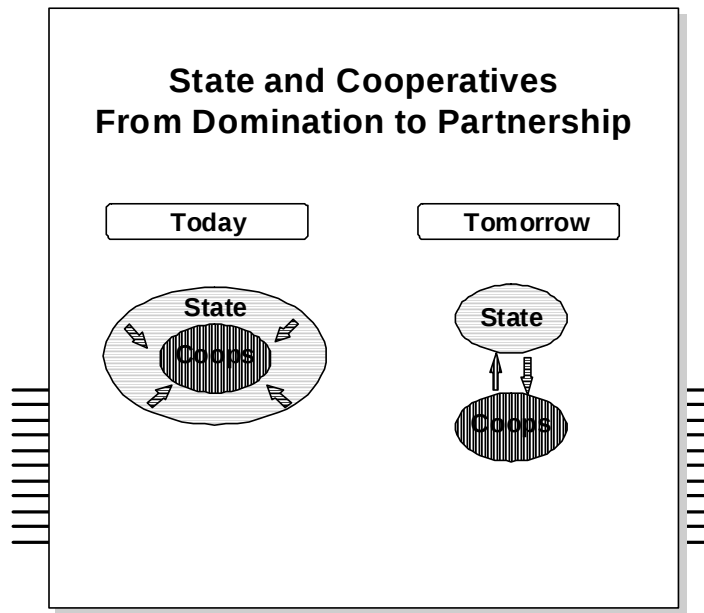
5.1. Creating a favourable policy and legal environment for democratic and member-based cooperative development, using ILO Rec 193

As already pointed out above, cooperatives in the Arab world have been developed as a "government-led" and "controlled" movement. This kind of practice and policy has already been abandoned in the 1990s in Asia and Africa as a result of the Structural Adjustment Programmes (SAP) and privatisation. It is now time for Arab countries in the Middle East to "liberalize" cooperatives and help them to become partners of the States and learn how to function

⁶⁷ Some of the recent ILO Beirut publications on this are: Reforming the business environment for small enterprises in Syria (2008); Informal Employment in Arab States (Report of Experts Meeting, 2008); Enterprises in Lebanon 2006-2007: A post-conflict impact assessment (2008).

independently outside of State sponsorship and domination (as illustrated in the chart developed by the ILO COOPERATIVE REFORM Programme).

The first step to be taken in the process of making cooperatives self-reliant, is to convince governments and cooperative movements about the need for such a change in government policy and in the “attitudes” and “mindsets” of government officials and cooperative members. ILO Recommendation 193 suggests that “...Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles. (Para. 6).” The ILO says that there is a need for a different approach for the design of a realistic cooperative development policy⁶⁸:

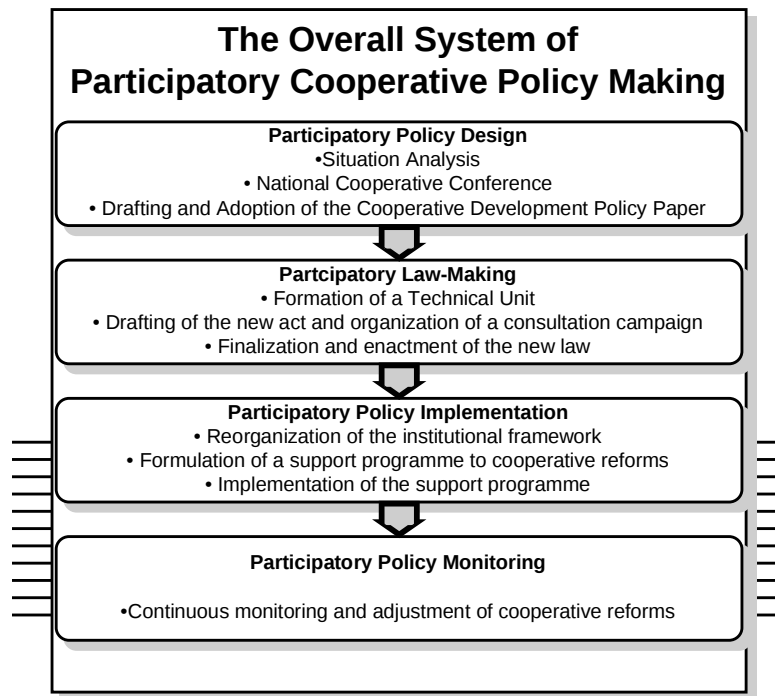


“Experience has shown that the concept of ‘helping others to help themselves’ did not work as expected in the field of cooperative development. Therefore, a different strategy of self-help promotion has to be found. The prerequisite for successful cooperative promotion is a well-formulated, consistent, clear, realistic and *long-term* cooperative development policy which is in line with the overall national development objectives. Frequent change of short-term policies results in confusion, arbitrary interpretation and discouragement of cooperative actors.”

The ILO suggests that in order to make the process participatory, not only the government agencies responsible for cooperative promotion, but also the cooperative movement itself, together with other civil society organisations, including employers’ and workers organizations, should participate in the cooperative policy making process as well.

⁶⁸ A Manual on Participatory Cooperative Development Policy Making (draft for discussion), ILO COOPERATIVE REFORM Programme , 1996

The ILO proposes the following procedures for participatory cooperative development policy design, including participatory cooperative law making, and implementation⁶⁹:



Throughout the process, ILO Recommendation 193 should be used as a guide. In participatory cooperative law making, the *ILO/COPAC Guidelines for Cooperative Legislation* are suggested, particularly for the process and contents of the law.

5.2. Remodelling the role of the State: How to promote cooperatives and provide suitable support services without intervention

Section II of ILO Recommendation 193 entitled *Policy Framework and Role of Governments* clearly defines the role of governments. The role of governments is defined in Article 6 as per below:

- Ensure the institutional framework for registration;
- Allow 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;

⁶⁹ (the same ILO-COOPERATIVEREFORM manual).

- Encourage the development of cooperatives as autonomous and self-managed enterprises.

Article 7 under Section II draws attention to “*equal treatment of cooperatives*” (para. 2) and “*increasing women’s participation in cooperatives.*” (para. 3).

Section III of the Recommendation lists a number of support services to be provided (without intervention) by governments, among which the following should be underlined (Section III, Article 11, Para. 2):

- 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.

How should the support structure of the State be modelled? It could be a participatory model which would include also cooperatives. In this regard, the new structure to be established in Palestine seems to be interesting. In the management of the General Commission for Regulating Cooperatives (GCRC) there will be representatives of cooperative and civil society organisations, in addition to government agencies. The strongest element in this new law, is that it seeks the inclusion of cooperatives and civil society organisations in the reform process⁷⁰ (see box).

Box 19: New Cooperative Development Policy in Palestine

Establishment of a new cooperative development administration:

The General Commission for Regulating Cooperatives (GCRC)

The law creates a new structure that will be in charge of cooperative policy-making and development. The main difference between the existing structure within the Ministry of Labour and this new setup is that the GCRC will have a semi-autonomous structure, outside of government bureaucracy, having an equal number of representatives from government and civil society (cooperatives, employers’ and workers’ organisations) on the Board of Directors. This new approach seems to be a reflection of ILO Recommendation No. 193 (Article 10 (3), which calls for the participation of cooperatives in the organisation and management of *support* services. This highlights the new government policy on cooperatives and its emphasis on participatory policy making. It is the strongest part of the new law, as it intends to include civil society in administering cooperative development and reform. The Commission’s secretariat and its executive arm will be the Directorate General, which will be responsible for implementing the policy and programme of the Commission.

⁷⁰ Polat, Huseyin: Reforming the Palestinian Cooperatives – Cooperative Development Policy and Implementation Strategy, ILO Regional Office, Beirut, draft report for discussion, December 2009.

5.3. Institutionalisation of cooperative education and training

Lack of facilities offering cooperative education and training on a continuous basis is one of the major obstacles facing cooperative development in the sub-region. Major service providers in the field of education and training are local and international NGOs, UN agencies, donor community and, to some extent, government agencies responsible for cooperative development. The subsequent lack of technical education and training for office bearers and cooperative members has resulted in poor management performance and low levels of membership coverage.

It is clear that cooperative movements in the sub-region need facilities for continuous education and training. In the short run, governments should design cooperative education and training curricula, in consultation with cooperative movements, to meet the needs of specific target groups, and organize training programmes for board members and staff. Member education campaigns should be undertaken by the field structure of government agencies as well as by cooperative apex organisations. In the long run, cooperative movements should establish their own cooperative training institutes to provide management training, member education and research and consultancy services. These institutes should be supported by the donor community through technical cooperation projects to make them 'centres of excellence', as per the ILO CoopAfrica Programme⁷¹.

5.4. Good practice case studies: How to replicate them within and outside the countries

One way to use successful and sustainable cooperative ventures to promote cooperatives elsewhere in the country or region is to replicate them. This can be done through the following approaches:

- Prepare and disseminate good practice case studies;
- Conduct study tours for cooperative members coming from the region to see and discuss how to replicate these successful cooperatives under different circumstances;
- Conduct knowledge-sharing workshops bringing together representatives of governments, social partners and cooperatives in the sub-region to discuss how best they can improve the structure and performance of their cooperatives through sharing their experiences;
- Use best practices in cooperative management training and ToT workshops to raise awareness about success criteria.

In this process, the South Lebanon Project case can be used. The South Lebanon Project has prepared a summary note about the work done by the cooperative extension workers in a training of trainers' workshop in June 2009 (see box 20).

⁷¹ The DfID-funded ILO Coop Africa Programme has been implemented in 9 African countries, in East and Southern Africa, has a major component, among other capacity-building components, to assist cooperative training schools to become 'centres of excellence' in offering education and training, research and project development services for cooperatives.

Box 20:**South Lebanon Project success story****Extension Workers: Major achievements and suggestions for the future****1. Major achievements:**

- The Project secured the commitment of all targeted cooperatives in its activities;
- The Project enabled cooperatives to increase their members and expand women participation in their membership;
- The Project was able to solve some conflicts in many cooperatives that allowed working with these cooperatives;
- The Project encouraged the re-election of the board of directors in some cooperatives after a long interruption;
- The Project assisted cooperatives to prepare strategic plans to improve their organizations. These plans were widely discussed with members in a democratic participatory process;
- The Project enabled the exchange of experience and best practice among cooperatives.

2. Suggestions:

- Introduce new concepts including cooperatives and green jobs;
- Create specialized cooperatives;
- Provide more advanced training in management and financial management;
- Revise and publish the training materials in booklets;
- Roll out a yearly schedule to strengthen cooperatives and prepare a complete training manual;
- Urge the ILO to grant the targeted cooperatives certificates for participating in this programme;
- Prepare centralized workshops about writing project proposals for each targeted cooperative;
- Build on the successful experience made by field workers and transfer this experience to other cooperatives.

Source: *South Lebanon Project information note about project results, July 2010.*

Twenty five extension workers collaborated with 27 primary cooperatives. At the end of nine months, the management performance of these 27 cooperatives was improved, their membership numbers increased by 25 percent, and their volume of business also similarly expanded by 20 percent. The Project is now helping these cooperatives to prepare their project proposals to be submitted to interested donors for funding.

5.5. Sensitizing the ILO social partners: How to strengthen the participation of cooperatives in social dialogue mechanism

Although the ILO's social partners in the sub-region are aware of the role and importance of cooperatives in local development and job creation, collaboration with the cooperative movement has not happened so far. It is widely known that cooperatives as enterprises with social responsibilities contribute to job creation, particularly creation of decent jobs. They have a special and historical relationship with trade unions. They are also part of the employers' group in the ILO. For these reasons, cooperatives are one of the 'best' mechanisms for governments, employers' and workers' organisations to work together under the Decent Work Country Programmes (DWCP). If the

participation and effectiveness of cooperatives in DWCP is strengthened, this will have an important contribution to the social dialogue process in each country. For this purpose, in order to sensitize the ILO's social partners, their participation in activities to be organised during the International Year of Cooperatives (2012) should be encouraged by the ILO.

5.6. Women cooperatives can do more: Special support programmes, including support to value chain analysis

As part of its gender equality policy, and as a means of creating equal opportunities in the world of work, the ILO has been promoting women's participation in cooperatives through the capacity development of women cooperatives. As pointed out above, Para. 3 of Article 7 of Recommendation 193 clearly indicates the special consideration to be given to increasing women's participation in the cooperative movement at all levels, particularly at the management and leadership levels.

Women-only cooperatives contribute to women's empowerment and improved livelihoods. Therefore, the ILO projects in the sub-region aimed at supporting women cooperatives should continue with additional technical inputs from various ILO units and from the Regional Office. These inputs should focus on how to strengthen women's entrepreneurship while working on gender equality through sensitization programmes. In the long run, the aim should be to strengthen women's participation in mixed cooperatives, particularly in leadership positions. Existing projects should assist women-only cooperatives to establish and strengthen collaboration with mixed cooperatives which would lead to merging of the two in the future, where appropriate.

In order to strengthen economic activities and make them competitive, women-only and mixed cooperatives should broaden their scope of work to reach economies of scale. To make the cooperative business larger both in terms of volume of business and membership coverage, it can use value chain analysis approach, tested and implemented in South Lebanon by the ILO project.

5.7. Cooperative sectoral unions and national federations: Reaching economies of scale and developing partnerships with the State

Cooperative apex organisations should be strengthened. In order to strengthen apex organizations, primary cooperatives should come together and discuss whether there is a value-added in establishing secondary cooperatives for specific services that they need. Decisions for the establishment of secondary cooperatives (unions) and national federations should be made by cooperatives themselves and not externally imposed. Following the establishment of cooperative unions, cooperatives should discuss which functions should be delegated to secondary cooperatives or sectoral unions. By-laws of cooperative unions should be prepared accordingly. Provision of certain administrative services, including accounting, could be given to sectoral unions. "Economic" functions could also be given, including joint purchase of raw materials and farm inputs, processing, packaging and marketing of agricultural produce etc. As pointed out above, the participatory value chain analysis approach can be used for the processing and sale of major agricultural products.

National cooperative apex organisations are also needed to establish and develop relations with the State and civil society, as well as with regional and international cooperative organisations, including the International Cooperative Alliance (ICA).

5.8. Regional and inter-regional cooperation

National cooperative apex organisations in the sub-region are members of the Arab Cooperative Federation (ACF) which is the regional body of cooperatives in the Arab world. However, none of these national cooperative apex organisations in the sub-region has yet joined the International Cooperative Alliance (ICA). In order to share experiences of cooperatives in other regions, and learn how to apply the internationally recognized standards in cooperative policy and practice, the Arab cooperatives should join the ICA and its sectoral and specialized organisations.

6. Conclusions and recommendations - Draft proposals for discussion: from State-controlled to member-based democratic cooperatives

6.1. Recommendations for governments:

The first priority in the area of policy and legislation is to reform national policy and legislation so as to allow cooperatives to become self-reliant in managing their own affairs. This will enable the shift from state-sponsored cooperatives to member-owned and controlled, democratic enterprises, both independent and autonomous. To do this, a step—by-step participatory approach is recommended as follows:

- Set-up a joint drafting committee for national policy, with representatives from government, social partners and cooperatives;
- Review existing policy and legislation and relevant international instruments (UN Guidelines, ILO Rec. 193 and ICA Identity Statement, EU Directives on cooperatives etc.);
- Prepare draft policy and disseminate it;
- Organize regional workshops and a national conference to discuss the draft;
- Incorporate inputs from cooperatives and civil society;
- Finalize the national policy;
- Review national cooperative legislation, bye-laws, rules and regulations (by the above-mentioned joint committee);
- Draft /revise cooperative law, taking into account the above-mentioned international instruments;
- Take also into account socio-economic, political and administrative factors in drafting the law;
- Take into account competition, social and labour laws (for further steps to be taken and for contents of the law, see H. Henry's Guidelines for Cooperative Legislation)
- Enact, popularize and implement the law;
- Monitor implementation.

6.2. Recommendations for the social partners:

- Take part in the process of preparing new national cooperative policies and laws;
- Provide for the drafting committee and for the government technical inputs to be derived from member trade unions and employers' organisations;
- Call member organisations to take part in regional meetings and inform workers and enterprises about the new policy and law;
- Take part in popularising the new law and help member organisations establish/adjust cooperatives according to the new law;
- Strengthen trade union-cooperative collaboration to promote cooperatives among workers;
- Strengthen social dialogue through developing networks and economic links between cooperatives and employers' organisations;
- Take part in designing and implementing technical cooperation projects to promote social dialogue and implement Decent Work Country Programmes, promoting the active participation of cooperatives.

6.3. Recommendations for cooperative organizations:

ILO Recommendation 193 outlines the role of cooperatives and cooperative apex organizations in cooperative development and promotion (see box 21). In order to put this into practice, the following approach is recommended for cooperative apex organisations:

- Together with employers' and workers' organisations, establish a lobby group to put pressure on the government to change its attitude towards cooperatives and consider drafting a new cooperative policy in partnership with all stakeholders;
- Take part in drafting new cooperative policy and legislation;
- Start a nation-wide campaign to popularise the new policy and law, register new members and promote a sense of ownership among cooperative members;
- Plan and implement an action programme to reform the cooperative structures according to the new law;
- In collaboration with primary and secondary cooperatives, as well as with the relevant government agencies, identify urgent problems and needs, particularly training needs of cooperatives, and prepare proposals and projects to be implemented jointly;
- Discuss with primary and secondary cooperatives how to improve management performance as well as increase the scope and volume of business through economies of scale and value chain analysis, with clear-cut division of functions between primary and regional/sectoral cooperative unions;
- Take sector-wide action, particularly in the agricultural sector, to minimize, and further eliminate, gender barriers and promote participation of women in cooperatives with special leadership training for women;
- In order to participate more actively in job creation and poverty reduction, collaborate with employers' and workers' organizations in the design and implementation of Decent Work Country Programmes;
- Initiate jointly with the government and UN agencies, particularly the ILO and FAO discussions to design and implement technical cooperation projects in areas such as

replication of best cooperative practices, strengthening cooperative structures, investment in human resource development for cooperatives. Activities may include establishing training centres and investment in rural areas to create jobs through value chain processes and marketing of agricultural produce and provision of supply services etc.

Box 21: ILO Recommendation 193

Cooperatives and apex organizations (for their own) development

Cooperatives and organisations representing them should be encouraged to:

- Establish an active relationship with employers' and workers' organisations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;
- Manage their own support services and contribute to their financing;
- Provide commercial and financial services to affiliated cooperatives;
- Invest in, and further, human resource development of their members, workers and managers;
- Further the development of and affiliation with national and international cooperative organisations;
- Represent the national cooperative movement at the international level; and
- Undertake any other activities for the promotion of cooperatives.

6.4. Recommendations for the ILO

The ILO's contribution to cooperative development in the sub-region is needed and awaited by Member States and cooperatives alike. Cooperative development is part of the ILO's commitment to promote cooperatives under sustainable enterprise development for job creation. As pointed out earlier, the ILO started working together with governments to promote cooperatives in Lebanon, Jordan, oPt and Yemen. Part of the work still continues in these countries. In Iraq and Syria there is a need to assist the government and newly emerging cooperatives with policy and legal support. The following action is therefore recommended for the ILO:

- There is an urgent need to make cooperatives self-reliant, independent and member-controlled in order to help them perform their economic functions and create more and better jobs. This can only be made possible through cooperative reform, in line with ILO Recommendation 193.
- The process of creating a favourable policy and legal environment for cooperatives in the sub-region will take time and therefore a step-by-step approach will be needed. A sub-regional workshop can be organized for the government and cooperative members (with legal background) to discuss participatory policy and legislation. The Regional Office can organize this workshop together with EMP/COOP Branch. Following this workshop, country-level consultations and follow-up action should be taken by the Regional Office.
- Moving from State-sponsorship to autonomy will require support for the cooperative apex organizations to adjust themselves and learn how to independently manage their own affairs. Cooperatives need to improve their capacities in management and organization, transforming old structures into more productive ones in line with the new policy and law.

The ILO should help the cooperative movement in this transition period through technical training and consultancy services.

- The ILO does not have sufficient financial resources to provide continuous training and technical support to cooperatives. It is therefore a *must* for the ILO to develop technical cooperation project proposals in collaboration with the cooperative movement and the government, presenting those to interested donors for funding. For a healthy grassroots cooperative development, existence of a conducive policy and legal environment should be supported through technical cooperation projects.
- The ILO should help cooperatives to learn how to manage their cooperative business and how to design and implement donor-funded technical cooperation projects in local development, building rural infrastructure, rehabilitation and crisis prevention.
- In this regard, more emphasis should be placed on the role and importance of cooperatives in technical cooperation projects particularly in local economic recovery and crisis prevention. The cooperative approach should also be mainstreamed in enterprise development in order to increase and diversify the employment creation capacity of all kinds of SMEs including worker cooperatives.
- And finally, it is recommended that the ILO Regional Office should have a cooperative development specialist within its technical team to help governments and cooperative apex organisations in the sub-region in planning and implementing this reform process, provide continuous technical training and advice and monitor the progress and use lessons and good practices to diversify job creation and poverty reduction efforts of the ILO.

6.5. Recommendations for the donor community

Multi-lateral and bilateral donor support is needed in the sub-region to fight poverty and finance the reconstruction and rehabilitation efforts of governments and local communities, particularly in crisis prone territories and countries. As mentioned above, many donor agencies support local development and crisis prevention through the capacity development of grassroots cooperatives. The majority of donors working in the sub-region support cooperatives, out of the realization that cooperatives can play a significant role in local development. However, in practice, excessive and not well-crafted donor support to local cooperatives in many instances makes cooperatives donor-dependent, their activities donor-driven. Develtere therefore dubs such cooperatives “don-operatives”⁷².

To substantiate this claim, a World Bank survey similarly argues that donors have proved very weak in institution-building of cooperative. This is because donors never really saw cooperatives as independent community-based organizations with their own agendas and objectives, viewing them

⁷² Develtere Patrick: Cooperative Development in Africa up to the 1990s (in Cooperativeerating out of Poverty) 2007.

instead as implementing agencies for their own projects⁷³. It is because of the lack of well-trained board members and managers in cooperatives who are unable to decide and prioritise their own needs, that cooperatives receiving donor aid follow donor directives to implement the blue-print projects. Most of these projects produce “show cases” that last until the donor funding comes to a stop, rather than yielding sustainable results. At the grassroots level, the only donor-driven and donor –funded projects that last beyond the project duration are those donating equipment and machinery for the process of local produce. Below is a list of key recommendations for donors:

- It is preferable that donors leave project planning, design and implementation to national or local partners, and instead work through cooperative apex organisations and specialized UN agencies (ILO and FAO, particularly) as well as with local development NGOs. Donors should therefore avoid directly dealing with primary cooperatives, in order to help the latter develop local capacities on their own, preventing them from becoming donor-dependent in both management and project implementation.
- Donors should assist cooperatives in drawing their own priorities and preparing their work plans according to their own time frame and human resources.
- In poverty reduction programmes and projects, donors can suggest that recipient governments include cooperatives in their implementation plans.
- Donors can encourage governments to improve the policy and legislative environment for cooperatives, using ILO Recommendation 193 and other UN Guidelines. Accordingly, donors can allocate funds to finance local development, rural job creation and poverty alleviation schemes through cooperative development and promotion.

⁷³ Rural Cooperatives in World Bank Assisted Projects and Some Related Development Issues, 1986 (in Cooperativeerating out of poverty – the renaissance of the African cooperative movement, CooperativeAfrica, ILO, 2007)

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