

The first world standard on cooperatives and on their promotion

Recommendation 193 / 2002 of the International Labour Organisation¹

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1. Introduction

On June 20, 2002, the concept of cooperative, for the first time since its origin at the beginning of the 19th century, was recognized fully, officially, and unequivocally at the world level, with all necessary and sufficient parameters. It is on that day that the Recommendation on the Promotion of Cooperatives of the International Labour Organisation (ILO) was approved, including the definition, principles and values of the Statement on the Cooperative Identity of the International Cooperative Alliance (ICA) adopted in 1995 in Manchester by the cooperative movement. In other words, the internal standards of the cooperative movement concerning the concept of cooperative became official standards at the inter-governmental level.

At the same time, through this Recommendation, the governments, trade unions and entrepreneurs of the majority of the countries of the world explicitly recognized the need for specific public policies for the promotion of cooperatives.

The vote was virtually unanimous: 436 votes in favour, and no vote against. The only abstentions were from the government of Australia (while 128 governments voted in favour) and the entrepreneurs of Venezuela (while the entrepreneurs of 94 countries voted in favour). Even though 46 governments of ILO member states were absent at the time of voting, the governments of all large- and middle-sized countries having a certain influence on the politics of their respective regions did come to the vote. At the European level, all EU member states, as well as all accession and candidate countries (28 countries in total) voted in favour of the Recommendation. Except for the Convention and the Recommendation on the Worse Forms of Child Labour (1999), that have been voted unanimously, Recommendation 193 is the ILO instrument having reached the highest level of consensus at least since 1997.

Another quite unique characteristic of this Recommendation is that it contains an annex mentioning a document coming from a non-UN organisation (the ICA), and that it even mentions the name of such organisation. It is the first time since its establishment at the beginning of the

¹ Available on the ILO www.ilo.org website

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20th century that the ILO mentions an external organisation to the United Nation system in one its official texts.

Therefore, from different points of view (internal standards becoming official ones, explicit recognition of the actors concerned and of their world-level apex organisation, explicit recognition of the necessity to promote them, consensus attained), this Recommendation clearly distinguishes itself from most official texts of the ILO.

Hereunder, we will examine the salient contents of the Recommendation, including what distinguishes it from a previous one that only applied to developing countries (Recommendation 127 of 1966³). Then, we will see how this result was obtained, through the weeks of negotiation and the years of preparation, and especially the contribution of the cooperative movement itself to this result. We will end with a temporary conclusion on the opportunities that this Recommendation offers to the cooperative movement.

2. Main new concepts included in the Recommendation and what their opposite would have meant.

The Recommendation is explicitly *universal*, while the previous Recommendation on cooperatives, as just mentioned, only applied to developing countries and, furthermore, focused mainly on agricultural cooperatives. It is concerned with all forms of cooperatives, and the latter are recognized as being able to operate in all sectors of the economy. The fact that the previous Recommendation was not universal strongly limited its political interest.

The text takes the *definition of cooperative in its original form, as well as the ten cooperative values, and the seven cooperative principles* with their original explanation in an annex, while mentioning the source (the Statement on the Cooperative identity of the ACI, Manchester 1995). The previous Recommendation, which contained a “*sui generis*” definition where the cooperative principles and values did not appear, and applied only to some countries, did not have this normative dimension. This fact is of fundamental strategic importance, for two reasons. First because *the cooperative movement sees its own norms and standards becoming enshrined officially*: if other standards had been adopted (something which almost happened, see following section), the cooperative movement, in order to maintain its identity, would have had to struggle for many years against a world normative framework which would have been different from its own. Secondly because, in this way, *the cooperative movement has been explicitly recognized* (not only by the governments, but also by the representatives of the workers and employers) *as a world-level socio-economic actor that should be respected in the way it defines its own norms and standards*. This, in itself, is an important precedent to prevent that other socio-economic forces attempt to impose their own norms on cooperatives.

On the basis of the specific cooperative standards (see paragraph above), the Recommendation recognizes that *cooperatives are specific enterprises that require a specific treatment*. Whereas the previous Recommendation recognized the specificity of the cooperative form, the different preparatory texts preceding the final version of the new Recommendation contained some

³ Available on the ILO www.ilo.org website

references, on the contrary, to the necessity to treat cooperatives like all other forms of enterprise. If such a version had been adopted (which was on the verge of taking place), the cooperative movement would probably have had to struggle for a long time to make sure that cooperatives continue to obtain a differentiated treatment in all aspects that intrinsically differentiate them from other types of enterprises. Any attempt to fully normalise cooperatives according to the standards of conventional enterprises would have thereby been facilitated.

The contribution of cooperatives to society and to public policy objectives receives a particularly strong recognition. Cooperatives “in their various forms promote the fullest participation in the economic and social development of all people” (preamble) and contribute to “social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions” (art. 7/2). They are “enterprises and organizations inspired by solidarity” (art. 5), that must “respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion” (ibid). All those concepts are innovative in relation to the previous Recommendation.

On the basis of this assessment, cooperatives should not only benefit from a differentiated regulatory framework, but should also be *actively promoted* by “special measures” (art. 5). The text goes as far as to say that this “should be considered as one of the pillars of national and international economic and social development” (art. 7/1).

The text also makes it clear that governments are the ones that are mainly responsible for the promotion of cooperatives. Indeed, governments are mentioned nine times, namely in virtually all articles referring to promotion policies. In several temporary versions of the text, these sentences were at the passive form, leaving a doubt as to the responsibility of the state regarding the promotion of cooperatives. If this passive form had been maintained, which was about to occur, the role and responsibilities of the state would not have been underlined, and, in the absence of a clearly defined actor responsible for the promotion of cooperatives, this Recommendation would have lost a substantial part of its concrete interest.

The text argues that *cooperative education should be part of formal and regular education.* Indeed, “National policies should notably (...) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society” (art. 8. 1. f)). This sentence, generally unobserved in the text, is rich in potential for public policies. It means, among other things, that the school curricula and textbooks should include introductory elements on the functioning of a cooperative. A similar reference existed in the previous Recommendation, but it laid the emphasis on technical and vocational teaching, and referred only to developing countries.

The *representative organisations of cooperatives* appear as the fourth main actor in the Recommendation, besides governments, trade unions and employers' organisations, the three constituencies of the ILO. These four actors should collaborate among each other “with a view to creating a favourable climate for the development of cooperatives”. Besides, the cooperative organisations are invited to “represent the national cooperative movement at the international level”, which is clear within the cooperative movement, but is not necessarily clear at the level of

international entities external to it (art. 17). Even though cooperative federations were mentioned in the previous Recommendation, they were far from obtaining such prominence.

The Recommendation refers to the *promotion of cooperative development structures*, both internal to the cooperative movement, and public or para-public. Indeed, “Governments should recognize the role of cooperatives and their organisations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels” (art. 11/4). But this is not only about external support services, since the cooperative organisations “should be encouraged to (...) manage their own support services and contribute to their financing” (art. 17 b)). Indeed, the experience of the cooperative movement shows that one of the keys to its development for more than a hundred years has been the existence of such meso-level structures⁴. This point is a complete innovation as compared to the previous Recommendation.

The *importance of indivisible reserves and mutual funds* is underlined, even though slightly less strongly than what we had proposed: “Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives (...) which would (...) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives” (art. 6 b)). These concepts were completely absent from the 1966 Recommendation.

The Recommendation indicates that the main *labour standards* must also apply to the workers of cooperatives (preamble), while recognizing that the trade union organisations should “promote the exercise of the rights of worker-members of cooperatives” (art. 16 g)). The previous Recommendation did not mention the fundamental labour standards, nor worker-members.

Another innovation is the *concept of social economy*, although the text does not mention the latter explicitly. “Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to (...) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community” (art. 4). Besides, “A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context 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 (...)” (art. 6).

International cooperation is mentioned like in the former Recommendation, but with more concrete proposals, such as exchanges of know how and experience, partnerships, and the access to information (art. 18). Besides, the Recommendation mentions the opportunity to develop “common regional and international guidelines and legislation to support cooperatives” (18 d)). Two weeks before the vote on the new Recommendation, the Council of the European Union had just approved the statute of the European cooperative society, the first supra-national legislative text on cooperatives.

⁴ Roelants B. (2000) : “Worker co-operatives and socio-economic development: the role of meso-level institutions”, Economic Analysis, Vol 3, n°1.

3. How have these results been obtained? The role of the cooperative organisations in the negotiation.

The results mentioned in the previous section were not obtained easily. The world cooperative movement made important efforts for them to be delivered, in a context where, in principle, it has no place in the negotiations, but is admitted only as a passive actor, with one observer seat attributed to the ICA. Indeed, ILO negotiations only take place between its own constituent members, namely governments, trade unions and employers' organisations of the different countries of the world. It is important to briefly *retrace the history of this process from the viewpoint of the cooperative organisations*, because it shows how *an organised actor of the social economy can impact on a world-level negotiation* that concerns it to the highest degree. This history is an intrinsic part of the sense and scope of the Recommendation.

The mobilisation between the various organisations (national, regional, international) of the cooperative movement on the Recommendation started at the beginning of 2000, one year and a half before the first session of negotiations.

Since the beginning, CICOPA, the specialised organisation of the ICA for producer and social cooperatives, as well as its regional and national organisations, played a key role in this mobilisation. Indeed, it appeared from the first ILO survey in preparation for this Recommendation that *the main incentive of the member countries for a Recommendation on cooperatives was since the beginning employment and social inclusion*, domains that are of direct concern to producer and social cooperatives.

CECOP (European Confederation of Worker Cooperatives, Social Cooperatives and Participative Enterprises), regional organisation of CICOPA, first conducted a critical analysis of the results of the preliminary ILO survey and of the first text proposed on the basis of this survey⁵.

Very quickly, a certain number of inter-sectoral national cooperative organisations, contacted by CICOPA and its regional and national organisations, also mobilized themselves on this issue, and, shortly before the first session of negotiations, formulated national positions (e.g.: France, Italy, Spain, Czech Republic, Brazil). Those national positions converged on many points, notably with regard to the specific treatment of cooperatives and to the role of the state.

However, since the beginning, it appeared necessary not to limit the contribution of cooperative organisations to the drafting of written positions, but to extend it to a direct participation in the elaboration of the Recommendation. However, the only persons allowed to take part in the negotiation on ILO texts are the representatives of governments, trade unions and employers' organisations, the only three constituent parts of the organisation. Several representatives of cooperative organisations, including the author of this article, thus obtained an accreditation within national delegations to the 89th session of the International Labour Conference (2001)

⁵ Roelants B. 2001 (ed) «First worldwide recommendation on cooperatives», CECOP, mimeo, available at cecop@cecop.coop, (with contributions by Michèle Tixador, Hans Münkner, Javier Salaberria, Dante Cracogna, François Espagne, João Leite).

either in the workers', the employers', or the governments' group. Finally, we were a dozen representatives of cooperative organisations, distributed between the three constituent parts of the ILO, within a specialised Commission on cooperatives, containing more than 150 people.

Since the first day of the negotiations, our cooperative group, enriched by some "friendly" government representatives, such as those of Spain and Brazil, had to learn very quickly what the rules of the negotiations at the ILO were. For example, we had just been given a few hours to draft and present amendment proposals, needing first to reach a consensus between all of us in three working languages, working in the corridors, and without interpreters. This situation distinguished us from the other groups, which in turn enjoyed institutional recognition, such as the workers' group which had already prepared in advance dozens of amendments, and could use all necessary facilities and interpreters to finalise their drafts.

Out of 177 amendments introduced during the first session of negotiations, the cooperative group introduced 16, half of which were approved, after having debated them within the Commission, and with the different groups in ad hoc meetings.

At the end of the first two-week session, in 2001, the text on which we were working had already been clearly improved. Nearly all references to full equivalence between cooperatives and other types of enterprises, and to limits to the role of the state, supported above all by the employers' group, had been eliminated. However, the text was far from being the final product that we had in mind. In particular, we had not managed to obtain the ICA cooperative definition, not to mention the Cooperative Identity Statement (Manchester, 1995) in its entirety. The temporary text contained no reference to indivisible reserves nor to worker-members. We had one year left to try to reach the largest possible consensus within the world cooperative movement, and to prepare ourselves as well as we could to the last two-week session. We also presumed that the employers' group, and part of the governments of industrialized countries, would meanwhile work in a different direction.

We then worked through a "snow-ball" consensus-building pattern. A first group of 23 European and Latin American cooperative organisations asked and obtained that the Recommendation be explicitly mentioned in a resolution of the ICA General assembly in October 2001, and establish an ad hoc working group. CECOP then approved a first proposal for a modified text, which CICOPA also approved, in agreement with the cooperative representatives who had come to Geneva to the first session of the negotiation. The cooperative organisations from Costa Rica then organised in March 2002, under the auspices of ICA-America, a Pan-American conference on the Recommendation: the cooperative organisations of Latin America and the Caribbean approved a text based on the one proposed by CICOPA, enriched with new proposals. This text was then examined and slightly modified in April 2002 by the working group instituted by the ICA, and that comprised members of the ICA Board, as well as representatives of the different organisations that had taken an active part in the consultation process: CICOPA, as well as cooperative organisations of Latin America and the Caribbean, France and Italy. This last version, with inputs coming from over 30 national, regional and sectoral cooperative organisations from the 5 continents, was formally approved at the end of April by the ICA Board.

Thus, we arrived at the last session of negotiations, in June 2002, with a position that had been built with the involvement of a critical mass of cooperative organisations, and had been legitimised by the organisation representing the cooperative movement at the world level. Besides, this time we knew the terrain and the ILO negotiation rules far better than the previous year. Nevertheless, the discussion appeared from the start to be far more polarized than the first time. The governments of industrialized countries and employers' organisations attempted to re-open the discussion on the differentiated treatment of cooperatives and the role of the state, although this had already been negotiated the year before. On the other hand, our cooperative group this time received the explicit support of virtually all African and Latin American governments represented in the commission, as well as of the trade unions. In these two blocks that had formed, ours offered a slight numerical advantage. However, the risk to end up with a Recommendation with no wide consensus would have largely destroyed this advantage. Indeed, the Recommendation would not have had the same political strength if it had been disapproved of by the governments of important industrialised countries and by the employers' organisations, something that occurred in several ILO Recommendations over the last few years.

The difficulty was therefore to bring the "two block" phenomenon to the background, and to work as much as possible through a logic of consensus. The result of this strategy was tangible: 63% of the 47 amendments that we introduced (one third of all amendments introduced) based on the previous agreement obtained within the cooperative movement were approved by consensus.

4. Provisional conclusion: how can Recommendation 193 be concretely useful?

This new ILO instrument is useful as such as a normative text in any negotiation between the national and regional level cooperative organisations and the public authorities at the same level. Even though it is only a Recommendation, the governments of most countries of the world approved it proactively: in case the authorities of a country, or of a group of countries bound by a system of regional integration, propose legislation or policies that contradict the Recommendation, the cooperative movement at the corresponding level can remind these authorities that they are acting in contradiction with what they previously voted. Furthermore, the ILO now exercises a certain follow-up on its Recommendations, notably by a report requested by the member countries in the 18 months following their adoption.

This normative component tends to be more distinctly valued by cooperative organisations from developing countries than by those of the EU member states. Whereas the latter are about to have a first normative framework with the statute of the European cooperative society, the former do not have any other complete normative reference text on cooperatives at the supra-national level than this one. Furthermore, these countries are clearly more vulnerable in terms of normative framework for cooperatives, because of the pressure exercised by the international financial institutions, which sometimes go as far as openly advocating the transformation of cooperatives into conventional companies⁶.

⁶ This is, for example, what proposed an expert of the Inter-American Development Bank at its last conference in Milan in March 2003 .

In the countries that experienced a communist-type planned economy (notably 8 among the 10 countries that will enter the EU in less than a year) where the cooperative movement is erroneously accused of representing a vestige of the previous system⁷, and is also the object of liquidation attempts for ideological reasons, the fact that this text has been approved by the governments of the main industrialised countries (EU, United States, Japan etc.) is also an important signal.

However, the EU countries would be wrong to think that the world ILO standards and the world status of cooperatives are less important than the European normative framework. Indeed, the European Commission itself, in the establishment of a European normative framework for cooperatives, closely followed the building process of this world instrument. Besides, the vulnerability of the cooperative systems outside the EU (raising their interest for the ILO Recommendation) is an indirect and longer-term (but very real) threat for the cooperatives in the EU itself.

As far as proactive policies for the promotion of cooperatives are concerned, the effect of the Recommendation will depend on the orientation of the different states in the fields of employment, the struggle against poverty and exclusion, etc.

The Recommendation can also facilitate the relation between the cooperative organisations on the one hand and the trade unions and employers' organisations on the other, knowing that a majority of those organisations approved it.

In order to free all its potential, however, the Recommendation should first be examined by the ILO itself in terms of concrete policies. This step is important so that the other agencies of the United Nations system do the same, and so that the promotion of cooperatives becomes a meaningful phenomenon at the international level.

At any rate, ILO Recommendation 193 /2002 on the Promotion of Cooperatives comes at a time when the cooperative movement finds itself at a turning point of its history, with new threats and new opportunities. Indeed, cooperatives are confronted with increasingly stronger pressures, in numerous regions of the world, towards their disappearance. If economic globalisation continues to develop with less institutional global regulation and more initiatives based on force, the financial crises and the armed conflicts can make them fail. On the other hand, if a crisis in the coordination of the production and distribution chains, or a collapse of some of the largest world-scale enterprises occurs, new cooperative realities could perhaps see the light. In both cases, whether the cooperative movement needs to develop a defensive strategy to avoid its own disappearance, or whether it is invited to negotiate proactive promotion policies in the face of new opportunities, this new international instrument on cooperatives can prove to be particularly useful.

⁷ In total contradiction with historical evidence, which shows that the cooperative movement in most of those countries had started long before the communist system did.

