

Cooperatives in the Post- 2015 Millennium Development Framework

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Abstract

Cooperatives offer great potential in providing for common needs and aspirations. In the vast available literature on their experiential practices, they provide for *systemic paths for development trajectories* and address ‘intersecting inequalities’. Yet, being at the same time association and enterprise, they face collective action challenges that need special attention. In the first part, we will find out the place that the Post 2015 Millennium Development Framework has given to cooperatives. Selected cases are brought in to highlight what cooperatives offer in terms of approach to sustainable, peaceful and inclusive development. A discussion on cooperatives’ potential and challenges for the Post 2015 Development goals follows.

1. Cooperatives in the Post- 2015 Millennium Development Framework

In 2012, the UN Year of Cooperatives brought attention to the vast entrepreneurial phenomenon of cooperatives. In October 2014, the second International Summit of Cooperatives in Quebec demonstrated through several studies that the cooperative movement worldwide currently represented 2.6 million cooperatives and mutuals (organizations in the health and insurance sector not to be confounded with mutual funds), 1 billion members and clients, 250 million jobs with almost 12% of total jobs in the G20 countries and \$3,000 billion in annual revenue¹.

Such vast reality and presence in the world indeed merit attention, but have policy makers been aware of the potential contributions of cooperatives to development and the challenges they need to address?

The ILO Recommendation 193/2002 on the Promotion of Cooperatives has acknowledged that *“the term ‘cooperative’ means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”*. This Recommendation was discussed and voted favorably by all government, business and trade unions and representatives from all countries represented at the ILO tripartite system save two abstentions (the government of Australia and the employers of Venezuela). Outstandingly, the Annex of the ILO Recommendation 193/2002 fully incorporates the International Cooperative Alliance² principles voted by all cooperatives and their federations and confederations worldwide in 1995. These ‘ICA principles’ are actually operational standards that make a coherent business model and link all cooperatives across the world beyond variations in terms of types of cooperatives and sectors in which they are active (Sanchez Bajo and Roelants, 2013, ch.4 and Preface by Ian MacPherson).

The ILO Report by Professor Wanyama (Wanyama 2014) explains the valuable contributions of cooperatives in the African context such as their role for farmers and in accessing credit, but also acknowledges the limited interaction between cooperatives and the Post-2015 Development agenda setting, calling for more dialogue and participation of the cooperative movement, which has begun to mobilize in coordination with the ILO in particular.

Cooperatives’ potential for development is usually justified using a utilitarian logic and for good reasons, but they equally offer a development potential beyond such logic.

"Cooperative enterprises are instrumental in providing opportunities for productive employment as well as offering services such as health care, education, credit, improved infrastructure and sustainable energy. They are guided by values of social dialogue and

¹ CICOPA (2014), other studies and information at http://www.sommetinter.coop/cms/en_CA/home/declaration.html

² The International Cooperative Alliance or ICA is the world apex organization of cooperatives.

democracy, and are often rooted in local communities, making them a sustainable option for achieving development” (Emery, 2013).

Cooperatives are enterprises by which people address common needs and aspirations through a joint undertaking. Therefore, they have a double nature or two dimensions: a) associative and b) entrepreneurial. The former offers the powerful potential of being an association of persons who decide to work together under their free will to solve common problems. This associative dimension offers development potential that goes well beyond the utilitarian logic of its entrepreneurial component. Indeed, for a cooperative undertaking to be successful, the first condition is to have a cohesive and dynamic human group capable of working in dialogue and solidarity to develop internal rules and norms that lead to an efficient and innovative economic dynamic led by a long term vision.

Within the United Nations

Thus far, the ILO and UNRISD have been the most important institutions working on and with cooperatives during the consultations on the Post-2015 Development Framework through reports and surveys as well as organizing international conferences. For example, the ILO has worked in partnership with the International Cooperative Alliance to organize the International Symposium on “Cooperatives and the Sustainable Development Goals: Focus on Africa” in Berlin on 2 September 2014. UNRISD has mainstreamed the approach of ‘Social and Solidarity Economy’, in which cooperatives feature prominently, into the UN agenda in 2013. During the UN 2012 Year of Cooperatives, the FAO reestablished a Unit on cooperatives with substantial support from Brazil, a much awaited event given the employment and livelihoods that cooperatives ensure.

Within the emerging Post-2015 Millennium Development Framework, two streams are merging that have given unequal attention to cooperatives:

- 1) *the Millennium Development Goals – with the MDGs agenda*
 - 2) *the Rio de Janeiro Sustainable Development agenda - with the SDGs agenda*
- 1) The first stream offered no mention of cooperatives and its approach took rather individualistic and targeted specific goals except most notably for Goal number 8 that speaks of partnerships. However, in the evaluation process, the United Nations Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (United Nations, 2013) recommends in Annex IV, under the theme on Employment and Inclusive Growth, to outreach to cooperatives as a way to organize the informal sector: *“Innovative ways for them to organize such as through unions and cooperatives is encouraged”.*

2) The second stream, the 2012 United Nations Conference on Sustainable Development - or Rio+20 – that took place in Rio de Janeiro, Brazil, has recognized the current and potential contribution of cooperatives to sustainable development, reducing poverty and creating employment more clearly. The UN Resolution 66/288 adopted by the General Assembly on 27 July 2012 ‘The future we want’ highlights cooperatives in paragraph 70, in terms of small scale solutions for the poor:

“70. We acknowledge the role of cooperatives and microenterprises in contributing to social inclusion and poverty reduction, in particular in developing countries”.

Rio+20 practical measures for implementing sustainable development call for goals through a set of Sustainable Development Goals –SDGs. It builds upon the Millennium Development Goals and is converging with the Post-2015 Development Framework. It however presents some differences with the first stream in its attention to building institutional and organizational capability. Whereas MDG Goal 8 needed further dynamism, the Rio process has strongly promoted partnerships and commitments³. Its Green Agenda and measurements beyond GDP have led to programs on sustainable consumption and production with thematic or sectoral focuses such as energy and food security.

2. Progress in the MDGs goals and shift to a broader development approach

In the evaluation of strengths and weaknesses of the first stream on MDGs, the June 2012 UN System Task Team reported to the Secretary-General that significant progress had been made but that the world had changed. The global financial crisis and its effects had brought about a system offering little or no opportunity to youth and climate change are taking their toll. A more violent and volatile world has emerged.

“Persistent inequalities and struggles over scarce resources are among key determinants of situations of conflict, hunger, insecurity and violence, which in turn are key factors that hold back human development and efforts to achieve sustainable development. Business as usual thus cannot be an option and transformative change is needed. As the challenges are highly interdependent, a new, more holistic approach is needed to address them” (UN System Task Team 2012, Summary, I).

³ <http://sustainabledevelopment.un.org/rio20.html>

Continuation along previously trodden economic growth pathways will exacerbate inequalities, social tensions and pressures on the world's resources and natural environment" (UN System Task Team 2012, page 19).

The new MDG framework proposes four dimensions for a more holistic approach: (1) inclusive social development; (2) inclusive economic development; (3) environmental sustainability; and (4) peace and security. It also speaks of enablers and three principles, but rejects the idea of a blueprint. For example, it considers enablers of participation, accountability, non-discrimination, empowerment and rule of law for a good foundation for an inclusive development path. The three principles are human rights, equality and sustainability. There are logical challenges to the proposed conceptualisation but the trend is clear.

Attention has shifted to processes and quality of institutions, as well as to technology and financing, in order to build up policy choices and capabilities both individual but equally important organization-wise. As governments struggle for reasons of debt and low growth, the question of whether the private and business sectors can finance the development agenda comes to the fore. Inclusion, sustainability and peace mean dialogue, cooperation, participation, accountability and cross-control (not just linear or administrative control), bringing back institutions and organizational capabilities to the centre-stage.

There has also been acknowledgement that intersecting inequalities not only act as barriers to individuals' capacities and freedoms but reduce the cohesion and resilience of the society as a whole, with direct impact on its potential sustainable growth (UN System Task Team on Addressing inequalities 2012, page 11). To address the gaps in the MDGs, wellbeing for all is to be addressed by intersecting inequalities, the jobless and poverty, within the natural limits set by our planet. In this regard, bottom-up approaches, participation and accountability are deemed essential.

In brief, documents and reports on the 2015 MDGs evaluations and the Post-2015 Development Framework consultations are concerned with three crucial tests for our XXI century: a) high and increasing level of inequalities; b) a global financial system prone to implosion; and c) sources of life on the planet without time and space to regenerate. The three are interacting with, and amplifying each other: on the one hand leading to loss of cohesion, loss of dialogue and loss of plural forms of life; on the other hand leading to severe and fast arriving shocks and unrest.

Old debates reappear in 'new clothes' around the need for the rule of law, freedom of expression and protection against the abuse of power. Justice and fairness in providing solutions for all are discussed against the need for helping those who need the most. Freedom of choice within an existing offer is compared against freedom as enabler for development that seeks the

transformation of the existing offer. Reducing vulnerabilities leading to debt traps and debt bondage is associated to strengthening resilience *before* shocks and crises arrive.

Bottom-up approaches such as endogenous development and participatory innovation development are called for. Clearly, there is the need for social mobilization as much as detailed aid packages and policy formulation. To these bottom-up approaches, there are strong demands concerning the use of power and accountability, enlarging and deepening democracy, openness and dynamism.

This is the context in which cooperatives should be assessed. Let us now discuss how cooperatives respond to the current and emerging needs through the literature on their experiential practice as well as on theory. What is their potential in the above-mentioned context and what are the challenges?

3. The emerging agenda and the potential contribution of cooperatives to the Post-2015 MDF

For lack of space, several issues are given priority over others in this paper. The potential argued here is thus by no means a complete list of the potential contributions that cooperatives have made to development along the last two hundred years or could make in the future. The following 10 points are given attention here because of their high potential for contribution by cooperatives to the Post-2015 MD Agenda. For lack of space, only one to two best practice examples will be mentioned.

1) Cooperatives are spaces for learning and practising values of democracy, solidarity, participation, inclusion, responsibility and accountability, and what this means in the context of scarce resources and lack of legal framework

I would like in this case to connect the cooperative principles, which are truly operational in the sense of a coherent business model, to the challenges of scarce resources. Demographic trends show a growing and ageing population, scarcity of resources and rapid urbanization.

In theory, cooperatives are among the best economic organizations to deal with scarce resources, as enterprises based on the association of people embedded in the community, which do not delocalize and are open to all as long as they remain sustainable. Cooperatives can manage resources sustainably and peacefully because all are involved and control is thus attainable through active participation and accountability. Control costs are reduced and decisions taken carry high legitimacy.

The Natividad fishermen and divers cooperative (Sanchez Bajo and Roelants, 2013, ch. 5) is a very valuable case showing that limited de-growth was actually not such as it led to

industrialisation and development soon after. Basurto and Ostrom (2009) analysed other self-organizations in the fishing context of the Gulf of California, Mexico. Some were cooperatives, one of which was a success while the other failed. Elinor Ostrom, the 2009 Laureate of the Nobel Prize in Economics, focused on the issue of control in economic entities. In 'The Return of the Commons', she explained that the conventional market economy is bound to destroy common goods, while, in turn, joint control by the stakeholders involved in the management of those common goods could preserve them.

Yet, a common phrase known as 'The Tragedy of the Commons' by Garrett Hardin from 1968 portrays a set of pastoralists who are inexorably led to overuse their common pasture as an allegory for what the author thought to be typical for common-pool resources that were neither privately-owned nor government-owned. The major problem of Hardin's original analysis, Ostrom and Basurto explained, was that he presented his tragedy as a *universal* phenomenon. Hardin's idea has long been falsified, namely that many cases demonstrate it is untrue. However, we must be careful not to recommend blindly without assessment and monitoring nor transfer one experience to another context forgetting that cooperatives are built bottom-up. In lieu of transfer, regional replication is an excellent method for cooperatives but only if networks and support tools are developed soon after.

Although Ostrom's work was essentially dedicated to the management of natural spaces (irrigation schemes, fishery reserves among others), cooperatives were always included in her policy analysis (even though she did not pursue the analysis of the cooperatives as such) :

What is missing from the policy analyst's toolkit – and from the set of accepted, well-developed theories of human organisation – is an adequately specified theory of collective action whereby a group of principals can organise themselves voluntarily to retain the residuals of their efforts. Examples of self-organized enterprises abound. Most law firms are obvious examples (...). Most cooperatives are also examples (...). But until a theoretical explanation – based on human choice – for self-organized and self-governed enterprises is fully developed and accepted, major policy decisions will continue to be undertaken with a presumption that individuals cannot organise themselves and always need to be organized by external authorities. (Ostrom 1990, 24-25).

Not only cooperatives can provide valuable contributions to manage natural resources, but they can deal with protracted issues where neither the private nor the public authorities can deal with the absence of law.

The Toia Report recognizes this incredible contribution to legality “*in Italy, where cooperatives are entrusted with the management of assets confiscated from the mafia*” (Toia, 2013) and link civic engagement, employment and entrepreneurship into a virtuous circle. This is a very important case of rebuilding trust and markets in Ragusa, Italy. Cooperatives are entrusted with

land taken away from the mafia because both public and private ownership carry a higher risk of going back to the former hands. See for example the cooperative “Beppe Fontana” at <http://www.ragusaoggi.it/notices/7216>.

2) Cooperatives help address the gender gap

The forestry cooperatives in the Leasehold Forestry and Livestock Programme in Nepal (IFAD, 2009) and the Bukonzo Joint Cooperative GALS in Uganda (Meier, 2013) not only produce and sell in a sustainable fashion. These cooperatives empower women in their access to land, and provide more equal sharing of benefits and family security and health. Moreover, they work on additional capacity building priorities such as a community health center and centers to raise value added and progress in the value chain.

3) Cooperatives help fight hunger and small farmers’ poverty

The successful case of the Tolupan in Pueblo Nuevo, Yoro, Honduras, who have overcome famine, malnutrition and pawning, to sell beans and maize in the market while storing food reserves for the community and building a community savings fund to deposit their earnings, shows that cooperatives are part of socio-economic transformation for good. This process was supported by FAO (IPS by Thelma Mejia, 27 November 2014, Indigenous community beats drought and malnutrition in Honduras).

4) Cooperatives help fight debt traps and bondage

In Canada, many low income urban residents struggle between poverty and exclusion, depending on pawning and payday lenders at exorbitant rates. Looking at how banks work to deal with financial exclusion, Buckland (2012) explored the role of between credit unions, in particular Desjardins, Vancity and Assiniboine, and their partnering with community development organisations. Credit unions take on a disproportionate role in financial inclusion, while most mainstream banks partner with fringe banking and “do not have the capacity or the interest to work with, and provide services for, low-income people and communities”.

It is well known that SMEs provide most jobs in any given country. Not only cooperative banks and credit unions have demonstrated their resilience in every crisis (Birchall and Kettilson, 2009), but they continue to provide SMEs with credit more than other banks, in a critical role to shore up communities and the economy (Birchall 2013).

5) Cooperatives advance the decent jobs agenda

According to the ILO, the world has unemployment figures involving over 200 million persons and is plagued by dramatic youth unemployment, high migration flows and strong informal and precarious employment. CICOPA’s “*Cooperatives and Employment: a Global Report*“ estimates that cooperative employment, both full time and part time, involves at least 250 million people in

the world according to data from 74 countries accounting for approximately 79% of the world's population. More than 26 million of these people work in cooperatives as employees (over 15 million) or worker- members (almost 11million), while 224 million producers organize their production together *within the scope of* cooperatives. (CICOPA2014).

“On the basis of an analysis of data from a limited number of countries, cooperative employment appears to have remained, by and large, stable over the years and to have shown particularly strong resilience to the global crisis which flared up in 2007 / 2008. In spite of their still comparatively modest figures, worker cooperatives and social cooperatives have experienced a very significant surge in employment... Qualitatively, the fieldwork revealed distinctive characteristics of cooperative employment as it is experienced by the dozens of people interviewed. all of whom work either in. or within the scope of cooperatives with a combination of economic rationale, a quest for efficiency, shared flexibility, a sense of participation, a family-type environment, pride and reputation, a strong sense of identity and a focus on values. We discovered that this mix of characteristics was both a cause and a consequence of the economic sustainability of cooperatives. At the same time, a number of serious challenges can weaken cooperative employment in terms of competition, management skills, labour standards and demographics.” (CICOPA 2014, p. 8).

6) Cooperatives enhance work productivity and X efficiency

There is disagreement on cooperatives' productivity and efficiency. Usually, it is recognized that cooperatives are best in X efficiency but because they do not have stock markets on which to compare prices, they are supposedly not able to know their costs, to fairly pay their members, or to provide transparent pricing. This may be a challenge in some cases. But that depends on the cooperative members of course. It is possible to have transparent institutional building as in the case of the Dutch flower auction, with an impressive success in terms of organization, pricing, technology and governance, which is in fact a cooperative. FloraHolland is owned by the 5.000 growers of the cooperative. They determine the direction of the company. Members come together twice a year during the General Members' Meeting or assembly. There exists a similar case in Brazil which is the largest producer and exporter of flowers in the Americas⁴.

7) Cooperatives are enterprises that have reduced control costs and are more resilient to shocks

There are many studies by now in this respect. Sanchez Bajo and Roelants (2013) provide four in depth case studies. Some conclusions can be drawn when we put the four cases together.

⁴ See videos, <http://www.youtube.com/watch?v=av6VFmMckyw> or http://www.youtube.com/watch?v=V2CK2TatM_U and <http://www.floraholland.com/en/about-floraholland/our-cooperative-company/>

Cooperatives tend to put information in common and in a timely manner at their elected board meetings and in their general assemblies and committees composed of their member-users, member-producers or member-workers. With a more equal pay scale, painful decisions such as temporary cost reductions, once approved, are seen as legitimate and their implementation is therefore more efficient and rapid. Monitoring costs are thus reduced.

Mechanisms for shared flexibility (in labour management, time and compensation, workload, etc.) affect all and tend to be offset by common funds or mechanisms. The common funds, in fact, serve as an anchor at the time of the shock, giving time to react. With less leverage, cooperatives are able to obtain better guarantees than other SMEs. If they have built safety funds and support institutions in advance, cooperatives can call them to intervene to restructure or diversify. Resources are put in common so that they can implement new strategies to save and create jobs. Restructuring is not taboo.

Services, pensions, education and institutional innovation in cooperatives are usually built with time. When a crisis strikes, cooperative members can have a more comfortable cushion than others to confront the crisis.

Because cooperatives are closer to the community and may better target community needs, in times of crisis their values are reinforced and the community tends to support with interest the cooperative/s to save the local jobs and economy.

Crisis management is however seen as a vector gearing the course, very different from day to day management tasks. Management in a cooperative differs from conventional styles because costs are analysed under a different light. The costs of a democratic system and meetings as well as their territorial embeddedness are included in debates and in their costs. In their considerations, efficiency must come from other practices and sources, since no delocalization can be envisaged. The best cases of resilience take place when resilience has been built in advance. In addition, those who work in cooperative groups may apply horizontal coordination by region or activity of specialization. These groups of cooperative SMEs share the pain while maintaining the jobs, ready for new orders in the value chains when the economy picks up again. One of the strong points in German SMEs under the crisis is that their continued production has been supported by the state through public spending. Cooperatives have actually been doing the same, but on their own.

8) Cooperatives address the renewable energy challenge

Germany is a very interesting example of households and communities taking the initiative to build and distribute energy in a sustainable manner. The European Parliament 'Toia' Report (Toia, 2013) :

“argues that, thanks to its decentralized nature, the cooperative model contributes significantly to the implementation of the priorities for 2020 set out in the Renewable Energy Sources Directive... and to the transition from fossil/nuclear energy towards renewable energy... to the fact that more than 1000 renewable energy cooperatives have been created by citizens; believes that cooperatives active in the field of renewable energy allow citizens to become cooperative members of local projects, and encourage investment

in renewable energy projects, which in turn enhances the social acceptance of new renewable energy installations"

9) Cooperatives act as development hubs and build markets

What does the hypothesis that cooperatives appear in the face of both market and government failure mean, when nothing is there, when human beings and communities must fend for themselves. That is the time when cooperatives are often formed. Such has been the case of the Artic Cooperatives Limited, a federation of 31 community based cooperatives in the Artic Nunavut and Northwest of Canada. They started when communities had to move up North during the Cold War. With time, they continue to build opportunities in retail, hotels, cable and media, construction, arts and crafts, etc. Such has been the case of Inuit indigenous peoples to market their art. The fact was that when they had to move up North, they could not hunt any more. Cooperatives saved them from their new hard situation, the first one set in 1959 in Northern Quebec, when twenty Inuit became members by purchasing a one-dollar cooperative share giving them the power of one vote per person.

Members can market their art through other channels; they are free to do so. Cooperatives, however, allow their art to access the market and be acknowledged for the first time. If they still choose cooperatives to sell their art is because cooperatives help streamline their business and ensure credit and payments all around the year. This is similar to coffee producers marketing their coffee through cooperatives, although having nowadays the choice of direct trade. Cooperatives allow them to organize the year round, while direct trade sales are unpredictable, depend on the will of the foreign trader and payments may come at any time and rate in an unforeseeable future. The latter drives small producers and artisans into debt, and poverty. Cooperatives, instead, allow them to organize with a long term vision.

10) They are innovative enterprise forms and new types of cooperatives have been invented in the last 20 years.

In the last 15 to 20 years, new types of cooperatives have been invented and new ones should be naturally expected to appear in the future, as people invent their own solutions. Social cooperatives were invented in Italy before the idea of 'social enterprise' had ever been discussed. They are today the first subcontractor of social services to the state in Italy. The SCIC or Collective Interest Cooperative Society was invented in France to allow multiple stakeholders to come together to solve a local development need. The CAE or Activity and Employment Cooperative was also invented in France allowing individuals from liberal professions or autonomous entrepreneurs share office costs and obtain a wage-earning status. There is a Mercosur binational statute between Argentina and Brazil to allow for the social and economic revival of previously marginalized border areas.

4. Challenges and Attention Points

Cooperative enterprises can deliver a great contribution to development when well-built, soundly governed and capitalized, as they are locally embedded and resilient enterprises with a long term vision of development that generates wealth that is more widely distributed and locally reinvested.

- Cooperatives have challenges that are specific to their business model of ownership and control. They are both an association and an enterprise. If one of these dimensions does not work effectively, the cooperative may fail to deliver its promise. Thus, challenges are both related to collective action, decision making, conflict resolution and alliance building as an association and to efficiency, innovation and entrepreneurial skills on the other.
- To develop their full potential and thrive, cooperatives work through integrated approaches and support institutions. Support should be built on the basis of an integrated approach including: drivers, actors, linkages and environmental parameters, clearly situated in a regional context. On the contrary, intervention by governments or investors, through populist policies or outside control has never proved sustainable in the long run.
- Scaling up in cooperatives can be done in a different manner than conventional enterprises and must be endogenous, although support and promotion can be provided from outside. The most important successful cases in the world have developed through replication of small cooperatives that later networked and built second and third tier cooperatives and organizations. Models include the 'beehive' in Finland, the 'strawberry field' and spinoff models created in Italy and now used in Canada, the franchising model used in Europe and in the USA among others. They play a fundamental role in monitoring, enabling access to capital and guarantees at appropriate conditions, access to public calls for contracts and in building common development funds for innovation, services, logistics, research and specialization.
- In fact, the critique of cooperatives as small and closed in themselves is offset when they are part of wider networks, consortia, groups and federations. Information is circulated in a transparent basis and conflicts can be solved through wider systems of mediation and advisory services. Examples include Desjardins, Federated Cooperatives and Artic Cooperatives in Canada, Mondragon in Spain, Raiffeisen banks in Germanic countries, social cooperatives in Italy, Sancor in Argentina, etc. Beyond facilitating access to capital, the following have been essential to their success: better governance and accountability, openness in their search for entrepreneurial innovation while keeping in touch with community needs, enabling them to steer change and transformation through decades.

- The challenge of capital cannot be underrated but cooperatives have instruments that enable them, after some time, to offset the challenge and even become more resilient to external shocks and financial crises. The indivisible reserves (*réserves impartageables* in French and *reservas irrepartibles* in Spanish) build a common indivisible fund for the mission of the cooperative that has several functions. This type of common capital that will never go back to any individual usually receives specific tax treatment. It ensures that cooperatives can remain open to newcomers while members can exercise their freedom to leave without destabilizing the enterprise. It prevents corruption as managers do not have access to such funds without approval of the members' general assembly or meeting. These funds are stable and can have a countercyclical function. They are also used for common investment, innovation, training, etc. They are extremely important in particular for stabilizing collective decision making and enlarging horizons in the case of worker, housing, services and producers' cooperatives. Countries that have not had this tradition, such as the UK, are finding ways to incorporate it. The UK has created the Community Interest Company that has mandatory indivisible reserves under the name of 'asset lock', for example. And provincial laws in Canada have articles dealing with this type of reserves or reserve funds.

- Another challenge usually discussed is the degree of attractiveness of cooperatives. Since the global financial crisis, the young generations have become highly interested in cooperatives, even under unfavourable or incomplete legal frameworks. Adequate legal frameworks are essential and the ILO has a useful Guide for consideration (Henry, 2011). The legal framework is fundamental because we are dealing with collective action undertakings. But the legal framework must also be flexible in allowing for entrepreneurial innovation.

- As globalization and waves of acquisitions of enterprises mounted to build global value chains and restructure entire sectors, cooperatives face pressures to standardise (Taimni, 1997, Cheney, 1995). At the same time, social movements focusing on the youth, the environment and gender have looked to cooperatives to provide for ways to deal with problems of inequality and sustainability.

Cooperatives have been pressured between efficiency and democracy. The challenges for the future development framework are in fact similar to the ones that cooperative face. How to respond to needs and aspirations in a democratic manner and efficiently?

- The cooperatives principles are not merely ethical or moral ones, they are operational and make a coherent *ensemble*. In this regard, the 5th principle of information, training and education is fundamental is participants are to control and decide their futures. Such information must be

timely and accessible, transparent and understandable. Educating, training and education of members and of public authorities, teachers, and other partners is fundamental to cooperatives especially in developing countries. Unless all those responsible for cooperatives are knowledgeable, cooperatives may suffer from mission drift or fall prey to the capture of information or power grabs.

- Last but not least, there is the challenge of mainstreaming, not as an end in itself or for the loss of identity or specificity into a larger mass, the clearest signs of which are the loss of democratic control and the loss of joint ownership and funds for the mission of the cooperative enterprise. The first goal of mainstreaming is that all decision-making and activities (programs, policy, projects, funding, etc.) take into account the plurality of entrepreneurship. But it goes beyond this goal in so far the process of mainstreaming of cooperatives involves three complementary processes. First, it entails reshaping the currently predominant way of thinking through training, education and information, entailing embeddedness in attitudes and mindsets. Second, mainstreaming carries an institutional dimension expressed through social and economic organization as well as policy and regulation: this process involves legal frameworks, support institutions and networks. Thirdly, it means re-embedding the economy into society as citizens build cooperative enterprises. Mainstreaming is a pro-active process or strategic approach to raise equality and benevolent regard from others towards the plural ways of enterprising and in our case in point, cooperatives.

- There is no defined framework of analysis yet to monitor the mainstreaming of cooperatives. The following is a tentative framework. What does mainstreaming cover? Policy design, Decision making, practices, monitoring and evaluation of cooperatives' value in accordance to the nature of the entity, access to resources including finance that respect cooperatives' principles, etc.
 1. Activity profile - based on labour and economic sector and activity by sex, age and other factors as well as time spent on economic activities including volunteers, and percentage of transactions with the cooperative compared to the member's transaction elsewhere of the same product or service.
 2. How are needs assessed in cooperatives - process, priorities, participation and control
 3. Access and control profile- identify access and control over resources, services and benefits
 4. Factors influencing access and control - Social, cultural, economic, gender, race, etc.
 5. Liabilities and assets, equity and capital- who carries liability, who carries the assessment and forecasting scenarios, how do cooperatives enhance various types of capital at

individual, household, and community levels? Is the entity fully and fairly represented in accounting and reporting?

6. Relations with personnel and partners: Are personnel sufficiently aware and sensitive towards needs of members of cooperatives and cooperatives themselves? Are the latter and their members involved in the delivery of goods and services, are they involved in assessments? Is personnel sufficiently trained? Is there any certification or evaluation for partners working with cooperatives and their members?
7. Do members and cooperatives have adequate support in terms of resources and capabilities?
8. Within the cooperatives and their networks, how is delivery, time and location, management information system, flexibility and mediation, designed, monitored, evaluated?

Concluding Remarks

Cooperatives must be analysed as enablers of trajectories of change by building alternative development futures. Cooperatives have been part and parcel of development for 200 hundred years. The fact that one billion people are connected to them should teach us something. Cooperatives can be part of the answer to the XXI Century needs of a growing world population. Cooperative can provide utilitarian value through significant job creation and security, education, gender equality and opportunity, livelihoods, farmers' needs and scaling up, equitable and inclusive growth, identifying and meeting new needs through integrated approaches, both in rural but also in urban settings and cities, to deliver hope, resilience and peace.

Yet, cooperatives, during their phases of most significant impact in history have gone well beyond providing utilitarian value to individuals and regions. Cooperatives have built markets when there were none, free farmers from debt traps and bondage, generated locally embedded wealth that in 20 to 30 years led to high living standards, substantially contributed to transforming entire regions (like the Basque region of Spain) ensured food security, became the first provider of high quality services to citizens while providing jobs to tens of thousands of disabled and socially disadvantaged people (like in Italy), trained hundreds of thousands of board members and directors who volunteer to steer their cooperatives and raised the level of education and literacy of millions of people while providing a peaceful framework. What else can we ask from an enterprise?

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Bio

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