

JOINT-ADVOCACY

A SOLUTION TO CONVERT CHALLENGES
INTO OPPORTUNITIES FOR THE

COOPERATIVE

MOVEMENT IN THE GLOBAL SOUTH FOR

SUSTAINABLE DEVELOPMENT

WRITTEN BY

ARINDAM BHATTACHARYA

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LIST OF ABBREVIATIONS

CFI – COOPERATIVE FINANCIAL INSTITUTION

ICA – INTERNATIONAL COOPERATIVE ALLIANCE

IYC – INTERNATIONAL YEAR OF COOPERATIVES

IOS – INTERNATIONAL ORGANIZATIONS

ILO – INTERNATIONAL LABOUR ORGANIZATION

SDG – SUSTAINABLE DEVELOPMENT GOALS

SMES – SMALL AND MEDIUM ENTERPRISES

SSE – SOCIAL AND SOLIDARITY ECONOMY

UN – UNITED NATIONS

WCCU – WORLD COUNCIL OF CREDIT UNIONS

CSR – CORPORATE SOCIAL RESPONSIBILITY

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

SACCO – SAVINGS AND CREDIT COOPERATIVE ORGANIZATION

SSE – SOCIAL AND SOLIDARITY ECONOMY

ABOUT THE AUTHOR

Arindam Bhattacharya is an International Trade and Corporate Lawyer, Public Policy researcher, and a former legislator from the state of West Bengal, India. He did his LL.M in International Trade Law from Turin University, Italy, Evidence-Based Policy Research Methods (EPRM) from Maastricht University UNU-MERIT, the Netherlands, and Advocacy specialization from Berkeley Haas, University of California, USA. He is a strong advocate of public policy advocacy, governance, and research. His research and teachings are focused on the impact of different public policies on businesses, the economy, and society at large. Bhattacharya is associated with many international non-profit organizations working in public policy advocacy like the Globe International, PGA, AUN, etc. He is the author of "International Frameworks and Legal Mechanisms Supporting the Transformation from Sick to Skilled SMEs," a research project initiated by the International Training Center of ILO, "ORGANIZING-THE WAY FORWARD" for ITUC-Asia Pacific, "STRENGTHENING THE CORE LABOUR STANDARDS RATIFICATION CAMPAIGN & GIVING IMPORTANCE TO YOUTH INVOLVEMENT" for ILO-ACTRAV and contributed few research papers for the Academy on Social and Solidarity Economy (SSE) of the ITCILO. He practices corporate law in India and provides international trade law advisory and consultancy in the UK, USA, Netherlands, Italy, Spain, and Belgium.

During his tenure as a legislator, he initiated many social enterprises in his constituency, including weaver's cooperatives, transforming a sick cooperative bank into an innovative and profitable model as a social experiment, and establishing a handloom cluster comprising a thousand rural women producing export only products. Citing all these successful social experiments, he presented a working paper on the need for Joint Advocacy to achieve the Sustainable Development Goals 2030 agenda at the United Nations Civil Society conference in Salt Lake City, Utah, USA, in 2019. This study is a continuation of the process.

BACKGROUND

The year 2012 was declared the International Year of Cooperatives (IYC) by the United Nations General Assembly on the theme "Cooperative enterprises build a better world," recognizing the contribution of cooperatives in socio-economic development, identifying their role in poverty reduction, employment generation and offering opportunities of social integration. The United Nations, through its Resolution A/RES/64/136, encouraged all Member States and all relevant stakeholders to take advantage of the IYC to promote cooperatives and raise awareness of their contribution to social and economic development and promote the formation and growth of cooperatives. The three primary goals for the International Year of Cooperatives were:

- **Increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals**
- **Promote the establishment and growth of cooperatives**
- **Encourage Governments to establish policies, laws, and regulations conducive to cooperatives' establishment, growth, and stability. International Organizations (IOs), especially the development agencies, have a vital role in supporting cooperatives' development through technical assistance and other development aid instruments.**

However, little is known about the International Organizations' actual policies and programs for developing cooperatives in recipient countries, for instance, regarding the promotion, formation, and development of cooperatives in the agricultural and service and financial sectors. Cooperatives in Global South, in particular, need enabling environments in order to be competitive and sustainable and be given access to trade opportunities.

This short article takes a first step in highlighting this gap and provides references to the IO's current support for the development of cooperatives in the Global South. This summarized research article and recommendations are the first part (Part - I) of the pre-publication copy of the research project, covering three more phases to be published jointly by March 2023.

Ten years after the International Year of Cooperatives, the UN General Assembly in its Resolution 76/135 in September 2021 recalled its plan on cooperatives for 2012 and beyond. It drew the attention of Governments to focus support on cooperatives as sustainable and successful business enterprises and to review existing legislation and regulations to make them more conducive to the creation and growth of cooperatives. The Resolution encouraged governments to promote access to information and communications technologies as a vital channel for collaboration and the expansion of cooperatives, especially in rural areas, working towards closing digital gender divides.

It also encouraged Governments to intensify and expand the availability, accessibility, and dissemination of evidence-based research on the operations and contribution of cooperatives and to develop a statistical framework for systematically collecting comprehensive and disaggregated data on cooperative enterprises' best practices.

It is important to note that this year (2022), the ILO Promotion of Cooperatives Recommendation, 2002 (No. 193) completes 20 successful years of its legal and policy influence, providing ample arguments for the world to recognize the community contributions and operability challenges of the so-called Social Solidarity Enterprises (SSE). The 110th Session of the International Labor Conference 2022 will have its general discussion on SSE, which is a milestone in its own right, for cooperatives on which SSEs are based. Read the ILO Office Report on Decent Work and Social and Solidarity Economy (March 31, 2022) [here](#).

IDENTIFYING THE CHALLENGES

Foremost, cooperatives are referred to in paragraphs 41 and 67 of the UN Agenda for Sustainable Development as part of the diverse private sector that can be instrumental in achieving the Sustainable Development Goals. It is also notable that the number of cooperatives in the Global South easily surpasses the number of cooperatives and co-operators elsewhere, thus making the cooperatives to SDGs linkage a winning platform for stakeholders in developing and less developed countries.

Cooperatives are driven by their universal values and principles, enshrined in international and national legal frameworks. They are a testament to the one-of-a-kind bottom-up self-identification and legally binding efforts known in the modern world. The value of "social responsibility" and the 7th Principle of "concern for community," inherent to the cooperative way of doing business, remarkably distinguish cooperatives from other enterprise forms.

The central challenge remains in operationalizing the value mentioned above and principles. The second yet equally important challenge lies in resolving the capital problem of cooperatives, which is an increasingly globalized world, have to match up and compete with the established investor-owned corporations and start-ups that aim to realize new ideas and innovation. The cooperative model, especially in the Global South, is strikingly left behind in the new age of growth facilitated by start-ups.

The efficiency of the cooperatives in contributing to the achievement of the SDGs is limited by six factors, which can be overcome with some specific initiatives:

The capital challenge:

The Addis Ababa Action Agenda on Financing for Development 2016 includes cooperatives' calls to businesses and substantial contributions to sustainable development. However, cooperatives, particularly in the Global South, grapple with the problem of raising external capital and are often seen compromising on their (4th) principle of autonomy and independence.

The environmental challenge:

Democratically controlled, economically viable, properly functioning, genuine cooperatives are not finding a conducive environment to emerge and flourish in some countries due to non-supportive cooperative policies, laws, and support institutions. Since the mid-1990s, substantial progress has been made in the areas, but it also exposes members to fraud due to comprehensive liberalization in some cases. The (7th) Principle on concern for community was ushered in in 1995 with its explanatory note "cooperatives work for the sustainable development of their communities through policies approved by their members," it has not found adequate translation into law and practice, despite several laws containing the title of this Principle, in the legal text.

The challenge of the number of membership or size:

Generally, cooperative members are semi-skilled consumers, farmers, workers, fishers, informal economy operators, weavers, and artisans without the much-needed managerial skills and an imbalance of gender equity in the management. Because of this problem, many cooperatives struggle to find the right Directors and Managers among the members equipped with the required education and skills. Due to financial constraints, smaller cooperatives cannot afford to hire professional managers. The larger ones face the risk of hiring a capable manager running the Board and the cooperative at his own will and against the objects of the cooperative.

The challenge of management:

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The challenge of innovation:

The prevalence of cooperatives is more in traditional sectors of national economies, such as commercial agriculture, artisanship, weaver cooperatives, retail distribution, and finance.

At the same time, modern economies require new forms of cooperatives that are primarily Internet-based. Especially when open-source cooperative-type ventures such as Wikipedia, Mozilla, and Linux have been very successful, maintaining a competitive edge; other examples are the arts, creative, and sports sectors where cooperatives like the Associated Press, Magnum, Stocksy, Resonate, numerous

football clubs have studded the business world in the global north. Though catching up with the trend, new cooperatives forms have emerged in some spheres like environment and public transport, generating green energy, waste recycling cooperatives, rental cab services, etc.

The challenge of flexibility:

Cooperatives follow traditional values, ethics, and processes, while the SDGs require innovation, cooperation, and flexibility in operation, structure, and management.

There is a need to explore and implement cooperative principles in diverse and exciting fields like labor contracting, provision of business services, micro-insurance, electricity distribution, software programming, textile designing, waste management, crop processing and exporting, etc., which will be finally implemented by organizations that may or may not be cooperatives.

RECOMMENDATIONS

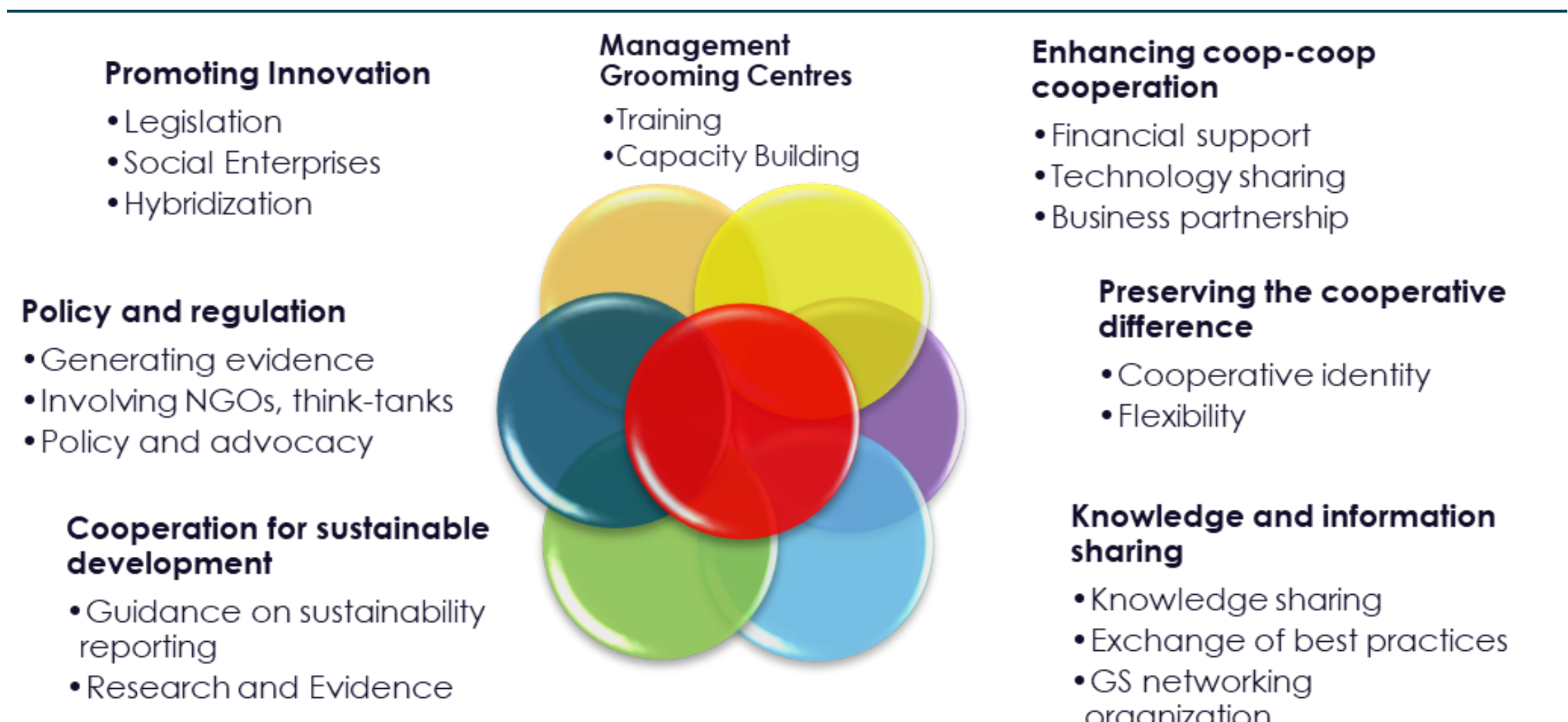


Figure 1- Diagrammatic representation of recommendations

1. Enhancing coop-to-coop cooperation by providing financial support, technology sharing, and amplifying business partnerships between cooperatives from different countries and sectors. A level playing field for cooperatives raising capital from external sources, particularly in urban areas and the new economic regions that can also aid climate action, must be considered. A five-year probation period to encourage cooperative entrepreneurs to work in the same environment as a start-up could be regarded. Social reporting and audit and financial audits would revitalize cooperatives to meet the challenges of the 21st century.

2. Preserving the cooperative difference of institutions in intensified societal transformations also requires cooperatives to strengthen their shared narratives on their collective identity. With flexible adjustments according to the realities of the changing world while keeping their values intact, the cooperatives can be more effective in achieving the SDGs.

3. Sharing knowledge and information is considered another key area where some umbrella organizations like the ICA could take the lead as a platform for members from different world regions. A Global South-specific networking organization can be a very effective mechanism.

4. There must be a hub for addressing the SDGs jointly, guiding sustainability reporting and policy and regulatory issues such as supporting the members of the cooperatives with research and evidence.

5. Establishing management grooming centers for cooperatives providing proper training, education, and appropriate advisory and support services to the democratic management for capacity building.

6. Promoting innovation through legislation in the cooperatives sector to transform the cooperatives into social enterprises. So that they can compete with the conventional businesses in deregulated markets, a viable solution can be a hybridization enabling a share-based legal form using holding structures.

7. Supporting policy advocacy at national and international levels, generating evidence and information on regulatory issues involving the academia, think-tanks, NGOs, and the Civil Society

Primary objectives that can be achieved following the recommendations



Figure 2 - Diagrammatic representation of objectives that can be achieved following the recommendations

Sustainable development can be recognized as an opportunity for cooperatives to affirm their collective identity and demonstrate the difference their cooperative nature makes, by building on their member-based, community-led structure, governance model, and value-based approach to business by implementing the recommendations.

Hope you have enjoyed the paper and your thought process is activated more than before. Share your thoughts and suggestions with team Advocacy Unified Network - AUN in our blog section <https://aunetwork.org/guest-post/>. Your suggestion is important to us - Team AUN



Fluwelen Burgwal 58, 2511CJ, The Hague
Netherlands

Website: www.aunetwork.org

E-mail: info@aunetwork.org