



**Dear Co-operator,**

We seek your expertise! Under the auspices of the Blueprint for a Co-operative Decade, the **Principles Committee** is leading the drafting of **Guidance Notes** – interpretation aids for the Co-operative Principles.

**Context:**

In October 2012 in Manchester, UK, delegates to the General Assembly of the Alliance awarded a mandate to the Principles Committee to create Guidance Notes for the 1995 Co-operative Principles. This initiative is embedded within the Blueprint for a Co-operative Decade as a fundamental activity that will shape the pillar of Identity, strengthening the co-operative difference.

**Objectives:**

The objectives of the Principles Committee in drafting the Guidance Notes are two-fold:

- Provide **guidance** on the Co-operative Principles (as articulated in the Statement on the Co-operative Identity)
- Establish the **irreducible core** of each Principle, and thus, of the co-operative identity

In this document, you will find the **DRAFT Guidance Notes** for the following Principles:

- 3. Member Economic Participation**
- 5. Education, Training, and Information**
- 7. Concern for Community**

Please read these, share them in your networks, discuss them, and gather your comments and feedback. We wish to hear and read **your thoughts on the substance** of these DRAFT Guidance Notes.

Please send your comments to Hanan El-Youssef, Strategy Manager at [elyoussef@ica.coop](mailto:elyoussef@ica.coop) **by 15 May 2014**.

**We thank you for your continued participation in and support for the Blueprint initiatives.** With your contributions, we believe in a successful Co-operative Decade.

The International Co-operative Alliance Team

## 3<sup>rd</sup> Principle – Member Economic Participation

### Drafted by Jean-Louis Bancel

The 1995 declaration updating the principles of the International Co-operative Alliance, first written in 1937 and amended in 1966, dedicates its Third Principle to members' economic participation in their Co-operative.

Before illustrating the scope in the modern world of the elements listed in the Third Principle, it is worth (i) examining the historical context surrounding the drafting and interpretation of the principle of members' economic participation in co-operatives; then (ii) examining this context in conjunction with the totality of the 1995 declaration on co-operative identity and, in particular, the definition of co-operatives, co-operative values, the First Principle on voluntary and open membership, the Fourth Principle on autonomy and independence, the Fifth Principle on education, training and information and, finally, the Seventh and last principle on concern for community; before (iii) making proposals on how to apply the principle at the start of the second decade of the 21st century.

#### 1. The principle of co-operative members' economic participation within the general economic context.

##### 1.1. The bearing of the historical and economic context on the drafting of the 1995 principles.

The drafting of the 1995 co-operative principles was the fruit of a long period of proposals for principles dating back to 1966: Alex Laidlaw's report to the 1980 conference; Lars Marcus' report to the 1988 Stockholm conference; Sven Ake Böök's report to the 1922 Tokyo conference, and finally Ian MacPherson's proposal to the 1995 Manchester hundredth anniversary conference.

Behind this protracted hesitation of the 1980s and 1990s were the significant political and economic events in the politics of the period: the end of planned economy systems and the decolonization process of the global South following the Second World War and accompanied by independence and nation building.

These events influenced the thinking of the leaders of the global co-operative movement who, aware of the emancipating power of co-operatives, wished to adapt the language of the principles to a new geopolitical reality.

It should be noted that the changes to the language of the principles had a most drastic impact on the language of the Third Principle.

Here it is worth remembering the ideas put forward at the time by those involved in drawing up the 1995 principles.

Hans-H Münkner justified the economic necessity of revising the 1966 co-operative principles as follows:

"The most far-reaching economic change is the transition from centrally-planned economy to market economy following the collapse of socialist states. In all countries, there is a growing disparity between the rich and the poor. Even in the rich industrialized countries uneven distribution of wealth and growing poverty has reached dimensions unimaginable a few decades ago. The number of unemployed and homeless people is growing steadily. In a banking centre like Frankfurt, more than 30% of the inhabitants (some 650,000 people) are depending on social welfare payments.

The trend to have less but better-paid jobs to transfer jobs to countries with lower labour cost, thereby increasing the number of unemployed people living on social subsidies, cannot continue much longer without causing serious social unrest. Therefore the political and economic actors will have to seek solutions for a more equitable distribution of work and wealth.

In the developing countries, mass poverty, high unemployment, inflation, unfavourable terms of trade for export crops and the burden of foreign debt give a bleak picture. The structural adjustment programs seeking to accelerate economic growth, increased production and exports at almost any cost is lacking the social policy element, so much so that new programs looking after the social dimension of adjustment had to be designed. Reduction of investment in social infrastructure (education, health) in countries which would urgently need improved economic and social conditions is not compatible with the requirements of long term sustainable development."<sup>1</sup>

<sup>1</sup> Hans-H Münkner, "Revision of Co-op principles and the role of co-operatives in the 21st Century", International co-operative Information Center, June 1995, in <http://www.uwcc.wisc.edu/icic/orgs/ica/pubs/review/vol-88-2/6.html>

The demise of the planned economy system reinforced the idea that the capitalist model was superior, which was translated in the 1995 principles by the elimination of the rule limiting the co-operative members' capital contributions.

"This principle deals directly with the very difficult problem of capital acquisition by co-operatives in amounts large enough to compete effectively with vast global industries. Throughout this history, co-operatives have been built on the premise that capital is a servant of the enterprise, rather than the master. Co-operative activities are organized to meet members' needs, not to accumulate capital in the hands of investors. In the past, the principle of capital as servant led to a belief that resources generated by profitable co-operative enterprises should return to labour, rather than be concentrated in the hands of owners of capital, by strictly limited returns to invested funds.

It has not always been clear what role, if any, is played by non-member capital investment, or investment by members beyond the "fair share" required. Although members own millions of dollars that they may have invested in co-operatives, the previous restrictions on dividends to be paid on capital did not encourage them to invest beyond the required amounts. Consequently co-operatives have repeatedly been unable to generate equity for capital-intensive projects; nor have they been able to maintain the value of invested capital during inflationary times. The strict limitation on dividend to capital has been lifted in the 1995 principles, which now implies that co-operatives compensate capital and labour fairly.

In order to retain the democratic nature of the enterprise, members of co-operatives are expected to contribute capital equitably and to democratically control the capital of the business. To retain the community centred nature of the enterprise and the belief that strength comes from pooling resources to engage mutual self help, there is an underlying expectation that a portion of the co-operative's capital should be owned by all members."<sup>2</sup>

It is also important to note that the General Assembly that approved the elimination of limits on remuneration of co-operative members' contributions also, by amendment, introduced the notion of collective ownership of capital. This amendment, it should be observed, was tabled by the French delegation, which was keen to ensure that the concept of collective ownership, so important to workers' co-operatives, not disappear.

Below is the remark made by Ian MacPherson upon the presentation of the Third Principle.

"Similarly, the Third Principle, which deals with members' economic participation, is strongly situated within the member perspective. It is different from the two previous principles on the financial operations of the co-operative in several respects. It is called "Member Economic Participation". It emphasizes the vital importance of members controlling the capital of their organization, and indicates that they should receive limited compensation on the capital they subscribe a condition of membership. The principle allows for a market return on capital otherwise invested by members. As for capital emanating from other sources, one would have to consider the implications of attracting such capital in light of the Autonomy Principle: the key concern must always be to preserve the capacity of the members to decide the fate of their organization.

There was much debate over the inclusion of a reference to indivisible reserves. The 1966 formulation did refer to this normal aspect of co-operative economic structure perhaps because the matter had become increasingly complex and practices were beginning to vary. The unfortunate result had been that many co-operators have lost sight of the importance of commonly owned capital, as a symbol of co-operative distinctiveness, as a security for its financial growth, and as a protector in times of adversity.

The problem of including a reference to indivisible reserves has been finding the best wording for a limited space. After much discussion at two meetings, the board decided, at its meeting last Monday, that the most appropriate wording, suggested at the European Region meeting, was to make two additions. The first was a sentence: "At least part of the assets is usually the common property of the co-operative. The second was to indicate that members, in allocation part or all of the co-operatives' surpluses, should consider setting up reserves, part of which would be indivisible."<sup>3</sup>

## 1.2. The bearing of the current historical and economic context on this recommendation

Since 1995, the world in which co-operatives operate has gone through many changes: unprecedented demographic development leading to real sustainable development challenges

<sup>2</sup> Ann Hoyt; "And then there were seven: cooperative principles updated", *Cooperative Grocer*, January/February 1996; in [www.uwcc.wisc.edu/staff/hoyt/princart.html](http://www.uwcc.wisc.edu/staff/hoyt/princart.html)

<sup>3</sup> Ian Mac Pherson; "Co-operative Principles", *ICA Review*, Vol. 88 No. 4, 1995. in [www.uwcc.wisc.edu/ica/orgs/ica/pubs/review/ICA-Review-Vol--88-No--4-1995/](http://www.uwcc.wisc.edu/ica/orgs/ica/pubs/review/ICA-Review-Vol--88-No--4-1995/)

considering the planet's limited resources, the spread of economic globalisation, bolstering competition among economic actors (workers, companies, countries), the emergence of new economic powers (BRIC), the spread of modern communications (internet) enabling information and ideas to travel at never-before-seen speed, and last but not least, the emergence of international thought on the utility for human progress of preserving and developing common property.

To this we must add the growing awareness within the co-operative movement of the ability of the co-operative structure, thanks to its values, to contribute to human progress (for example the role of co-operatives in fair trade).

The usefulness of co-operatives in responding to the challenges of our world has been wholly recognised by the UN General Assembly's decision to declare 2012 the International Year of Co-operatives, under the slogan: "Co-operative enterprises build a better world." Within the framework of the International Year of Co-operatives, we should also remember the holding of the Quebec International Summit of Co-operatives, aimed specifically at larger co-operatives. This event showcased the diverse size and range of sectors of co-operative activity, bringing together more than 1 billion members.

It is also worth remembering that it was at the ICA's General Assembly, held during the 2012 co-operative conference, entitled "Co-operatives United," that the delegates awarded the Principles Committee a mandate to put together contemporary interpretation aids for the 1995 principles.

Our approach will consist in comparing the principles to historical doctrine and, above all, to the realities encountered by co-operatives around the globe so that co-operative principles can be applied even more broadly.

## **2. The scope of the Third Principle in the 1995 declaration**

The Third Principle is wholly dedicated to members' economic participation in their co-operative. However, it would be wrong to try to interpret this principle in isolation and thus reduce co-operatives to little more than their economic dimension. This Third Principle is just one facet of co-operative identity. That is why it is worth examining this principle in conjunction with the other components of the declaration on co-operative identity.

### **2.1. Definition**

In the introductory declaration to the declaration on co-operative identity, it is important to note that although the economic dimension of co-operatives is mentioned first, shared social and cultural "aspirations and needs" are listed on an equal footing. This reaffirms the idea that a co-operative is an enterprise of human commitment to and of the people in it and who make it a reality, but that it can have other dimensions and purposes (cf. social or cultural co-operatives that do not operate in tradable activities in a market); in the latter case, the economic dimension is but a means to an end for the co-operative's activities.

It is also important to note that a co-operative is defined as "a jointly-owned, democratically-controlled enterprise". This means that co-operative members (or partners) may individually be owners of shares they have subscribed but that they are not individual owners of the co-operative or its assets. It is this definition that marks the difference between the value of a share in a co-operative and a share in a capital company. (See the detailed comments on the Third Principle.)

### **2.2. Values**

Each of the values listed in the 1995 co-operative identity can, of course, imply an economic dimension.

However, some of them have more obvious repercussions in the economic field as set out in the Third Principle. First of all, in the economic field, personal liability could be interpreted as co-operative members being required to assume any losses made by their co-operative. In some countries, the partners' financial liability may be limited by law or contract to a multiple of their contributions. This personal liability rule relative to the partners' contributions is important because it is this loss absorption capacity that makes it possible to justify that, even though they can be repurchased by the co-operative, members' shares are not a debt but instead constitute own resources that guarantee the co-operative's continuation (cf. the debate with the IASB on the accounting and financial nature of co-operative members' shares).

Next, it is important to assess the scope in the economic field of the values of equality and fairness. It should be noted that only the principle of fairness is mentioned in the Third Principle on capital contribution. Thus the principle of equality would appear limited to the "political" field, particularly as

regards the Second Principle on democratic control. However, this impression is erroneous, as even if the principle of equality is not cited directly in the Third Principle, from its mention in the values it follows that it must be respected in the economic field by co-operative members where they have the same relationship vis-à-vis the co-operative: for example, from this situation it follows that a co-operative cannot apply different prices to its members where they have an identical relationship vis-à-vis the co-operative (prohibition of discriminatory practices between members).

#### 2.2.1. First Principle: Voluntary and Open Membership

In the First Principle, interpreted from an economic perspective, the following terms from the definition must be highlighted: “people able to user their services.” The word ‘able’ should not be understood in its legal sense of legal (in) capacity. Instead, it is a reminder of the dual nature of co-operative membership as both a contributor (in money or industry) to the co-operative and also a beneficiary of its actions, either as a consumer or as a supplier (cf. agricultural or fishing co-operatives) or as a worker. From this we can deduce that enrolling into a co-operative, individuals unlikely to be able to benefit from its activities in one way or another would degrade the dual relationship and the nature of the co-operative itself.

#### 2.2.2. Fourth Principle: Autonomy and Independence

The most important economic point in this principle is the possibility for co-operatives to benefit from financial contributions from people other than co-operative members. This Fourth Principle seems only to list the political dimensions of limitation; the economic dimensions must also be included in this interpretation. Thus, maintaining co-operatives’ autonomy vis-à-vis outside capital contributors regards not only voting rights and board room membership, but also means that the economic and financial conditions offered to outside contributors should not unduly lead to the co-operative’s impoverishment (for example by excessively pre-empting profits as regards the amounts contributed to co-operatives, the same applies as regards recognition of rights to co-operative assets or reserves), thus endangering their economic autonomy.

#### 2.2.3. Fifth Principle: Education, Training and Information

It is also important to assess the interaction with the Third Principle of the Fifth Principle, devoted to education, training and information. This Fifth Principle reminds co-operatives that they must not forget the purpose of their education and training activities, i.e. that their members “contribute effectively to the development of their co-operative.” They must ensure that their training and education mechanisms contribute to strengthening the “industrial contribution” that is the other face of the financial contribution mentioned in the Third Principle. In this way, the authors of the principles give a reminder of the two sides of the co-operative coin: the dual nature of co-operative membership. Co-operative members must be active. They are not mere passive users of the financial resources entrusted to their co-operative and the activity generated by its workers. In this field, it is important that newsletters and other educational and training resources used by the co-operative include specific economic content on the co-operative.

To this end, it is essential that the information mentioned in the second sentence of the Fifth Principle, on informing the public of the “nature and (...) benefits” of co-operatives go beyond mere theory, becoming a practical reality in the co-operatives’ economic activity and accounts.

#### 2.2.4. Seventh Principle: Concern for Community

Finally, in the Seventh Principle the intersection with the Third Principle has to do with the idea of communities’ “sustainable development.” Evidently, communities’ sustainable development cannot be reduced to economic matters alone, although these must also be considered. Firstly, this requires co-operative leaders to be clear about the added value generated by the co-operative’s involvement and the distribution of this added value among the stakeholders, starting with the stakeholders involved in the co-operative: co-operative members, managers, employees, but also outside stakeholders: non-co-operative member financial backers, local and national government, and, more broadly, the other members of the community. In conducting this assessment, it is essential to guarantee the economic sustainability of the co-operative itself and its ability to find and generate positive externalities to promote the economic development of nearby co-operatives and, thus, to support the economic and social development of the people in a given region. This principle is thus similar to the promotion of “sustainable regional co-operative development”.

### 3. A few recommendations regarding the Third Principle

We propose to start by following the principle’s wording.

### **3.1. Capital Contribution**

Given their dual nature, shares must be financially affordable and their number may be in a wide range.

- 3.1.1. The “one person, one vote” principle must remain the rule. However, there are some countries where, for historical reasons, voting rights are proportional to the number of shares held. In these cases, a strict ceiling must be instituted setting a maximum number of votes per co-operative member to ensure the ICA principle is not subverted.

The shares purchased by co-operative members constitute the co-operative’s share capital and carry voting rights.

- 3.1.2. However, several sorts of shares may exist. The basic principle is that a single share, or a minimum number of shares, is required to have the right to vote, with additional shares being optional and necessary for the co-operative’s economic capacity. It is thus advisable to be able to subscribe to a certain number of shares, to be set by the General Assembly, the supreme body that sets the rules applicable to all members.

- 3.1.3. Where individual members represent the majority of co-operative members, it is also possible for legal entities to become members. In such cases there is provision for members to be divided into different categories. Amongst the legal entities likely to contribute to the capital by purchasing shares, including co-operatives, mutual, or other economic actors, there are strong reasons that advise boosting the participation of co-operative or mutual members. National, regional, or local public authorities may also become members. However, the stakes held by these actors, whether public or private, must not deprive real co-operative actors or beneficiaries of a majority of voting rights, regardless of whether it is a producer or consumer co-operative.

- 3.1.4. There should also be provision for financial contributions to co-operatives’ capital without obtaining voting rights. These “co-operative investment certificates” are similar to non-voting shares; their remuneration is set by the General Assembly and they may not represent more than half of the co-operative’s capital. Rules must also be set to ensure that any withdrawal by such investors does not destabilise or endanger the co-operative.

### **3.2. Capital as the Common Property of the Co-operative**

- 3.2.1. A co-operative’s capital is owned by the co-operative. Co-operative members cannot claim to own this capital as it is indivisible.

- 3.2.2. Although co-operative members can withdraw the amount of their shares minus any increase in value, unless otherwise expressly decided by the General Assembly and under very strict conditions so as not to endanger the co-operative’s stability, the co-operative’s reserves, built by accumulating capital over multiple generations, cannot be tapped by a single generation of co-operative members.

- 3.2.3. These shared assets do not belong to co-operative members but rather to the co-operative as a legal entity. The usufruct principle must be affirmed: the co-operative members are but the users of a service provided by the co-operative for past, present and future generations.

- 3.2.4. In a way, this is the co-operative version of the idea of sustainable development for future generations.

### **3.3. Limited remuneration of capital contributions**

- 3.3.1. Capital contributions must be favoured but their remuneration must remain reasonable.

- 3.3.2. Favoured because co-operatives require financing to develop.

- 3.3.3. Reasonable because the capital contributions must not impose remuneration from co-operative members that would prevent them from developing their co-operative’s activities. The best guarantee would be to develop the possibility for co-operative members to subscribe to shares without voting rights, coupled to guaranteed remunerations at a reasonable level, enabling capital contributions without having to turn to the financial markets. These subscribed shares would include mandatory remunerations.

### **3.4. Use of surpluses**

Co-operatives aim to support their members’ economic and social development. There are four main ways to reach this goal:

The first aims to develop and strengthen the co-operative's activity, and to diversify the services and products that support members. This strengthens the co-operative and its activities.

The second is to pay into reserves, which are essential to bolstering co-operatives' financial position.

The third is financial returns to members via rebate. This is the notion of profit-sharing.

Finally, co-operatives' contribution to promote an economic environment favourable to the development of other co-operatives, and thus to strengthen co-operatives as a whole, for example by paying a portion of their profits into a fund to found and strengthen other co-operatives. This latter point, of course, reinforces the Seventh Principle on concern for the community.

In all of the aforementioned cases, we propose creating an ad hoc committee composed of General Assembly members able to make recommendations to the board, to be presented to the General Assembly by the committee

#### 3.4.1. Co-operative development

3.4.1.1. A share of the surplus, at a level to be set by the General Assembly, should be used to strengthen and develop the co-operative's activities. Stronger co-operatives would better protect and serve their members.

3.4.1.2. These amounts are reinvested into modernising physical and other infrastructure, to improve human resources, which should be seen as real intangible capital worthy of investment.

#### 3.4.2. Payment into reserves, in part indivisible

3.4.2.1. Surpluses generated by co-operatives should be used, above all, to strengthen their capital. The minimum share of the annual surplus paid into the reserves should be set by the General Assembly. This endowment is indivisible to reinforce the sustainability of the economic model and strengthen the intrinsic value of the co-operative. This capital should be recognised by all public authorities, in all countries, as capital and not as debt.

3.4.2.2. To that end, this capital, accumulated over time, should under no circumstances be subject to any possibility of distribution among co-operative members. Indivisibility should remain the rule to prevent any appropriation or drift.

3.4.2.3. However, should a member wish to withdraw his/her assets from the co-operative, he/she may recover his/her share capital, without going before the General Assembly, and receive an amount to be determined by the Co-operative itself, ensuring a return on the co-operative member's participation towards enriching the Co-operative. This amount may not be so high as to endanger the co-operative's stability

3.4.2.4. If the co-operative were to cease its activities for financial or other reasons, the indivisible capital would go to another co-operative in the same sector of activity or to an ad hoc fund to support other co-operatives.

#### 3.4.3. Rebates

3.4.3.1. Financial returns to co-operative members, in the form of rebates, should be made on decision by the General Assembly taking account of the co-operative's annual results and the need to guarantee its future and further development.

3.4.3.2. This return can be made either:

- in cash,
- as discounts in the price of products or services,
- as shares.

#### 3.4.4. Support for other activities

Beyond strengthening the co-operative, part of the surplus should be directed towards developing new co-operative activities with the idea of diversifying towards the various activities carried out by the Rochdale pioneers.

3.4.4.1. These activities should, as a priority, be developed through capital contributions. This venture capital approach should enable long-term development of new co-operative activities and favour development in clusters. A constellation of economic activities as co-operatives can thus be encouraged

3.4.4.2. The participation of members and public authorities is thus possible within the rules cited on shares.

3.4.4.3. Co-operatives cannot, therefore, focus entirely on themselves. The commitment to openness is also a commitment to strengthening co-operatives' activities by working to the advantage of their immediate and less immediate surroundings.

### **3.5. Proposals on certain points not expressly mentioned in the Third Principle:**

3.5.1. Balance of power between the co-operative's management bodies

3.5.1.1. Where voting rights are calculated by the number of shares held by each co-operative member, a cap should be instituted. Equally, if the activity with the co-operative allows co-operative members to benefit from additional votes, the total number of votes held by a single person should not exceed 49% of the voting rights in the General Assembly and board.

3.5.1.2. The dual nature and the subscription of shares should be encouraged for all: whether the person is a producer or consumer of co-operative products or services. A category system should be implemented to make it possible to distinguish between the two types of membership. Weighting should be established. In consumer co-operatives, power must remain with the service consumers. Thus, the consumer category should hold the majority of voting rights on the General Assembly and the board. In producer co-operatives, the members-employees category should hold the majority of the voting rights on the General Assembly and the board.

3.5.1.3. The involvement of national, regional, and local public authorities should be encouraged. Their contribution should come from purchasing specific shares of amounts higher than those of co-operative members; the financial contributions can be uncapped. The creation of a third category is thus advisable. This category should hold a blocking minority of voting rights. It is essential that the autonomy principle be respected in this framework.

3.5.2. Co-operative member rights and duties in the event co-operatives suffer economic difficulties

3.5.2.1. In the event co-operatives suffer economic difficulties, members' liability becomes active proportionate to the number of shares they hold. The co-operative may call upon co-operative members.

3.5.2.2. The Statutes may establish that, under the solidarity principle, co-operative members may be committed beyond their initial contribution.

3.5.2.3. This support may materialise by selling new shares.

3.5.3. Positioning of co-operatives on state or local taxes

3.5.3.1. Co-operatives that promote the economic and social development of their members, but also the development of co-operatives and other economic actors in the local economic fabric without aiming to make a financial profit, but instead aiming to develop and strengthen the economy in general, should benefit from specific tax breaks.

3.5.3.2. Their economic and social contribution to a given region is a societal and social impact contribution benefitting the community. In this case, co-operatives working from this perspective could be described as managing the common good to benefit the local community, its economy and society.

3.5.3.3. This contribution should be a purpose of co-operatives and recognised by the public authorities by awarding them specific legal and tax breaks in the countries in question.

3.5.4. How should co-operative provisions be controlled and used outside the co-operative.

3.5.4.1. The General Assembly can be assisted in its task of controlling the use of the co-operative's provisions through a co-operative review procedure, conducted by an outside body.

3.5.4.2. This must come from coordination among all of the co-operatives and, thus, be backed by a structure born of the co-operative movement in order to be better placed to draw up relevant remarks on the co-operative principles.

3.5.4.3. The ultimate goal is to protect the interests of co-operative members against a management that could hijack the co-operative's management to further their own interests.



## 5<sup>th</sup> Principle – Education, Training, & Information

### Drafted by Mervyn Wilson

*Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operative. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.*

It is not surprising that education was on the original list of the Rochdale principles and has remained so following the various ICA led revisions of the co-operative principles. Early co-operators lived in societies where education was reserved for the privileged. They recognised then, as today, that education was fundamental to transforming their lives – a key to enlightenment and social progress. And they recognised their responsibility to help in the education of their members and their families by allocating part of their co-operative's trading surplus to education.

The development of the Rochdale model of co-operation and the operating practices subsequently defined as the Rochdale Principles are the direct result of education and learning. The Pioneers spent over a year developing their model of co-operation, learning from the experiences of the pioneers of co-operation from the time of Robert Owen, as well as guidance from key co-operative figures such as George Jacob Holyoake. There is evidence that at least some of the Pioneers attended lectures at an Owenite Co-operative School that operated in Salford near Manchester from the 1830s, as well as benefitting from publications such as William King's *Co-operator*.

The ingredient that transformed half a century's experimentation with co-operation into a successful model subsequently replicated throughout the world was a willingness to share experience and learn from successes, failures, and setbacks. Without such sharing of ideas and experience it is unlikely today's diverse co-operative sector would have emerged. Co-operative education played a central role in the growth of the Raffhaisen, Mondragon, and Antigonish movements. Education was and remains the life blood of all co-operatives and a driver of co-operative development.

#### **Education for Members**

From the very beginning co-operatives and co-operators recognised the critical importance of ensuring that members understood the vision, values and aspirations of their co-operative. The Pioneers stated their vision in their '*Law first*'. They were clear that the opening of their store was the first step in the economic and social emancipation of their members, as reflected in their objective:-

*That as soon as is practicable this society shall proceed to arrange the powers of production, distribution, education and government or in other words to establish a self-supporting home colony of united interests, or assist with other societies in establishing such colonies.*

Member education needs to be an important focus for co-operatives, and means more than simply informing co-operative members about the business and encouraging trading loyalty, albeit it must do those things as well. It must also provide avenues for members to learn about co-operative identity and values and the global co-operative family of which their co-operative is part.

Member education should help members understand the rights and responsibilities of membership including their need to exercise their democratic rights. Member education can help secure an active and informed membership and ensure that elected representatives and leaders are ones who share their vision and aspirations for the success of their co-operative, and have the necessary skills to carry out their responsibilities.

Such programmes should lead to not only better, more committed co-operators, but also more active citizens. Co-operative education aims to develop transferable skills essential for civil society, not just economic units. That is why Owen called his first school "The Centre for the Formation of Character".

The development of technology provides new avenues for the delivery of member education, enabling innovative programmes and resources to be delivered to large numbers of members at low cost. Co-operatives, particularly those with a large and geographically distributed membership, should take advantage of technology and to help build effective member education programmes.

## **Elected Representatives**

Co-operative education has always been inextricably linked with building good governance. Good governance in co-operatives is dependent on an active and well informed membership and the quality of those elected to serve on the various committees and bodies that comprise the democratic structure. In many parts of the world, as co-operatives have grown larger, the number of elected posts has reduced and more complex structures have developed. At every level, from the smallest co-operative to the largest, success or failure largely rests with the decisions made by elected representatives. It is critical that elected representatives are equipped with the skills, knowledge, and understanding to enable them to make decisions in the long term interests of the co-operative and its members. The process of election is no guarantee of competence. Training and development support, rooted in co-operative values can help elected members develop the skills to enable them to provide constructive challenge to executives and should be a core part of co-operative education programmes. It is fitting to remember the phrase pinned on the walls of many SACCO (Savings and Credit Co-operatives) offices in the developing world – *“The greatest threat to any credit union is its Board”*.

With raised expectations in governance that has followed failures and scandals in the wider public and private sectors co-operatives and co-operative education needs to ensure they work to achieve the right standards in governance.

Many larger and more complex co-operatives now have multi-tiered democratic structures. In such cases the introduction of a requirement to complete a training programme to be eligible to stand for election to higher tiers, coupled with entitlement for such training and support, may be an appropriate way forward. Such programmes reconcile the democratic process with the skills and competencies needed, particularly when complemented by other co-operative education methods, such as board or committee development centres.

## **Managers and Staff**

Co-operative education and training programmes should provide opportunities to enable managers and employees in co-operative organisations to understand the distinct nature of the organisation and the needs of their members. This is particularly important for those coming to the co-operative sector from more traditional forms of business where the needs of shareholders may be very different to those of a co-operative member.

With the impact of globalisation we are now seeing increasing numbers of managers and employees move from the private and public sectors to co-operatives. Managers and employees in co-operatives should receive induction training that covers the specific nature of co-operatives and their values. For senior managers, programme outcomes should include understanding that business development and continuous improvement should be directed at meeting members' needs. Creating a dialogue between members, employees, and leaders, both democratically elected leaders and appointed executive leaders, is a key part of this process.

Throughout the world, Co-operative Colleges have played an important role in helping develop managers with appropriate co-operative skills. In recent years higher level programmes, such as the Masters in Co-operative and Credit Union Management run by St. Mary's University in Canada, have created opportunities for emerging leaders of different co-operatives to come together, providing opportunities to share ideas and experience in an online learning environment.

Co-operatives have traditionally provided programmes to assist first line staff to develop vocational skills to carry out their roles efficiently. It is important that the distinct co-operative nature of their business is not ignored in such programmes. First line employees are generally the main contact point with co-operative members and the wider public. Over a century ago co-operatives recognised that if employees were not sufficiently aware of the nature of the organisation and its advantages to the extent that they wanted to be a member themselves, they were hardly likely to be in a position to convince the wider public.

With effective co-operative education programmes, members, elected representatives, managers and employees can all contribute more effectively to the successful development of their co-operatives.

## **Co-operative Education for the Wider Public**

The second part of the principle describes the importance of informing the general public, particularly young people and opinion leaders about the nature and benefits of co-operation.

Shortly after 2000, Ivano Barbarini, then President of the International Co-operative Alliance, warned of how globalisation was leading to the invisibility of co-operatives. This 'invisibility' has been tracked by academics who reported on the disappearance of co-operatives from economic textbooks in the last half century.

Since the adoption of the Statement on Co-operative Identity in 1995 efforts by co-operators have significantly influenced the wider policy agenda. The adoption of ILO Recommendation 193 on the Promotion of Co-operatives provided opportunities not only to revise co-operative law, but to raise awareness of co-operatives and their distinct nature within the ILO tripartite structures on every continent.

The United Nations International Year of Co-operatives in 2012 provided a further opportunity to raise the profile of co-operatives. In particular it should demonstrate to young people how co-operatives have lifted and kept people out of poverty and have helped improve the lives of workers in every part of the planet for generations.

Today there is growing recognition of the significance of new co-operative and mutual models throughout the economy as part of post global financial crisis economic revival. UN agencies, the EU and major donors are seeing co-operatives and other associational forms as important components of economic growth in the developed and developing world.

If the opportunities of the co-operative development decade are to be realised co-operative education needs to build on this progress, transforming research into effective learning programmes and providing advice to policy makers. Co-operative education needs to stimulate debate to help generate opportunities for further co-operative development.

In addition to providing for co-operative members and employees, co-operatives should promote education and information programmes that help raise awareness of the role and potential of the whole co-operative sector and challenge the way the sector is ignored by the mainstream media.

### **Youth**

As democratic organisations, co-operatives need to be able to inspire new generations and be prepared to adapt to meet their needs in order to survive.

Co-operative movements in many parts of the world have helped develop teaching and learning about co-operatives through the formal education system.

Co-operative nursery schools and kindergartens are well established in many countries, with strong networks in Sweden, Spain, and Canada. In the UK, a large consumer co-operative has developed a network of 50 nurseries as one of its services for members.

Other co-operative movements such as the Singapore National Co-operative Federation have developed resources to teach co-operative values in Early Years education.

In Poland the movement has supported school co-operatives for over 100 years, enabling young people to run enterprises as democratically controlled co-operatives providing services such as school tuck shops, stationery supplies, and small scale farming and horticulture in rural areas. In Malaysia schools co-operatives provide an even greater range of services including banking, hairdressing, and catering, developing vocational skills and providing opportunities to directly experience a co-operative business. A strong school co-operative movement is developing in Croatia and France and has a well-established organisation promoting co-operatives in schools.

In South America major co-operatives such as Sancor Seguros have played a key role in encouraging the development of school co-operatives.

A major strand in co-operative education is emerging through the growth of co-operative schools. In Spain and Portugal these are well established with a range of models, from teacher-led worker co-operatives to multi-stakeholder models, engaging parents and the local community as stakeholders. In Sweden, community based schools have emerged in response to legislative changes, particularly in rural areas.

The UK has seen a rapid growth of co-operative schools in response to legislative change. In just 5 years, nearly 700 state schools in England have converted to multi-stakeholder co-operatives with parents, staff, learners, and the local community as members. A co-operative identity mark helps co-operative schools ensure that co-operative values are not just reflected in the governance structures but in the curriculum, pedagogy, community links, and continuous professional development programmes at the schools.

Student co-operatives, particularly in North America and Asia, provide a range of services from housing and bookshops to social and recreational activities for students in higher education giving many students their first opportunity to directly engage with a co-operative.

There has always been a close linkage between co-operative education and co-operative development. Awareness raising often leads to co-operative innovation and development. Perhaps the greatest potential now for co-operative education lies with youth and student co-operatives. In parts of Africa, such as Uganda and Lesotho, youth and student co-operatives go beyond providing a learning experience about co-operation to the development of the skills necessary for job creation and income generation. Their experience provides a model, which could be extended more widely. Such co-operative education programmes provide an alternative narrative to the perception that entrepreneurship is just about individuals. Co-operative education needs to assert the strength of collective entrepreneurship. The rapid growth of youth unemployment following the global financial crisis provides opportunities to inform and inspire young people about the nature and benefits of co-operation.

Youth and student co-operatives could play an important role in addressing the growing crisis of a lost generation through youth unemployment, which not only affects those with low skills, but increasingly higher skilled young people and graduates.

Youth boards provide a means for established co-operatives to develop dialogue with young people and to engage them in the development of co-operative business.

The growing co-operative education sector provides opportunities to strengthen links with other co-operative enterprises to help ensure that education institutions run as co-operatives maximise the opportunities of co-operation between co-operatives.

### **Heritage**

An important theme running through co-operative education programmes is the effective use of co-operative heritage to inform and inspire today's and tomorrow's co-operators. The stories of how co-operators faced up to serious challenges and overcame them are one of the greatest educational resources available. It places a responsibility on all co-operatives – a responsibility to cherish and safeguard their heritage and to use it effectively in their learning programmes. The Co-op Stories website is an example of how contemporary stories can be made easily available. Similarly, technology is now enabling heritage items to become more readily accessible. The pioneering work of the Co-operative Heritage Trust in the UK in safeguarding co-operative heritage is an exemplar of good practice that could easily be replicated and become a cornerstone of co-operative education.

### **Understanding Co-operative Education**

At the moment, there is no globally shared philosophy of co-operative education beyond that which is articulated in the fifth co-operative principle of Education, Training, and Information. This section proposes a set of core principles that need to underpin co-operative education together with some of the educational practices they involve. These are:

#### **a) Values and principles are at its heart**

First, the co-operative values and principles need to be at the heart of all co-operative education and training. Co-operative education and training is therefore about helping learners put these values and principles into practice within their co-operative and understanding clearly what this means to them. However, they do not provide a simple blueprint but rather should enable the development of a country-specific or even sector-specific approach.

#### **b) Developing a distinctively co-operative identity to education and training**

Education and training provision needs to reflect the unique identity of co-operatives. The following aspects are distinctive of co-operative education and training, though with the *proviso* that this is not a definitive list and needs further discussion and amendment. Co-operative education and training:

##### **1. Seeks to develop both skills and knowledge relevant for the movement and is about both individual and also organisational development**

Co-operative education and training needs to be movement focused and develop the skills and knowledge needed for successful development and growth. It is about developing an understanding of how to make a co-operative enterprise more efficient, profitable, and

effective and then actively engaging with learners on how they can then make that happen. This means programmes should aim to be practical, applicable, and responsive to learner needs.

2. ***Needs to recognise the unique nature of co-operatives, i.e. the importance of its associational and enterprise aspects***

This means to work with the dual aspects that make up co-operatives: it is at the same time both an 'enterprise' and an 'association of members'. Sometimes programmes can be one-sided focusing only on one aspect of the activities, rather than adopting a holistic approach, which includes governance, membership, and enterprise skills. Co-operative education and training should also encourage personal development and provide learning pathways for the individual, but always linked to wider organisational aims of the co-operative and the movement more generally.

3. ***Recognises the value of informal learning and experience through being in a co-operative***

Historically one of main vehicles for learning about co-operation has been by learning through co-operation, typically by participation in a co-operative. Co-operatives therefore provide a learning space for people where learning occurs both in formal courses but also through the activity of participating in a co-operative. A co-operative can provide a space where members can share knowledge and experience, which in turn helps develop capacity for self-help and self-reliance. Many learners may have already many years of engagement and service within their co-operative, which needs to be respected, validated, and utilised where possible.

4. ***Has a core focus on putting co-operative values and principles into practice – for all members and staff***

All educational and training programmes and activities, at whatever level, can be linked directly to the co-operative values and principles. This involves making explicit the concrete ways in which programmes enable learners to put them into practice in their everyday activities within their co-operative.

5. ***Strives to meet the learning needs of the whole of the movement – from individual members, to CEOs, and also stakeholders***

The key stakeholders within the co-operative movement, and hence the key groups of learners for co-operative education, are its: co-operators; capacity builders and promoters; auditors, certifiers, and regulators; external stakeholders; young people; the public.

These different co-operative stakeholders have very different educational experiences and learning needs, which have to be acknowledged and responded to.

In addition, since in any one programme participants can be very diverse they may have very different educational backgrounds and needs. This needs to be taken into account in the curriculum design process.

Co-operative education needs to cater to a very broad range of learner needs and it will not succeed in doing this unless it strives to minimise barriers to access. Such enabling of access must also ensure adequate representation of women and young people in programmes. This requires a sensitivity to and awareness of the barriers that prevent women's access – such as childcare and domestic responsibilities – and working to ensure training locations and timings are responsive to their needs. It may be necessary to consider the provision of women only and/or youth only training.

**1. Draw on a wide repertoire of teaching and learning methods to meet the needs of a wide range of learners**

Co-operative education and training firstly needs to be grounded in an understanding of learning as a broad based process that happens inside and outside of the classroom and recognises that:

- a) Learning is a process of active engagement with experience.
- b) It involves the development or deepening of skills, knowledge, understanding, and values.
- c) Effective learning leads to organisational change and development.
- d) Teaching and learning should be matched to the desired learning and as far as possible should address how people learn best.
- e) A mix of activities and approaches is needed to engage learners.

**2. *Embed participatory active learning strategies***

Participatory approaches to teaching and learning are in line with not only co-operative values but also represent good practice in pedagogy. There are a range of teaching and learning strategies that can be drawn on, and is the final aspect of sound co-operative education. It is now generally acknowledged that the more active the student engagement with the learning process is, the more is learned. This applies to all types of learners, whatever their level, and is as relevant for higher education as any other educational level.

**Conclusion**

Co-operative education was the ingredient that transformed the vision and aspirations of the pioneers of today's global co-operative movement into success. Learning from experience remains essential in building successful co-operative businesses today. Effective co-operative education programmes can support the renaissance and renewal of an established co-operative movement, and help unlock the vision and energies of a new generation, revealing how the co-operative model can be applied to today's and tomorrow's challenges.

The earliest co-operators were quick to embrace the technologies emerging at the time from magic lantern slide shows to pioneering the use of film as an educational and informational tool. Co-operatives established lending libraries and reading rooms, pioneered distance learning and forged partnerships with universities and others to extend the reach of their programmes.

Co-operative education needs to be as bold and imaginative today, embracing the opportunities provided by new technologies, strengthening links with universities to encourage research, and using education to disseminate research findings to inform policy makers, members, and the wider public.

Successful co-operative education needs to be adaptable and never forget its core purpose to develop deeper understanding of the nature and benefits of co-operation today and tomorrow.

## 7<sup>th</sup> Principle – Concern for Community

### Drafted by Dante Cragogna

#### Introduction

The Reference Document, which accompanied the Statement on the Cooperative Identity, is still in effect but the passage of time and current circumstances demand an update. This update must take into consideration all the changes that have taken place, and the ones that are likely to occur in the near future, so as to guarantee a proper interpretation and application of this principle and to address the concerns aroused in different regions and sectors of the cooperative movement.

#### Sense and Scope of the 7<sup>th</sup> Principle

According to its definition, a co-operative 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. Thus, its primary objective is to meet member needs. However, as this principle states, cooperatives work in favour of the sustainable development of their communities. It is important to highlight that cooperatives do not do meet such needs in just any way but in a way that is consistent with the development of their communities. Likewise, they do not meet needs by means of any kind of development. On the contrary, cooperatives meet needs by means of sustainable development – that is, development that takes place in harmony with the environment and which is beneficial to present and future generations. In this sense, *progress* refers not only to the cooperative but also to the community. It comprises both the community where the cooperative operates and the global community, since local development cannot be achieved without the preservation of global sustainability or, even worse, at the expense of it.

Cooperatives are committed to people's rights, other living beings, and natural resources, and as a result, feel empathy with the realities of different communities. A healthy planet is necessary and possible as the social economy can help adopt a new approach, which overcomes the present contradiction between economy and nature.

Quality of life and the well-being humanity can enjoy are based on the responsible management of natural resources and wealth, biodiversity conservation, and the mitigation of climate change (which jeopardises the balance of the planet's ecosystems). This principle implies the transcendence of a cooperative, reinforcing its commitment not only to its members but also to its surrounding community. It can be said that the 7<sup>th</sup> Principle is a genuinely social principle in the strict sense of the word since it promotes cooperative solidarity that extends far beyond its members.

The mechanisms and means that cooperatives use to meet their members' needs – as it is stated in the principles (democracy, participation, autonomy, education, cooperation between cooperatives) – determine that the work they do is consistent with the sustainable development of their communities. However, Principle 7: Concern for the Community –incorporated in the Statement of the Cooperative Identity – clearly recognizes that cooperatives must work to achieve this aim through policies decided upon by their own members in order to complement and amplify their inherent and indirect contributions to sustainable development in the community.

Sustainability is present in various forms, which are not mutually exclusive but complementary. In general, priority is given to economic sustainability but social sustainability should also be taken into account. Without social sustainability, economic sustainability lacks purpose and sense from a cooperative perspective. In addition, both of them depend on environmental sustainability, which enables the other two kinds of sustainability to exist and survive. This is why the Reference Document specifically states that cooperatives "have a responsibility to constantly work for the protection of the environment of their communities." Cooperatives have special responsibility for ensuring continuous development in their communities in economic, social, and environmental terms. They have the obligation of working for the protection and sustainability of their communities and influencing the adoption of coherent public policies.

#### New Emphasis on an Old Concern

The protection of the environment is not a new concern within the cooperative movement and has been the grounds for statements and practical actions for a very long time. This is not surprising since cooperatives are an economic system that puts people first. Concern for the environment is not unknown to cooperatives.

Environmental concern in the cooperative movement emerged as a paramount concern when global attention (outside the movement) was still incipient. In a report to the ICA Congress in Moscow in 1980 entitled “Cooperatives in the Year 2000,” A. Laidlaw depicted the crude reality: “No matter what it is said about the century that is about to end, it will probably be remembered as the period in which the human race did more than ever before to poison and destroy its environment.” The industrial revolution placed society on the road to destruction and uncontrolled exploitation and pillaging of the human habitat. Environmental pollution has gone hand-in-hand with natural resources waste and the alteration of the natural balance.

### **Context for the Statement on the Cooperative Identity**

When ICA celebrated its Centenarian Congress, global concern for the environment had gained attention. In 1987, the United Nations adopted the concept of “sustainable development” as the kind of development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”<sup>4</sup> Two years earlier, the UN Guidelines for Consumer Protection included the right to a healthy environment “to live and work in an environment that does not threaten the well-being of the present and future generations.”

In addition, the Rio Statement following the Earth Summit of 1992 included the following concepts among its principles: “Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature [principle 1] ... The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations [principle 3] ... In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it [principle 4].”

Therefore, by the time the ICA issued its Statement on the Cooperative Identity, concern for the environment had reached a significant global level of awareness both within and without the cooperative movement. This called for the recognition and inclusion of Concern for the Environment as one of the cooperative principles. Thus, it is clear that an action of concern for the environment was included as a cooperative principle after a natural process of maturation.

### **Continued Evolution**

Since the Centenarian Congress, concern for the environment has increased, not only due to the increase in global awareness about this issue but also, unfortunately, due to the gravity of the problem, which instead of decreasing has grown.

Information and understanding of environmental change – based on statistics that are becoming more accurate and alarming – reveals a more worrying situation regarding the aggression to the environment. This situation is generally tolerated and implicitly consented to by the states that resist the adoption of suitable measures corresponding to the gravity of the problem. It is also important to remember that the objectives of the Kyoto Protocol of 1997 for the reduction of greenhouse gases have not been met.

Meanwhile, profit-driven companies forge on in their irrational and unencumbered use of natural resources. They have not been deterred by the disastrous consequences of this behaviour.

In recent years, there have been several studies and international meetings dedicated to the environment. At the Copenhagen Summit on Climate Change in 2009, US President Barack Obama stated: “Climate change poses a grave and growing danger to our people... This is not fiction; this is science. Unchecked, climate change will pose unacceptable risks to our security, our economies, and our planet. That much we know. So the question before us is no longer the nature of the challenge – the question is our capacity to meet it.”

ICA dedicated the message of the International Cooperative Day in 2008 to “Confronting Climate Change through Co-operative Enterprise” illustrating the magnitude of the problem and highlighting the contribution of cooperatives in counteracting the threat to the environment.

Also, during the ICA-Americas Cooperative Summit in 2009 (Guadalajara, Mexico) “Growth and Sustainability” was chosen as a central theme stressing the urgency of the problem. As a result, the Cooperative Green Pact was launched, as well as an action plan aimed at complying with the objectives of the Declaration. Subsequently, the Regional Conference held in 2010 in Buenos Aires, Argentina was entitled “Cooperative Commitment to the Preservation of the Planet.”

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<sup>4</sup> United Nations Report of the World Commission on Environment and Development: *Our Common Future*, 1987



## Meaning of Sustainability

The sustainability of a company or activity involves several dimensions, but the economic focus tends to prevail. Thus, generally, sustainability is believed to be the capacity of a company to grow and survive with economic and financial viability. However, there is also a social dimension of sustainability that cannot be ignored: this is the one that ensures the harmonious relation between material growth and responding to the immaterial needs and aspirations of the community. In recent years, two phenomena have taken simultaneously: environmental degradation and global population increase. These concurrent phenomena have reinforced the primacy of environmental sustainability.

Our goal in striking the balance between human activity and a healthy environment, and the recognition that natural resources have a “use” value for direct consumers and an “existence” value for future generations and species, forces us to answer questions about how reasonable are current production systems? What, how, what for, and why do we produce?

## Are cooperatives naturally sustainable?

The recent, global, economic crisis shed light on the resilience of cooperative enterprises. Their activities are centred around meeting their members’ needs and this keeps them away from financial speculation that, combined with an excessive pursuit of profit, led to devastating consequences in 2008. Also, member-control and local roots help cooperatives avoid the excesses that typically take place in capital companies, whose administrators seek to obtain the greatest possible profit for individual benefit often at the expense of the community. Regarding the permanence of cooperatives, J. Birchall and L. H. Ketilson claimed: “one of the reasons for that longevity (economic sustainability) may be that cooperatives are not motivated to achieve the maximum profit rate. Conversely, cooperatives have objectives regarding service to their community and satisfying their members’ needs.”<sup>5</sup>

## We Cannot Make Progress Alone

The fact that cooperatives are naturally more sustainable than other types of enterprises does not mean they can, on their own, undertake the necessary action to guarantee sustainable development of the community, especially in environmental terms.

The magnitude of the problem demands that it be tackled jointly and in a coordinated way by the different sectors of society including the state. Therefore, while carrying out environmental conservation actions, cooperatives should also actively contribute to raising awareness among other sectors of society (including public authorities) to implement environmentally protective policies. Cooperatives are known for pursuing the common good, so they are in an excellent condition to stimulate and lead advocacy of this kind. To this end, the key to success is an understanding that the gravity of the problem requires cooperation. Isolated efforts, though meritorious, prove insufficient and even frustrating.

## Cooperatives in Action: Responding to the Environmental Challenge

The Cooperative Confederation of Colombia approved an initiative named “Cooperative Green Pact” which was later adopted by the ICA-Americas at the regional level. When cooperatives adhere to the Green Pact, they commit to adopting procedures aimed at the conservation of the environment. They undertake institutional self-evaluations to determine the degree of compliance with environmental regulations. Also, they incorporate the environmental theme into Rules of Conduct of the organization, promote environmental education, and ensure compliance to the Pact.

The Organization of Brazilian Cooperatives (OCB) has a carbon program that encourages cooperatives to reduce their emission of greenhouse gases and waste from agricultural and agro-industrial production. In addition, through the Clean Development Mechanism, OCB supports agricultural cooperatives to comply with the Kyoto Protocol by means of the development of methodologies and training to carry out projects to recover degraded areas.

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<sup>5</sup> ILO, “Resilience of the Business Model in Times of Crisis”

## Conclusion

The validity of the 7th Principle remains unchanged but the importance of its effective application is becoming increasingly relevant due to the gravity of the environmental problem. Cooperatives have, thus, the serious responsibility of alerting others to the problem and contributing in an effective way to the efforts made to overcome it.

DRAFT

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