



# MAKING A DIFFERENCE

## How co-operatives help to build a better world



The **co-operative**



# Making a Difference

**How co-operatives help to build a better world**

*By Stirling Smith*

## Acknowledgements

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I would also like to thank Len Wardle for providing a Foreword.

As this publication has been intended for a general audience, we have not provided references.

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Stirling Smith

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## Foreword

I am delighted that the Co-operative Group had been able to work in partnership with the Co-operative College to produce this book as part of the celebrations for the United Nations International Year of Co-operatives.

Both the Group and the College have had international links since their foundation. Visitors from overseas flocked to Rochdale to marvel at the success of a business set up by ordinary working men and women. The Co-operative Wholesale Society established global trading links long before the term "globalisation" had been coined. And in the first year of its operation in 1919, the College had overseas students.

The United Nations International Year is an opportunity not just to celebrate our long international heritage, but to understand the strength and vitality of the co-operative enterprise model throughout the world. Co-operatives operate in all sectors of the economy and are competing successfully with shareholder owned companies.

As a modern and diverse business, The Co-operative Group has trading links all over the world. We source products from every continent. And we are now starting to sell some products in other countries, through co-operative partners. Our international links are not a luxury, but a business necessity if we are to continue to provide our members with the range of products that they need, produced in accordance with our ethical values.

I hope that this book will assist co-operators to understand the extraordinary diversity and strength of our global movement and encourage and inspire them not just for the United Nations International Year, but for many years to come.

**Len Wardle**

*Chair*

*The Co-operative Group*

## Contents

<b>Foreword</b> <i>Len Wardle</i>	3
<b>Down on the farm</b> <i>agricultural co-operatives</i>	7
<b>Money, money, money</b> <i>financial co-operatives</i>	15
<b>Shop till you co-op</b> <i>consumer co-operatives</i>	23
<b>A roof over our heads</b> <i>housing co-operatives</i>	27
<b>Working for ourselves</b> <i>workers' co-operatives</i>	30
<b>Curing and caring</b> <i>health co-operatives</i>	32
<b>Saving a unique way of life</b> <i>indigenous people and co-operatives</i>	36
<b>The next generation</b> <i>young people and co-operatives</i>	38
<b>Saving the planet</b> <i>the environment and co-operatives</i>	41
<b>From poverty to prosperity</b> <i>regional development and co-operatives</i>	45
<b>Co-operatives</b> <i>a 21st century movement</i>	48

# Introduction

## THE GLOBAL CRISIS AND THE CO-OPERATIVE ALTERNATIVE

In December 2009, the General Assembly of the United Nations declared that 2012 would be the international year of co-operatives. Since 1959, the UN has designated international years "in order to draw attention to major issues and to encourage international action to address concerns which have global importance and ramifications".

The United Nations selected co-operatives as a subject for international year because, in the words of the general assembly resolution, they "promote the fullest possible participation in the economic and social development of all people".

Unlike the irresponsible business model that plunged the global economy into crisis in 2008, co-operatives put people first. But that does not mean they are inefficient.

If the UK economy as a whole had performed as well as the co-operative sector of the economy, we would not be in 'double dip recession'. While the real level of GDP in the UK in 2011 was 1.7 per cent lower than in 2008, the turnover of the co-operative sector had grown by 19.5 per cent over the same period.<sup>1</sup>

Co-operatives range from giants such as The Co-operative Group to small groups with fewer than a dozen members. But large and small, all co-operatives share a common basis for their operation. Many businesses talk about their values or their ethics, but this is usually just a public relations exercise. The DNA of co-operatives makes them different. The Statement on the Co-operative Identity, which the global co-operative movement published in 1995, is a document recognised by the United Nations and incorporated into international law. That defines a co-operative as:

*... 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.*

These economic, social and cultural needs vary enormously from country to country, region to region and co-operative to co-operative.

Today, there are co-operatives in over 100 countries throughout the world, although they take many different forms. In many developed and developing countries, co-operatives play a major role in both economic and community life. Both in Britain and internationally, the co-operative movement is large and diverse, much broader than the retail co-operative sector which British readers may immediately associate with the name 'Co-op'.

All over the world, co-operatives meet their members' needs. They help people do together what they cannot do on their own, and in doing so, build a better world.

On their own, a small farmer can struggle to get credit, inputs, such as fertiliser, and finds it difficult to process and add value and market their produce. Agricultural co-operatives provide inputs and support with marketing to hundreds of millions of farmers.

On their own, a street vendor in India finds it difficult to access financial services, especially a safe place to keep their earnings overnight. But coming together, a small group can pool their savings and keep their money safe.

On their own, people cannot get goods and services at a fair price. But by coming together, they can buy in bulk and get better quality at a reasonable price.

On their own, people cannot afford decent housing. But by coming together, they can buy or build their own accommodation.

The co-operative model has proved to be enormously flexible and has operated in virtually every field of economic activity.

And where markets have failed, co-operatives have stepped in. As we will see later, in Argentina, when business owners shut down their factories, employees took over, and kept enterprises running as worker co-operatives.

One billion people are now members of co-operatives. If we include their immediate family members, our movement reaches four billion people – that is, more than half of the world's population. The numbers of co-operatives are growing in all countries where we have information, and new types of co-operatives are emerging.

In this publication, we try to explain how co-operatives help their members, and in so doing, make the world a better place.

# Down on the farm

## AGRICULTURAL CO-OPERATIVES

One in eight people in the world is a farmer. There are about 500 million small farms in developing countries, supporting almost two billion people.

And the world desperately needs the food that they grow. The world population is expected to grow 50 per cent by 2050. Food production will need to rise 50 per cent by 2030 to meet growing demand. Yet even now around one billion people are malnourished. Many more people regularly go to bed hungry.

### **Agricultural co-operatives – the key to feeding the world**

The Food and Agriculture Organisation of the United Nations made co-operatives the theme for World Food Day in 2012. This is what the FAO said:

*Nearly one in seven people suffer from undernourishment, yet the world has the means to eliminate hunger and fuel sustainable development ... One of the necessary steps to achieving food security is to support and invest in cooperatives, producer organizations and other rural institutions. Numerous success stories around the world have shown that rural institutions like producer organizations and cooperatives contribute to food security by helping small farmers, fisher folk, livestock keepers, forest holders and other producers to access the information, tools and services they need. This allows them to increase food production, market their goods and create jobs, improving their own livelihoods and increasing food security in the world.*

*What is a cooperative? It starts when a group of people believe in themselves and get organized. From that spark a fire starts... Now let's not let the fire go out.*

Source: [www.fao.org/fileadmin/templates/getinvolved/images/WFD2012\\_leaflet\\_en\\_low.pdf](http://www.fao.org/fileadmin/templates/getinvolved/images/WFD2012_leaflet_en_low.pdf)

## Agricultural co-operatives mean business

Agricultural co-operatives, bringing together farmers, can both improve their incomes *and* provide crops and livestock to feed a world that is going to grow hungry otherwise. Globally, co-operatives market 50 per cent of all crops grown and they will have an increasingly important role in feeding the world. Co-operatives are found everywhere, from smallholder coffee growers in Africa to giant agribusinesses in Europe and North America.

The member-owners of a farmers' co-operative are independent farmers who have chosen to coordinate certain activities via a co-operative. These activities include buying inputs – fertiliser for example, where bulk buying will produce cost savings; harvesting – in France and Scotland, expensive farm machinery is owned by a co-operative; and processing and selling – a dairy co-operative can collect and process milk to the required hygiene standard.

## Vulnerable farmers

Half a billion small farmers in the developing world, with just a few acres of land each, are in a very different situation. Without expensive irrigation, they rely on the rain and are vulnerable to climate change. They cannot afford to replant new trees or bushes and they cannot afford to take the risk of diversifying to other crops, as they are unable to go without income for a year or so until the new crop is established – or they lack access to the knowledge about alternatives.

These farmers lack resources and assets, have few savings and often have no access to a bank or financial services. Without any kind of safety net, if there is a severe drought in one or two years they can be forced to leave their land. With no assets, they can be so desperate for income they have to sell their produce to middlemen for immediate cash rather than hold out for a decent price. They become price takers, not price setters.

They face other challenges as well. Rural areas lack decent roads and even decent roads can be impassable during the rainy season. They lack regular power and decent water. Schools and health services may be remote and of poor quality. Hardly surprising then that young people do not want to stay in rural areas as there are so few opportunities for them to earn a living – farming is seen as an occupation for old people and women.

A speaker at a farmers' co-operative meeting in Africa. Small farmers hold the key to feeding the world.

*Credit: Canadian Co-operative Association*



## How do co-operatives help farmers?

Co-operatives provide a lifeline for many small farmers. They can collect, store and transport crops to markets to gain a better price. Many co-operatives also offer inputs such as fertiliser by bulk buying and selling on to members at a much lower cost than they would otherwise be able to get. Co-operatives sometimes provide training and advice, and they are also a forum for informal learning and exchange. Some run small shops – selling tools or materials, and sometimes essential items and basic provisions.

Many farmers' co-operatives help members with credit. For much of the year, farmers have no income, only expenditure, so they need credit until the harvest. They can become victims of money lenders, who will demand payment at harvest time, when prices are likely to be lowest. Credit, and joint marketing by the co-operative, helps farmers stay out of the clutches of money lenders and middlemen. Mobile phones are now helping co-operatives to access more and better information about prices and markets so that they know when best to sell.



Tea smallholders from Kericho, Kenya. Some of their tea will be sold by The Co-operative Group.

### Kibagenge – coming together in Kenya

Over 11,000 small scale farmers in Kericho, in the highlands of Kenya, grow tea as their major cash crop, and are living below the poverty line. Previously, they were not organised and often sold through middlemen, getting lower prices. 'Kibagenge' means coming together in the Kalenjin language.

The Fairtrade tea market has grown enormously in the UK, but Kericho farmers were not sufficiently organised to be able to access this market, or to achieve certification for the UK market, which is difficult and costly to achieve.

The Co-operative Group and James Finlay Limited (which grows, imports, blends and packs tea for The Co-operative Group), in partnership with the Co-operative College of Kenya and the UK Co-operative College, came together to help these farmers. This has been achieved by assisting farmers to organise themselves into producer co-operatives and gain Fairtrade certification.

The tea smallholder co-operatives have all received training delivered by the Kenyan Co-operative College with materials written by the UK College.

They started trading in November 2011 and achieved Fairtrade certification in January 2012. The first Fairtrade teas from the farmers were packed into Co-op '99 Tea' on 10 February 2012.

The farmers will get a better income now they are organised into a co-operative, with a guaranteed market for some of their tea. And they will benefit from the Fairtrade Premium, using it to improve community facilities. More than 11,000 farmers and their families will have a better world, by being part of a co-op to co-op supply chain.

In 2010, 75 per cent of Fairtrade products came from producer co-operatives in poor countries. The remaining 25 per cent came from Fairtrade-certified plantations or factories.

Harriet Lamb (formerly of the Fairtrade Foundation and now of Fairtrade International):

*It's especially inspiring when co-operatives buy from co-operatives and certainly co-operation has been the backbone of the Fairtrade movement from the very beginning. Small-scale farmer co-operatives grow all the Fairtrade cocoa, coffee, sugar and nuts. It was co-operation – between Mexican coffee farmers and European NGOs – that led to the establishment of the FAIRTRADE Mark as we know it. Small scale coffee growers, facing impending disaster as prices plummeted following the collapse of the International Coffee Agreement, proposed a way of identifying products grown sustainably by organised groups of small scale farmers, and traded for a fair price. And so a label was born.*

*These founding mothers and fathers were clear that if we are going to challenge all the injustices of trade, smallholders will have to be organised. Alone, selling small volumes from small plots, they can never change their position in global supply chains. But working together, they most certainly can. Indeed, they can become leading exporters. The enterprising cocoa farmers of Kuapa Kokoo in Ghana not only organise some 40,000 farmers to export their crop but are still, to our knowledge, the only cocoa farmers anywhere in the world to be majority shareholders in their own chocolate brand, Divine Chocolate.*

*But one thing is for sure – it is never easy running a co-operative with challenges from every level. That's why, meeting Fairtrade producer groups, I am always inspired by the sheer gritty determination of co-operative leaders, often against seemingly impossible odds.*

Source: [www.uk.coop/blog/gilessimon/2011-07-08/harriet-lamb-co-operating-backbone-fair-trade](http://www.uk.coop/blog/gilessimon/2011-07-08/harriet-lamb-co-operating-backbone-fair-trade)

## From father to son

Many challenges still remain for farmer co-operatives. One of the most important is to ensure a more equitable gender balance on co-operative boards. In many countries, small farms are owned by a male head of household and inherited by sons. The contribution of women in preparing land, harvesting and selling crops is often not recognised. It is usually the head of the household who is a member of a co-operative, and women are not involved in running the business.

In Kenya, a new constitution will propel thousands of women into leadership positions within co-operatives in the near future. The constitution provides for 30 per cent representation of women in all elected and public offices.

### Ethiopian coffee co-operative builds thriving rural communities

Oromia Coffee Farmers' Cooperatives Union was established in 1999 by 34 coffee producer primary co-operatives, which embraced 22,503 farmers in Oromia Region in Ethiopia. Now there are 217 primary societies and 203,930 farmer members. It is estimated that about one and half million people benefit from the co-operative's activities.

Oromia Coffee Farmers' Cooperatives Union is well known as a producer of Fairtrade coffee, marketed in Europe and North America. Using the Fairtrade Premium, it has funded 28 education projects, including the construction of new primary schools and expansion of existing schools; eight health projects (establishment of health clinics, purchase of medical equipment and maintaining clinic operations); and 36 clean water projects. In addition, it has financed the construction of a bridge and the improvement of the electrical supply.

But equally impressive is the substantial dividend being paid to farmers. 70 per cent of the Union's profits from sales and export coffee are distributed back to the primary co-operatives. The co-operatives then distribute 70 per cent of the net profit as dividends back to member farmers and allocate 30 per cent for capacity building, investment on fixed asset, social services and reserve. Since its establishment, the Union has paid 150,510,399 Ethiopian Birr as dividends (more than £5 million).

A coffee bush



## 'The land of the long white cloud'

The Maori name for New Zealand is Aotearoa – 'the land of the long white cloud'.

And it is home to one of the most successful farmers' co-operatives in the world. Alliance is a co-operative company owned by more than 5,000 farmers, who supply livestock to the company for processing and the sale of the resulting meat and co-products. Around 95 per cent of the co-operative's products are exported to international markets. Consumers in 65 countries enjoy the lamb, beef and venison produced by the farmer members.

Alliance was established in 1948 by a group of farmers who formed the company to process and market high quality meat and co-products to international markets. Approximately 7 million lambs, 1 million sheep, 150,000 cattle and 130,000 deer are processed annually. It is not necessary to be a member to supply the co-operative, but members do supply more than 85 per cent of the livestock processed.

Despite being a huge and successful business, with a turnover of NZ\$1.5 billion, the majority of directors are ordinary farmers, elected by their fellow members.

Alliance is a substantial employer. It runs several meat processing plants across New Zealand. It deliberately sets out to be a good employer and to comply with or exceed the legal requirements of New Zealand labour law. It explicitly recognises the rights of employees to join a trade union, pays fair wages, follows good health and safety practices and follows normal working hours.

This is in marked contrast to the meat processing industry in many other developed countries, such as the USA or UK, where conditions are extremely poor and employers have tried to drive out trade unions.

Alliance has set up its own environmental programme, the 'hoof print', which allows the business and individual farmers to monitor and reduce their carbon footprint.



## Wake up and smell the coffee – but don't forget the women

Nicaragua coffee is well known for its flavour, and much of it is grown and marketed by co-operatives. Women producers play an important role as co-producers (women who are not members but who farm alongside their husbands or parents) and female technical, administrative and managerial staff. But their role has been downplayed.

However, CAFENICA, an association of 10 co-operative organisations which represents nearly 10,000 coffee farmers, has supported a programme to promote the participation and development of women in its member co-operatives. Called 'Las Flores de Café' (The Coffee Flowers) it defines itself as a 'movement' of women whose mission is to lead a process of empowerment.

The Coffee Flowers aims to encourage changes in attitudes, behaviour and relationships; help women access resources, services and decision-making processes within co-operatives; and support rural women to have a voice both within their co-operative and the community

In 2008, a Law of Equality of Rights and Opportunities was passed in Nicaragua, which states that 50 per cent of all jobs and board positions should be held by women. Workshops, courses and exchanges between women's groups are helping prepare women for positions of leadership. CAFENICA is also lobbying for gender equality to be integrated into Nicaraguan Co-operative Law, and campaigning for changes to national laws which would give women access to credit to own land, thereby enabling them to become direct members of co-operatives.

Moves towards gender equality are supported by buyers interested in marketing coffee produced solely by women. The 'Tierra Madre' brand, for example, dedicates a specific 'women's premium' to projects by women.

# Money, money, money

## FINANCIAL CO-OPERATIVES

In 2008, a financial crisis erupted that resulted in a global depression. Despite billions of taxpayers' money being pumped into the economy, world economic growth has not recovered, with devastating social consequences. Millions have lost their jobs, and in many countries, youth unemployment is at record levels. Of the world's estimated 200 million unemployed people, about 75 million are young people.

Five years later, public confidence in the banking system remains at an all-time low. Financial co-operatives show that there is an alternative.

From their earliest days, co-operatives have provided financial services for their members in a very different way. For decades, working women in the UK used 'the co-op' as their main form of savings – keeping their money safe until the dividend was paid out, and they could make larger purchases. Today, co-operatives provide a range of services, including savings, credit and insurance.

Globally, there are estimated to be 950,000 financial co-operatives with over 363 million members, more than one in 20 of the global population. Co-operative financial institutions (CFIs), like all other co-operatives, are owned and controlled by their members, who hold accounts or are savers, borrowers or policy holders. Their profits are secured in the same way as other financial institutions. Generally, financial co-operatives avoid the toxic financial products that characterised the period leading up to the near-collapse of the global financial system in 2008. Even before the financial crisis, a study from the International Monetary Fund (IMF) concluded that co-operative banks were more stable than commercial banks.

The following examples illustrate the diversity and importance of financial co-operatives for millions of people across the world.



The UK's Co-operative Bank was voted "the world's most sustainable bank" in 2010. Its ethical policies have attracted many customers.

## The UK Co-operative Bank

Less pressed by short-term shareholder expectations, co-operative banks are able to take a long-term perspective in their operations. The UK Co-operative Bank has demonstrated that taking a long-term view is best for business. As the first UK bank to adopt a customer-led ethical policy, the Co-operative Bank turned away business from companies involved in certain industries. In the long run, it has attracted more customers who want to deal with an ethical bank.

The bank was formed in 1872 as the Loan and Deposit Department of the Co-operative Wholesale Society (now the Co-operative Group), becoming the CWS Bank four years later. However, the bank did not become a registered company until 1971. In 1975, the bank became the first new member of the Committee of London Clearing Banks for 40 years, and thus able to issue its own cheques.

The Co-operative Bank is now part of a wider group, including Co-operative Insurance Society and Britannia, a former building society closely linked with the trade union movement. Together, the Co-operative Banking Group has 5.5 million customers.

In 2010, The Co-operative Banking Group was named the World's Most Sustainable Bank, and in 2011 and 2012 Europe's Most Sustainable Bank, at the Financial Times' Sustainable Banking and Finance Awards. The awards are

supported by the International Finance Corporation, part of the World Bank, and judged by a panel of the world's leading financiers.

In July 2012, agreement was reached, subject to approval by financial regulators, that the Co-operative Bank would take over 4.8 million customers of Lloyds TSB, 632 branches and 754 ATMs. This will bolster the Co-operative banking presence to 1,000 branches – giving it a 7 per cent share of the UK market and providing a real alternative to customers.

## Banking for the unbankable

Two and a half billion people do not have access to financial services. Mainstream banks do not find them profitable as customers, so they become 'unbankable'. For these people, credit unions provide opportunities for people to access affordable financial services.

At the core of the credit union model is a simple idea – to provide financial services for their members. This rests on the need of members to save as well as borrow.

Credit unions pool their members' savings deposits and shares to finance their own loan portfolios rather than rely on outside capital. Members benefit from higher returns on savings, lower rates on loans and fewer fees on average. Owning and running their own financial institutions can be a challenge, but the success of credit unions in many countries proves it is not an insurmountable one.



A bicycle belonging to an African credit union Credit: CCA

Credit unions are one of the most familiar types of financial co-operatives. 870,000 people are members of 465 credit unions across Britain. Credit unions provide flexible and locally owned financial services and their members share a common bond, such as belonging to the same trade union or living in the same geographical area.

Credit union membership is quite small in the UK compared to some other areas, such as North America, Asia and Latin America. Membership is also rapidly growing in Africa.

Globally, credit union branches account for 23 per cent of bank branches worldwide and serve 870 million people, making them the second largest financial services network in the world.

As with other forms of co-operatives, being a member is not just about financial benefits. Critical though this remains, it is also about working together and sharing control of an organisation democratically among members, while developing the skills needed to run and sustain a viable co-operative enterprise.

### Village banks in Kenya

How can small, local groups be run effectively, often by members with limited education? What about the danger of the treasurer running off with the funds? Surely really poor members cannot save or repay loans? Yes, they can!

In Kenya, informal savings groups (called Village Savings and Loans Associations) are linked up with a larger co-operative. VSLAs are very transparent, as money is counted publicly in front of everyone during group meetings. The box which holds the savings is locked with three locks, the keys to which are each held by a different member, and the box itself is kept by a fourth member, who does not have any keys. Because most of the members know each other, they are less likely to default on loan repayments, and if there is an emergency preventing someone from being able to repay their loan (for example sickness or a death in the family), the VSLA has a small social fund to which members can apply for access to financial help.



Savings are kept safe at village level. The box has three keys, kept by different members.



### Did you know? Raiffeisen Co-operatives

The Rochdale Pioneers inspired a global movement, but it is not the only co-operative tradition in the world. In the 19th century, a German mayor, Friedrich Wilhelm Raiffeisen (1818-1888), established a co-operative rural savings and credit system to help poor farmers. These were the forerunners of today's credit unions and savings and credit co-operatives.

The system soon spread through most of the German-speaking world, the northern parts of Italy, Belgium and the Netherlands.

The International Raiffeisen Union (IRU) was founded in 1968 on the 150th anniversary of Raiffeisen's birth and today has 61 members in 36 countries.

The IRU estimates that more than 900,000 co-operatives with approximately 500 million members in over 100 countries are working according to Raiffeisen's principles.

### Escaping from the money lenders: a women's bank in India

The members of the Self Employed Women's Association (SEWA) in north western India are poor women who make a precarious living as street vendors and home-based workers. It is impossible for such women to use regular financial services. They need somewhere safe to keep tiny amounts of cash overnight, as their homes are often a flimsy shack. SEWA has a daily savings scheme is very popular among savers who earn a daily wage.

Now, the SEWA members can accumulate small savings to meet emergencies (there is no NHS in India, and health care can be very expensive) and invest in their businesses.

SEWA has also set up a women's co-operative bank. When it was established in 1974, with 4,000 members, it was the first of its kind in India. Today, there are 93,000 members making deposits. Policies are formulated by an elected Board of women workers and run professionally by qualified managers accountable to the Board.

## Kenya – insuring those at risk

The Co-operative Insurance Corporation (CIC) is a leading provider of microinsurance and other financial services in Kenya. It has been in operation for the last 33 years. CIC is owned by over 1,500 co-operative societies and over 2,500 individual co-operators, with the Co-operative Bank of Kenya Limited holding a 21 per cent stake. CIC provides low-cost insurance for women market traders, allowing them to use their mobile phones to pay their premiums. Co-operative insurers also help their members by providing education and training on a range of topics from HIV/AIDS prevention to preparedness for natural disasters.

CIC provides insurance services to the co-operative and low-income market. It provides health insurance to clients without demanding that they take an HIV test despite the fact that Kenya has an HIV prevalence of 9 per cent. CIC has 1.3 million clients.

*CIC's motto is: "We keep our word"*



The death of a cow could be a catastrophe for an Indian farmer. Now it is not such a daunting prospect, thanks to livestock insurance from a leading Indian co-operative.



A happy member of a health mutual in India. Co-operatives have a substantial share of the global insurance market, where trust is vital.

*Credit: International Co-operative and Mutual Insurance Federation*

## Insuring India's farmers

In India, approximately 100 million people rely on livestock as their primary or secondary source of income, yet only seven per cent of the livestock are insured.

A typical cattle owner in India is a small farmer who owns one or two cows. With small farmers generating nearly half of their income from livestock and the value of cattle representing a substantial percentage of the farmer's wealth, the death of a cow poses a considerable risk.

So developing a successful model for livestock insurance would really help the poorest farmers. A product developed by the Indian Farmers Fertiliser Co-operative (IFFCO) has done just that. The policy is linked to the loan taken out by the farmer to buy the cow, and so avoids the need to value each cow.

IFFCO has 40,000 farmers' co-operatives at village level as its members. It is the world's largest co-operative manufacturer of fertiliser, and regularly achieves \$200 million in profit. With this network, it can now deliver this new policy to millions of farmers.

Things have just got better for one hundred million small farmers in India – thanks to a co-operative insurer.

## Environmentally friendly banking

Vancity (short for Vancouver City Savings Credit Union) is Canada's largest credit union, looking after \$16.1 billion in assets for its 479,500 members. Vancity was founded in 1946, and provides a range of financial services such as banking, borrowing, investments and insurance across 60 locations in British Columbia.

But Vancity's 'triple bottom line' business model means it offers far more to members than your average bank. Each year, 30 per cent of net profits are given back to members' communities, including initiatives to end poverty, provide education in financial literacy, work with Aboriginal communities, promote affordable housing and enable the set-up of social enterprises.

In 2008, Vancity became the first North American financial institution to become carbon neutral by reducing energy consumption, paper use and waste in its offices and offering employee incentive programmes with priority parking for car-poolers and reduced-rate transport passes. Vancity provides financing for hybrid and natural gas vehicles, energy efficient home renovations and green energy alternatives such as small-scale hydro projects. It supports green building initiatives with grants of up to \$50,000 and has funded organisations for activities like sustainable transport, greening spaces, sustainable urban form and green energy. Vancity also offers innovative products such as the 'enviro Visa' card, which donates at least 5 per cent of profits to local green projects.

# Shop till you co-op

## CONSUMER CO-OPERATIVES

Consumer co-operatives are owned by their customers, who are also members. Some consumer co-operatives only allow members to buy from them. Others, like consumer co-operatives in the UK, allow non-members to use their stores.

### How do consumer co-operatives work?

Consumer co-operatives operate on the simple principle of joint purchasing. If consumers combine their purchases, they can get a lower price. The profit is the gap between the wholesale price, plus operational costs, and the retail price. Consumer co-operatives can choose to use the profit to invest in the business, to lower prices, to provide a dividend on purchases, or to donate to local good causes – or any combination of these options. Any business could make the same choices. The difference is that the consumer members make the decision. And the consumer, not shareholders, benefits from the dividend payout. A consumer co-operative could also decide to take less profit and keep a store open in an area that might otherwise have no shop.



The Rochdale Equitable Pioneers opened their store in 1844 and inspired a global movement. Now it is a museum.

The logic of a single consumer store applies at a higher level, so within two decades of the establishment of the first successful co-operative consumer store in Rochdale in 1844 (there had been earlier attempts, but they had mostly foundered), a wholesale business was set up – the Co-operative Wholesale Society (CWS), which has now evolved into The Co-operative Group. The CWS was a ‘secondary co-operative’; in a secondary co-operative, the members are primary co-operatives, not individuals.

In the UK, consumer co-operatives are the dominant form, accounting for just over 70 per cent of turnover in the co-operative sector of the economy. In some other developed countries they are the market leaders: Italy, Denmark, Switzerland, Japan and Finland.

Consumer co-operatives do not only operate in food and general goods; for instance, rural electric co-operatives in the USA provide energy to their consumer members.

New types of consumer co-operatives are emerging. The Mountain Equipment Co-operative (MEC) in Canada specialises in outdoor clothing and equipment and has over three million members. MEC was set up by a handful of outdoor enthusiasts in Vancouver in 1971, who previously had to travel to the United States to get their equipment. Ten years later, it had nearly 60,000 members and began opening stores in other cities in Canada.

*“I had begun to see co-operative economics as a viable alternative to private ownership.” – Jim Byers, MEC founding member*

### Dialling the right number – the Phone Co-op

The Phone Co-op started out in 1998 as a way for non-profit organisations like charities and community groups to bulk-buy their telecommunications. The idea was that if these organisations came together as a buying club, they could make big savings. Household customers soon joined.

In 2008 The Phone Co-op was named Social Enterprise of the Year at the Enterprising Solutions Awards, having been shortlisted in previous years. It is a small business, but distributed £30,000 dividend to its members in 2010-2011. Now called The Co-operative Phone and Broadband, this co-operative continues to trade profitably and grow steadily.

### Co-operatives at the heart of the community

In small communities throughout the United Kingdom, people have come together to run local businesses, including post offices, shops and pubs – usually when they were threatened with closure. Without these local businesses, villages are in danger of becoming simply ‘dormitory’ communities, where people live and travel elsewhere to work and shop.

A typical community-owned shop is registered as an Industrial and Provident Society, the same legal form as The Co-operative Group. Community-owned shops are profitable, and have an average turnover of £120,000 per annum. They are run by a combination of employed staff and volunteers, and frequently include a post office. They provide a vital service for local communities.

### Lighting up America

In the 1930s, most rural areas in the USA lacked electricity. Nine out of ten homes lacked a connection. As part of the New Deal, electricity companies were offered soft loans to extend supply to these areas. They declined the offer – there was not enough profit to be had.

1950s Illustration of a High Plains farm family getting “hooked up”, painted by John Falter. (Taken from “The Next Greatest Thing: 50 Years of Rural Electrification in America”, pub. NRECA, 1984)



So farmers themselves took up the challenge, set up co-operatives and raised the capital needed – and built much of the infrastructure themselves. In 1942, the National Rural Electric Cooperative Association (NRECA) was formed as an umbrella organisation, and it now has 900 member co-operatives.

Electricity co-operatives are now one of the foundations of rural America, providing power to over 40 million member-owners across 47 American states.

Three quarters of the United States is served by electricity co-operatives, which own \$112 billion in generation, transmission, and distribution assets. More than 80 per cent of all local electricity co-operatives offer electricity generated from renewable sources.

Not content with making their own communities better, US rural electricity co-operatives have developed an international programme. In Bangladesh, for example, NRECA has helped to set up electricity co-operatives that reach 28 million people.

# A roof over our heads

## HOUSING CO-OPERATIVES

Recalling that a co-operative is set up by its members to meet a “common economic, social or cultural need”, there can be few more basic needs than a roof over our heads.

Housing co-operatives can be found in more than thirty countries; while most of these are in Europe, they also exist in the USA, Asia and Turkey.

A housing co-operative is a housing business that is a consumer co-operative mutually owned by its members. There are different co-operative housing models in different countries, but what characterises housing co-operatives compared to other housing providers is that they are jointly owned and democratically controlled by their members, according to the principle of ‘one person, one vote’. This has clear implications for the way they operate compared to other actors on the housing market. In some countries, housing co-operatives play a vital part in providing shelter. On average, 10 per cent of Europeans live in housing co-operatives.



Co-operative Housing in Dartford, Kent

*Credit: CDS Co-operatives & Bob Kauders Photography*

In the United Kingdom, the co-operative housing sector is relatively small – only 0.6 per cent of the country's housing supply. Housing policy for the last 50 years has prioritised individual house ownership above all other forms of housing tenure. The result is a huge housing crisis, with many people unable to save for a deposit and forced to turn to the private rented sector. Now is the time to learn from other countries the benefits which flow from resident-member control of housing through a co-operative. The small co-operative housing sector in the UK is very successful.

Housing co-operatives are generally robust and financially stable and perform, on all measures, better than other types of affordable housing providers.

### **Once upon a time in New York City**

At one end of New York City is Wall Street, which is synonymous with capitalism. At the other end of New York City is the Bronx and there you can find one of the largest co-operative housing developments in the world, Co-op City.

And it literally is a city within a city.

The land on which the co-operative is built was originally a swamp. The project was sponsored by the United Housing Foundation, an organisation established by a trade union, the Amalgamated Clothing Workers of America. The union also set up several co-operatives including a credit union, grocery and milk delivery service; pharmacies and opticians; a furniture store; an insurance business and even a co-operative power plant.

Funds to support the co-operative came from New York City Council, which in the 1950s passed a law to allow financing of low-cost housing. The co-operative provides a mixture of accommodation, including high-rise apartments and smaller houses. Streets are named after famous people such as Albert Einstein and Pablo Casals.

This 'city within a city' also has eight parking garages, three shopping centres, 12 schools catering for all ages and 15 places of worship. More than 40 offices within the development are rented by doctors, lawyers, and other professionals. There are plenty of sports and entertainment facilities and shops. Co-op city has its own police department.

Co-op City is well known for its ethnic diversity and in recent years has received an influx of former Eastern Bloc migrants, especially from Russia and Albania. A large percentage of inhabitants are senior citizens.

Members pay a price for the accommodation according to the number of rooms. This is their equity in the co-operative and is \$4,500 per room. There is an annual charge of nearly \$200 per room and monthly maintenance fees. There are also minimum and maximum income tariffs to ensure that property goes to those who really need it. Those wishing to live in Co-op City must prove that their income does not exceed the level set for the size of apartment they want. In addition, family size is a factor in allocation of accommodation. A small family cannot apply for large apartment.

The original principle of Co-op City was that value of the equity invested in an apartment does not increase. When tenant owners leave, they sell their apartment back to the co-operative for the initial cost plus interest earned. The apartments are intended and valued as a place to live, not as a speculative investment. This runs counter to the way the housing market is normally run in the US – and the UK.

Members manage the co-operative through a 15 member elected board, whose members receive no payment.



# Working for ourselves

## WORKERS' CO-OPERATIVES

People form and join a workers co-operative in order to get a job or because they have a particular interest in the business, or its ethical values. Many worker co-operatives in the UK have been formed around wholefoods or green issues such as transport, like the Edinburgh Bicycle Co-operative. But the primary purpose must be to provide a livelihood.

### Saving jobs

Sometimes worker co-operatives are formed as a response to the closure of a business. In the UK, miners took over Tower colliery in south Wales when it was closed by the government in 1994. Miners used their redundancy pay to buy the colliery and ran it successfully until all the commercially viable coal was extracted in 2008.

In Argentina, nearly 10,000 jobs were saved by the transformation of 200 bankrupt enterprises into worker-owned enterprises after the collapse of the national economy in 2001. Argentina's 'empresas recuperadas por sus trabajadores' (worker-recuperated enterprises) can now be found throughout its economy, inspiring workers the world over.

### The importance of ethics

Suma is the UK's largest independent wholefood wholesaler/distributor, specialising in vegetarian, fairly traded, organic, ethical and natural products. It supplies small wholefood shops and businesses, mainly in the north of England.

It is a workers' co-operative committed to ethical business. Suma operates a thoroughly democratic system of management that is not bound by the conventional notions of hierarchy. As a workers' co-operative the business is jointly owned and managed by all members. Everyone is paid the same and everyone collectively does all the jobs that need doing, whatever they happen to be. A worker might pack bags, or drive a delivery van one day, and do accounts the next day. The co-operative has a very 'flat' structure.

All products are vegetarian and, where eggs are an ingredient, they are free-range. Suma gives preference to organic versions of products and supports Fairtrade. All body care, cosmetic and household products are cruelty-free.

Suma has over 150 worker-members and is the UK's largest independent ethical wholesaler and distributor.



Suma is one of the UK's most successful workers co-operatives. All workers are paid the same, and jobs are rotated.

# Curing and caring

## HEALTH CO-OPERATIVES

Healthcare is a basic human need. In the UK, thanks to the National Health Service people are treated free of charge at the point of need. But in many countries, when people do use health services, they often incur very high costs in paying for their care. Globally, about 150 million people suffer financial catastrophe annually while 100 million are pushed below the poverty line as a result of healthcare costs.

This became a major issue in the USA, where private medicine is extremely expensive. President Obama's Affordable Care Act was passed into law in March 2010. As part of that act, provision has been made for health co-operatives in all 50 states. The Act (section 1322) requires that a health co-operative, known as a 'Consumer Operated and Oriented Plan' ('Coop') must be formed as a non-profit organisation, controlled by and operated on behalf of its members. In February 2012, the federal government announced that it was loaning \$638 million to seven non-profit health co-operatives in eight states to help them get off the ground.



Co-operatives like Care Plus can provide effective and affordable health care.

These co-operatives will provide health insurance to cover the cost of medical bills. Such health insurance co-operatives are found in many countries across the world.

But co-operatives can directly provide healthcare not based on profit, but on the need of their members. These can be run as user-owned, or consumer, co-operatives, where members are patients. Alternatively, co-operatives can be provider-owned – established, owned and controlled by groups of health professionals. In the UK, many out of hours services provided by doctors are run through co-operatives.

### Saskatoon Community Clinic Health Care Co-operative

In the prairie province of Saskatchewan in Canada, medical practitioners are not civil servants but remit their accounts to the publicly-funded Saskatchewan Medical Care Insurance Plan rather than to patients.

In Saskatoon, the largest city in the province, many patients have chosen a non-profit health care co-operative, founded in 1962 when public health care was introduced. The original view of the founders of the Community Clinic was that health care is best provided when providers and users make decisions together.

The clinic has 13,000 patients registered and a staff of more than 150, but nearly 100 people provide voluntary services at the clinic, which is open to everybody in the area who can benefit from its services. Patients do not have to be members to receive the services, but more than 10,000 have become members and elect a board which works closely with staff to establish long-term plans and policy directions.

### Affordable, quality health care

In Brazil, 78 per cent of the population relies exclusively on the Public Healthcare System that offers universal coverage, but provides a low-quality service.

Many have turned to a network of co-operatives owned and controlled by doctors. These 'Unimed's' are private healthcare operators organised in medical co-operatives

Unimed is the largest medical assistance network in Brazil and is the largest healthcare co-operative in the world. There are municipal, state and federal

Unimeds and each one is a different co-operative. Unimed co-operatives offer several insurance plans, from affordable to expensive options.

The 337 Unimed co-operatives have 15 million patients, and provide around 70 million consultations a year and 2 million hospital stays. The Unimed co-operative network has 90 hospitals, 53 diagnostic centres and 450 ambulances.

### Social co-operatives in Italy

The Italian constitution specifically recognises and promotes co-operatives. There is a separate law for each type of co-operative. The past few decades have seen the emergence of social co-operatives, and these are regulated by a law adopted in 1991.

Social co-operatives emerged in the 1970s and 1980s, partly to provide social care at a time when public budgets were strained, and also to provide employment. They are multi-stakeholder co-operatives with workers and family members as members.

There are two types of social co-operatives:

**Type A** social co-operatives are those which deliver social, health and educational services to people in need.

**Type B** co-operatives can work also in other economic fields (such as agriculture, industry commerce and services) and must hire at least 30 per cent of people with a disability in their staff. These social co-operatives received some tax incentives.



A social co-operative in Italy.



Co-operative Pharmacy, part of The Co-operative Group, is the third largest chain of pharmacies in the UK, with nearly 1,000 outlets.

It is estimated that there are now nearly 10,000 social co-operatives in Italy, which provide services for 400,000 people, have over 300,000 members and employ more than 60,000 workers. Workers are supplemented by volunteers, who can receive expenses and health insurance. In 2009, the turnover of social co-operatives was more than €3 billion

### Pharmacy co-operatives

Co-operative pharmacy is a vital role in health care in many countries. In the UK, The Co-operative Group runs the third largest national pharmacy chain, with nearly 1,000 outlets. In several European countries, including Belgium and Portugal, consumer-owned pharmacy stores have a significant presence in the market.

In Singapore, NTUC Healthcare was set up by the National Trades Union Congress in 1992 in response to workers' concerns over the rising cost of health. It runs 48 pharmacies and 13 dental clinics, aiming to make healthcare more affordable, and it is the largest healthcare provider in Singapore. NTUC Unity Healthcare has 60 institutional members (trade unions and co-operatives) and 19,000 individual members.

# Saving a unique way of life

## INDIGENOUS PEOPLE AND CO-OPERATIVES

There are more than 370 million indigenous peoples in some 90 countries. They represent 5 per cent of the world's population, but account for 15 per cent of the world's poor and one-third of people living in extreme poverty.

Indigenous people are known by many different names – aboriginals in Australia, and adivasi or 'tribals' in India.

Co-operatives are a particularly useful form of organisation for indigenous people as co-operatives enable them to maintain livelihoods based upon their traditional way of life. The definition of a co-operative includes meeting a "common economic, social or cultural need" of its members. Co-operatives for indigenous people help to do just that – helping them to preserve their culture.

### Co-operating at the North Pole

Surviving on the Canadian Arctic tundra and its coasts has always been an unrelenting struggle. People have always had to work together to survive, so took very well to co-operative enterprise.

Co-operatives for indigenous people in Canada's Arctic regions really took off in the 1960s, as the Canadian government recognised that it had neglected those areas. Co-operatives are community-based enterprises, and offer a range of services including housing and financial services. Co-operatives operate businesses in tourism, art and fishing – and provide consumer stores. In fact, the co-operatives address all the needs of their communities.

Different membership structures exist, including worker and consumer co-operatives, and they have come together to form a secondary co-operative, Arctic Co-operatives Ltd.

### The bravest co-operators in the world

Thousands die in India every year from poisonous snakes. Rural workers are particularly vulnerable. They wear open rubber sandals, so have no protection against a bite and early in the morning, or in the evening when it is dark, they can disturb snakes with obvious consequences.

So the manufacture of anti-venom is important. And this is done by catching snakes and 'milking' them for venom, which is then used to make the antidote by injecting the venom into horses in sub-lethal doses.

Snakes are also valued in India for a very good reason: they eat rats. And rats are a major cause of the loss of food grains in India – not simply by eating, but through their droppings and urine (they also cause Weill's disease). So if all the snakes were killed, there would be a big increase in the rat population and a huge increase in food spoilage.

Achieving a balanced relationship with snakes is something most of us would be happy to leave to somebody else. Fortunately one group has established a sustainable relationship with snakes. They know their habits, respect their niche in creation and work with them. They catch snakes as the first step in producing the vital anti venom. And they do this through a co-operative – the Irula Snake Catchers Co-operative Society operates south of Madras (now officially known as Chennai), in the Indian state of Tamil Nadu.

The Irulas are an indigenous group, and in the past caught snakes for their skin, which they sold for bags and purses. In 1972, the Indian Wildlife Act made that illegal, so the Irulas were threatened with loss of livelihood, followed by the drift to cities and the inevitable loss of their culture, as has happened in so many cases.

The formation of the snake catchers co-operative has prevented that. Each member is allowed to catch a certain quota of snakes – there are four kinds the co-operative needs. Each member is paid a fixed amount per snake – which varies according to the species. The snakes are held for three weeks, during which time they are 'milked' once a week. At the end of their stay, they are released back into the wild. The extracted venom is purified, frozen and then freeze-dried to make the pure venom powder that is used by government laboratories for the production of anti-venom serum. As well as being paid for catching snakes, members of the co-operative are also paid for catching mice, rats and frogs, which make up the diet of the snakes while they held captive.

Irulas can make a reasonable living, thanks to their co-operative. The average payout for snakes is 4,000 rupees per month. On top of this, there is payment for rats and mice, plus a dividend, or bonus, paid once a year on the profits of the society. And, of course, they maintain their traditional culture and skills, though not a skill most of us would be in a hurry to learn! At the same time, they provide a vital service in helping to prevent deaths from snake bite.

# The next generation

## YOUNG PEOPLE AND CO-OPERATIVES

The Rochdale Pioneers recognised the importance of education and arranged discussions, classes and libraries for the benefit of members and their families. They made provision in their constitution for 2.5% of their surplus to be devoted to education and successfully campaigned to get the law changed to allow co-operative societies to spend money in this way. Provision of education for co-operative members and the wider public has remained one of the core co-operative principles ever since.

### Co-operative schools and co-operation in the curriculum

Inspired by the pioneering work of Robert Owen and the school he established at New Lanark, followers worked to establish co-operative schools elsewhere, including one in Salford, Lancashire which ran for a number of years in the 1830s. There is evidence that the Rochdale Pioneers themselves attended some of its classes.

Today there are co-operative schools in many parts of the world, bringing co-operative ideas and values to a new generation. They are particularly strong in parts of Europe and South America, including nearly 600 co-operative schools in Spain and over 200 in Portugal.



Dining hall at Passmores Academy, Harlow with co-operative values prominent.

The co-operative movement in the UK has supported a range of initiatives to get co-operation into schools. The Young Co-operatives programme enables young people to run their own mini-enterprise as a co-operative, often selling Fairtrade produce or manufacturing items from recycled goods. Similar school co-operatives can be found in many countries, with well established movements in Poland, Croatia, and Malaysia. Youth and student co-operatives are growing in parts of Africa, creating jobs and generating income.



Youth and Student Co-operatives forum in Lesotho

A major initiative in England has seen the development of new co-operative models for schools in response to education sector reform. Today hundreds of state schools have adopted a co-operative model, meaning that parents and carers, staff, learners and the local community are directly involved in running the school, strengthening accountability. The first of these was established at Reddish Vale Technology College in Stockport in 2008, and in just over four years nearly 400 schools in England adopted the model and were being run as co-operatives.

The Schools Co-operative Society is the national voice for co-operative schools. It is democratically owned and controlled by its member organisations and provides a voice for the growing co-operative sector, together with the provision of services.

### Co-operative Academies in Harlow, Essex

The schools are in an area of high deprivation and are using the framework of co-operative values to underpin a series of changes to ensure that all learners achieve and to strengthen links with the local community.

Burnt Mill School became a co-operative school in 2010 and has seen a dramatic turnaround in academic performance. Three years ago just 27% of students achieved five good grades at GCSE level including Maths and English. In 2012 that figure had risen to 72%.

Head teacher Helena Mills believes this is a direct demonstration of how co-operative values can impact on attainment, "We would attribute the success to the fact that the co-operative values of equality and solidarity inform everything we do in this school. We have not necessarily done one thing as an academy, but have taken many steps to ensure we achieve equality of opportunity. Results are improved because all of our teachers and support staff are committed to ensuring that young people from all backgrounds achieve above expectations" commented Helena.

Down the road at the Passmores Academy there has been a similar transformation in results. Head teacher Vic Goddard is convinced that it is the co-operative values that have underpinned the school's progress in delivering the child-centred education. "Young people have achieved at the level they have due to the partnership of student, staff and the community or co-operation if you will! The values that drive our school and are written all over it is those that have enabled staff and students to persevere when the going gets tough and to unlock the doors of their future.

*"As a school we accept that young people make mistakes, and that they learn from them by working together; that way we can create an environment where there is a strong collegial approach to helping our students overcome any barriers to their progress."*

# Saving the planet

## THE ENVIRONMENT AND CO-OPERATIVES

### Energy, climate change and the environment

Aside from a few sceptics, the link between global warming and climate change is now widely accepted. This is not just a matter of the weather being less convenient. Climate change will force millions of people off their land, dramatically impacting on the ability of farmers to grow certain crops and making the coming food crisis even worse.

Moving away from a carbon-based economy towards renewable energy is, therefore, vital. There are several ways in which co-operatives have become involved with energy and climate change.

Consumer co-operatives can invest to reduce their carbon footprint. In the UK, The Co-operative Group reduced gross greenhouse gas emissions by 40 per cent between 2006 and 2011. The Group has over 4,000 outlets powered by renewable energy and is on track to achieve a 25 per cent reduction in the amount of energy used across its businesses by 2012. The Group has 58 Megawatts of wind energy development built or given consent, which generate 15 per cent of the business's electricity needs.



A co-operative waste picker from Pune, India.

*Credit: Rekha Khandagale*

### Recycling

Recycling is a vital part of looking after the environment. For most of us, this involves sorting our rubbish into three or four different containers to be taken away. But in many parts of the world, waste collection is organised in a very different way.

In the Indian state of Maharashtra, the city of Pune has long had an informal waste-management system, operating in parallel with an overburdened municipal system. Residents were

obliged to place their waste in roadside containers made of steel (also called dumpsters or skips) – each capable of holding several cubic meters of waste – which were supposed to be emptied daily. In practice, the city only emptied about 40 per cent of them each day, transporting the waste to the dump. As a result, overflowing containers was a common complaint of residents.

The containers did provide a livelihood for waste pickers, who would look through them for recyclable materials, which they bundled and sold to middlemen. Other waste pickers worked at the landfill. Working by hand in dreadful conditions, they recovered recyclables from what the city dumped there. All of this material was sorted, cleaned and sold to industry, through a series of middlemen, for eventual recycling. In Pune, 92 per cent of waste pickers are women, almost all from the lowest, or Dalit, caste. Thirty per cent are widowed or deserted, and another 50 per cent are the primary breadwinners for their families. Average earnings were about a pound a day, for extremely hazardous work.

In the 1990s, the waste pickers formed a trade union, which subsequently established a co-operative, Solid Waste Collection and Handling (SWaCH). Members go from door to door collecting residents' waste and receive a small fee for doing so.

Now, SWaCH's approximately 2,000 members are providing door-to-door collection for more than 330,000 households, on a contract basis. Members can sort the rubbish and then sell it to scrap shops run by the union.

As result of this service, not only do the women receive a better income, about double what they were getting before, but better working conditions too. Waste is more efficiently collected and less has to be burned by the municipality. Wet waste is now being used to create biogas, and the by-product is used as compost.

The co-operative has delivered a better life to its members, some of the most vulnerable women in India, and at the same time been good for the environment.

### Investing in the future

Another way that co-operatives can help is through generating renewable electricity. Two models are now emerging based on the ownership of renewable energy. One of these is a straightforward commercial operation, buying up resorts in rich areas of land, for example in sunny countries in North Africa, and building on a huge scale.



Car sharing is a practical way for individuals to reduce their carbon footprint and save money. They are often organised as co-operatives, like the Car Co-op in Vancouver. Credit: Vancity

The alternative is local ownership. Renewable power is by its nature a distributed resource, and is therefore ripe for local ownership through a co-operative. This happened in Denmark with the development of the Danish wind industry in the 1970s and 1980s. In the UK, there are a small but growing number of co-operatively-owned wind farms.

In the United States, where millions of people in rural areas obtain their electricity from a local co-operative, more than 80 per cent of all local electric co-operatives offer electricity generated from renewable sources.

### Canada – Saving money and the environment one car at a time

Many people would like to avoid individual car ownership and share cars for work and leisure. Car-sharing now operates in 22 countries and four continents, accounting for an estimated 650,000 members sharing approximately 20,000 vehicles.

In Vancouver, the Car Co-op was launched with two cars, 16 members, and one employee. Today, it has 225 cars, more than 5,000 driver members and 23 employees.

Car Co-op members pay a one-time, refundable \$500 share purchase, and a monthly administration fee to cover some of the fixed costs of the cars. When they use a car, they pay low fees by the hour and by the kilometre to cover the cost of fuel, insurance and wear and tear.

20 per cent of members give up a vehicle after joining. According to the Car Co-op's Social and Environmental Report, 87 per cent of members cite concern for the environment as their reason for car sharing, and 41 per cent report they would be likely or very likely to purchase or lease an additional vehicle if they didn't belong to the co-op. Almost 20 per cent say they gave up a vehicle after joining. On average, members reported that they reduced their driving by 500 kilometres a year.

For members of the co-op, the money they save by not having to purchase and maintain their own vehicles translates into less noise and congestion, better air quality, healthier green spaces and fewer sources of pollution.

## Did you know?

### Rio+20 agrees co-operatives are key for sustainable development

Rio+20 is the short name for the United Nations Conference on Sustainable Development which took place in Rio de Janeiro, Brazil in June 2012 – twenty years after the landmark 1992 Earth Summit in Rio.

The official discussions focused on two main themes: how to build a green economy to achieve sustainable development and lift people out of poverty, and how to improve international coordination for sustainable development. Co-operatives appeared three times in the final declaration. One extract:

*Key areas for investment and support include sustainable agricultural practices; rural infrastructure, storage capacities and related technologies; research and development on sustainable agricultural technologies; developing strong agricultural cooperatives and value chains; and strengthening urban-rural linkages. We also recognize the need to significantly reduce post-harvest and other food losses and waste throughout the food supply chain.*

Source: [www.uncsd2012.org](http://www.uncsd2012.org)

# From poverty to prosperity

## REGIONAL DEVELOPMENT AND CO-OPERATIVES

Co-operatives have played a critical role in enabling not just individual communities but whole regions to escape poverty and marginalisation.

Traditional financial institutions tend to cluster in national capitals and ignore the regions. Declining traditional industries have left many regions with higher than average levels of unemployment, poor infrastructure and deepening poverty, as well as the resultant social problems.

Co-operatives, as local businesses, can reverse this trend.

### Mondragon – transforming society through co-operation

The Mondragon group of co-operatives was founded by Catholic priest José María Arizmendiarieta in the Basque Country of Spain in 1956.

Mondragon was an industrial town which had struggled during the Spanish Civil War, and the co-operative's aim was to transform local society through co-operation, with capital subordinate to labour and worker democracy, including workers being able to vote in the general assembly and share in the profits.

The co-operative responded to the lack of job opportunities in the region. Initially working in education and manufacturing kerosene stoves and heaters, this was followed by other enterprises making machine tools and working in industrial and urban construction, scaffolding and the manufacture and marketing of agricultural products, machinery and metals. Today, its activities have expanded to encompass banking, credit, finance and retailing, with agriculture and consumer co-operatives supported by a credit co-operative. In 2009, the group of co-operatives employed over 100,000 members, or 8.1 per cent of industrial employment in the Basque Country.

Today, Mondragon is the foremost Basque business group and the seventh largest business group in Spain. It has factories in 18 other countries and a presence in over 40 countries on five continents.



The Mondragon movement has transformed a poor region of Spain, which had suffered hugely in the Civil War, into one of the most prosperous parts of the country.

### **Trentino – from a poor and marginal territory to one of Europe’s richest provinces**

Trentino in northern Italy has gone from being a poor and marginal area to being one of Europe’s richest provinces through establishing a flourishing co-operative economy. More than half the population are members of co-operatives, and Trentino has one of the highest densities of co-operatives anywhere in Europe.

It took just half a century to transform Trentino. Co-operatives first started in the region in the 1890s, when it was part of the Austro-Hungarian Empire. The economy was fragile and vulnerable to crises such as outbreaks of epidemics affecting vines, potatoes and silkworms. Rural businesses were on too small a scale to sell their goods on the national market. Agriculture faced the problems of a mountain geography, and the upheaval of industrial revolution brought further difficulties. Trentino was isolated and inaccessible and many people migrated, leaving whole valleys empty.

Local priest Don Lorenzo Guetti was inspired by the co-operative model and credit unions pioneered in Germany by Friedrich Wilhelm Raiffeisen. Raiffeisen developed a model for a ‘bank without capital’, adapted to a rural concept, and made finance available to farmers who had little of value apart from their labour and their fields. This way of banking was based on trust, and enabled more people to have access to finance who would otherwise have been excluded from formal banking.

A few years after the first co-operative started, rural banks and ‘co-operative families’ (co-operative retail stores) had opened in all the valleys. The presence of co-operative banks encouraged other co-operatives to form, improving sectors such as the production of milk, wine, mulberries and silkworms. By 1930, there were co-operative banks, consumer co-operatives, agricultural co-operatives for wine and dairies, electricity co-operatives and industrial co-operatives.



**Trentino is one of the most prosperous regions in Italy – thanks to a thriving co-operative movement.**

In the space of three generations, the region has passed from a rural subsistence economy to a modern one. Today, over 90 per cent of the area’s agricultural production is organised through co-operatives. Trentino has become a territorial brand and the region focuses on high value and high quality crops, with products such as apples and wine now sold abroad.

Everybody in the region, and all businesses, whether co-operative or not, benefits from the Trentino success story.

# Co-operatives

## A 21ST CENTURY MOVEMENT

There are hundreds of thousands of co-operatives in the world, and we have only mentioned a few in this publication. They operate in all sectors of the economy, and people are innovating new types of co-operatives all the time. There are no 'no go' areas for co-operative enterprise.

There is nothing new about people working together to achieve what they cannot achieve alone. Groups have long been pooling resources, and thus co-operating. Drawing on these traditions, modern forms of co-operatives developed in 19th century Europe and then spread rapidly throughout the world. Although they provide a tried and tested enterprise model with a rich heritage, until recently the dominant story about co-operatives was one of decline and lack of relevance for modern economies and societies.

But now, there is a realisation that co-operatives are about far more than a way to run a business, and people are identifying with the shared social and ethical values that underpin everything co-operatives do. At a time of disillusionment with shareholder and profit-driven companies, the values of self-help, self-responsibility, equality, equity, democracy and solidarity have never looked more relevant as an alternative to the mainstream. Co-operatives will continue to flourish as long as co-operatives continue to respond to meet the needs of their members and adapt to these challenging and changing times.

### A better world needs a co-operative future

There are few signs that the global economy will recover soon. Hundreds of millions face unemployment and starvation, while the world will continue experience critical levels of global warming.

We have never needed co-operatives as much as we need them today. They are not an old-fashioned relic of the past.



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If you would like more information about the co-operatives mentioned in this publication or the co-operative movement globally, please contact the Co-operative College at [enquiries@co-op.ac.uk](mailto:enquiries@co-op.ac.uk)

