

# Building People-Centred Enterprises in Latin America and the Caribbean:

## Cooperative Case Studies



# KOOPERATIONEN



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# Foreword

## Klaus Niederländer

Executive Director  
Co-operatives Europe

Following our first publication, *Building Inclusive Enterprises in Africa: Cooperative Case Studies*, I am pleased to introduce this second instalment of cooperative cases, focused on Latin America and the Caribbean. This publication draws upon findings from the joint seminar organised by Cooperatives Europe and Co-operatives of the Americas, held in Cartagena, Colombia, in 2014.

The cited examples showcase the great impact of cooperative businesses on economic and social development in Latin America and the Caribbean.

Promoting cooperative-to-cooperative exchange between the different world regions is an essential cooperative principle. This inter-regional dialogue is ongoing, with a focus on continued policy support for cooperative development, in particular with the European Union.

## Simon Parkinson

Chief Executive & Principal  
The Co-operative College

This paper helps us to grasp the importance of sharing and promoting best practices undertaken by cooperatives worldwide, in order to support knowledge dissemination and encourage fellow cooperators to learn from one another.

Many initiatives from the case studies analysed, for instance on gender or natural resources management, have a powerful impact on their communities and could be replicated successfully in other contexts. Sharing experience on the best ways to address common challenges is therefore extremely valuable.

These best practices also remind us of the core values of cooperative development, which is conceived as a bottom-up and empowering process, placing communities in charge of their own development.

## Manuel Mariño

Regional Director  
Co-operatives of the Americas

As the Americas Regional Office of the International Co-operative Alliance (ICA), we welcome this paper, which spotlights a sample of the numerous positive initiatives stemming from Latin American and Caribbean cooperatives.

It is crucial to remind policy makers and the wider public that cooperatives are a force for social inclusion and social progress, actively supporting development at the local, regional and national levels. Acknowledging the riches and diversity of the Latin American and Caribbean cooperative movements is also an important step, as they are key players in a variety of sectors and countries across the region.

Initiatives such as the ones described in this paper grow stronger through partnerships, and for this reason we would like to reiterate the call to further collaboration between cooperatives. Joint initiatives have already been launched between cooperative organisations from Latin America and from Europe, showing us the route forward.

## Linda McAvan

Chair  
European Parliament Committee  
on Development (DEVE)

As the chair of the DEVE Committee in the European Parliament, I am pleased to give my support to this publication, which showcases how some private sector stakeholders can efficiently foster inclusive development.

With growing interest in the private sector's involvement in development, the European Parliament is eager to support inclusive business models such as cooperative enterprises, which we promote through specific awareness-raising events. This is also in line with the European Parliament's support for fair trade, in which small producers are mostly organised in cooperatives.


Within the framework of the European Year for Development 2015, and in concert with the European Union's commitment to ensure the United Nations Summit on Sustainable Development Goals has a lasting impact, the cooperative approach represents a positive step forward to promote an inclusive and sustainable development that empowers local communities.

## Acknowledgements

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# Introduction



The year 2015 witnessed many debates on future development policies, fuelled by the elaboration of the United Nations (UN) Sustainable Development Goals, the successors to the Millennium Development Goals<sup>[1]</sup>. In this context, the voices of different civil society actors such as cooperative businesses have gained momentum, suggesting an alternative development approach rooted in the empowerment of local actors through self-help.

# 1

## Promoting the cooperative path to development

A cooperative is a jointly owned enterprise created to meet the needs of its members. They are people-centred businesses that put people before profit, benefitting the community and promoting sustainable development. It is also a democratic model, where members have an equal say in what their business does and how it generates and uses its profits<sup>[2]</sup>.

To promote cooperative development initiatives and encourage exchanges, Cooperatives Europe, the European regional office of the International Co-operative Alliance (ICA), created the Cooperatives Europe Development Platform (CEDP). This network is composed of cooperative organisations from various European countries which are active in diverse sectors across the cooperative economy, and support cooperative development in the global south. It is backed by the EU-funded project “Cooperatives in Development”.

From this framework, CEDP partners have collected best practice case studies from cooperative initiatives from all around the world, to include them in a series of publications on best practices. This paper is the second in this series, sitting alongside a sister publication on African best practices. This publication presents examples from countries in Latin America and the Caribbean (LAC), and builds upon the outcomes of an international conference organised by Co-operatives of the Americas and Cooperatives Europe in Cartagena, Colombia, on 5 November 2014.

# 2

## Defining “Latin America”

In order to provide a comprehensive picture of cooperation in the region, the scope of the research for this paper was wide-ranging. While the focus is primarily on Central and Southern American countries, the choice was made to also include some Caribbean countries. In part, this is due to the strength of the local cooperative movement in the Caribbean, especially in the finance sector. As such, case studies from the present paper come from the following Latin American and Caribbean (LAC) countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay and Uruguay.

Among some common issues, many LAC countries still face challenges related to poverty, food security and inequality. Although there has been some progress, recent reports suggest the situation is stagnating<sup>[3]</sup>. According to 2014 estimates, around 167 million people in LAC countries live in poverty (71 million of these in extreme poverty), with the poorest 20% of the population receiving on average 5% of all revenues<sup>[4]</sup>. In addition, it was expected that in 2015 over 40 million people would suffer from undernourishment across LAC countries.<sup>[5]</sup>

It should be noted that this overview does not capture the great diversity of situations in the region, and each LAC country has its own singular economic, social, cultural, and political circumstances. Nonetheless, while the authors acknowledge the limits of generalisation, the LAC region is an interesting area for studying cooperative development initiatives, due to the area’s rich historical cooperative traditions, the dynamism of the movement, and the strong contribution of cooperatives at the economic and social level to address common challenges.

# 3

## Historical context

The history of the cooperative movement across Latin America and the Caribbean is in itself diverse. While African cooperatives developed almost entirely from their colonial origins, LAC cooperatives have mixed origins and development trajectories.

In Latin America alone, especially in the south of the region, cooperatives were initiated by migrants who brought in their own distinct cooperative traditions which then intermixed with local collective traditions. This includes for instance cooperatives set up in Brazil by migrants from Italy, German and Japan.

While migrants to some LAC countries, for instance Argentina, established cooperatives in the late 19th and early 20th centuries along the lines of cooperatives in their countries of origin, European cooperative models became more popular in Latin America after World War II. However, many of these initiatives adopted a top-down model. For example, in Nicaragua, Peru and Chile, many agricultural cooperatives were established as part of a state-led development model in the context of agrarian reforms.

In some countries, cooperatives became influenced by politics following the political involvements of their leaders, and some were co-opted by political parties. In others, personal or group interests including pre-existing family loyalties, class interests, or the influence of local political elites, added to gaps in education,

participation and knowledge of the rules, undermined democratic governance and cooperative autonomy. Nonetheless, in many countries, grassroots small-scale industry, artisan, credit, savings and housing cooperatives developed independently from the state. This was influenced in part by the Catholic Church's liberation theology and by progressive leaders such as Archbishop Oscar Romero.<sup>[6]</sup>

More recently, cooperatives have become central to the promotion of the wider solidarity economy across the region – a concept based on inclusive growth, solidarity, cooperation and community development as an alternative to neoliberal economic models centred on self-interest, profit maximisation and consumerism.

All this has helped to ensure that there is a rich and diverse ecology of cooperatives across the region.

## 4 Overview of the cooperative sectors across Latin America and the Caribbean

The diversity of the cooperative sectors in the region is notable, with cooperative organisations operating in a variety of areas.

Aggregated data for the whole region can prove difficult to find, due partly to gaps in the updated and reliable statistical data available at the national level. However, evidence suggests that, historically, the most significant sectors across the LAC region have been agricultural cooperatives and saving and credit cooperatives<sup>[7]</sup>

The UN Food and Agriculture Organisation (FAO) estimates that there are more than 121,000 cooperatives across Latin America and the Caribbean in all sectors, among which slightly more than 33,000 are linked to the rural sector - which covers not only agriculture, but also fishery, forestry, or services.<sup>[8]</sup> Agricultural and/or rural cooperatives in the region therefore represent 27.7 % of cooperatives in all sectors, representing over 6 million members.

While agricultural cooperatives have a significant presence across Latin America, Venezuela, Brazil, and Argentina are the countries with the most rural cooperatives. For all its weight, the agriculture sector is itself multi-faceted, and family-centred agriculture continues to play a significant role. It is estimated that 80 % of the continent's food is produced by small family farmers.<sup>[9]</sup>

Another backbone of the Latin American cooperative movement is the financial sector, including saving

and credit cooperatives, insurance cooperatives, and cooperative banks.

Saving and credit cooperatives are member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members.<sup>[10]</sup> These cooperative institutions provide access to financial services for marginalised stakeholders, who are often excluded from the traditional banking system. Savings and credit cooperatives make it possible to finance business enterprises and other initiatives supporting personal, family, or community development.<sup>[11]</sup>

These organisations, often known as Cooperativas de Ahorro y Crédito (CACs), have a wide geographical coverage in the region. According to statistical data provided by the World Council of Credit Unions (WOCCU) for 2013,<sup>[12]</sup> there were around 2500 credit unions in Latin America with nearly 24 million members, and 398 in the Caribbean with over 3 million members.

However, these two sectors are by no means the only arenas for cooperative activity. Other significant sectors for cooperatives in the region include consumer, worker, housing, health and utility cooperatives (providing for instance electricity, water, or telephone services to the community).

## 5 Methodology and approach

This publication aims at providing the most complete glimpse possible of the rich and heterogeneous cooperative movement across the LAC region. To analyse it, the 20 cases were examined using four main themes:


1. Cooperatives as providers of services of common interest;
2. The promotion of cooperative solidarity through innovative approaches;
3. Cooperatives improving the livelihoods of marginalised communities; and
4. The impact of financial cooperatives in fostering development.

Like the previous paper on best practices from across Africa, many cases could have been included in several of the thematic categories used in our research. The authors encourage readers to approach the case studies with this in mind.

The research was conducted by using diverse sources of information, including written documentation, research interviews, and other data collection methods.

# THEME 1

Providing services of  
common interest



Cooperatives represent an effective way to empower communities to access and manage essential services, in situations where local authorities cannot or will not endorse that role, and where the conventional private sector considers profits to be insufficient to justify the necessary investments. Economists refer to these situations as ‘market failures’<sup>[13]</sup>.

Gaining access to vital services, such as water, energy, affordable housing and health care represents a significant challenge for many people in Latin America and the Caribbean. In both rural and urban areas, cooperatives have helped to address these problems, as evidenced by the cases below.

## Rural areas

Many rural communities across LAC countries suffer from isolation, lacking access to vital services and transport infrastructure, in addition to the existing legal challenges - such as access to and ownership of natural resources. In this context, cooperatives often step up to fill the gap, and provide essential services at affordable cost, in particular access to electricity and water.

# 1.1

## Rural areas

### Coopesantos energy cooperative, Costa Rica



**Coopesantos energy cooperative guarantees fair energy pricing and promotes engagement of local citizens in the transition to green energy.**

According to the 2014 World Energy Outlook report, 1.3 billion people live without electricity today, representing more than one in five people around the globe. In Latin America alone, 23 million people live without electricity<sup>[14]</sup>. Meanwhile the International Energy Agency (IEA) estimates that the annual cost of reaching the goal of universal energy access will be around \$48 billion USD between 2012 and 2030.<sup>[15]</sup> Most alarming, however, is the fact that populations living below the poverty line spend three to ten times more of their disposable income on energy than their richer counterparts.

Costa Rica is known for its commitment to environmental sustainability. The country has embraced sustainability in its national policies, producing 99% of its energy from renewable sources (mostly hydropower) and has committed to becoming carbon neutral by 2021. What is more, in the first 75 days of 2015, all of Costa Rica's energy came entirely from renewable sources, making it the greenest country in Latin America, as well as a model for large industrialised nations.

To stress the country's energy efficiency, the 2014 Environmental Performance Index (EPI), a measure of how well countries perform on different environmental issues, ranked Costa Rica 54th of 178 countries in the world. Costa Rica ranked third among countries in Latin America, just after Chile (29th place), followed by Ecuador (53rd) and well in front of the region's largest economies such as Mexico (65th), Brazil (77th) and Argentina (93rd).

Costa Rica's 99.2% electrification rate is also the highest in Central America. On average, a middle-income Costa Rican family's electric bill costs 2% of the family's annual income—one of the lowest rates in the region, thanks to Costa Rica's higher per capita income and lower power prices due to the dominance of hydropower in electricity generation.<sup>[16]</sup>

Many of the energy cooperatives in Latin America are electricity cooperatives. In Costa Rica there are currently four electricity cooperatives with a total of 180,393 members. They provide electricity to more than 800,000 homes, mostly in rural communities. This represents approximately 15% of the total electric distribution market in the country and roughly 40% of the rural-area service. As cooperatives are



owned and operated by energy users and community members, and because they ensure active community involvement in energy pricing, cooperatives provide solutions to common energy challenges like setting, developing and enforcing energy policies in rural communities.

In relation to the issue of renewable energy, Costa Rica's energy matrix shows that 80% comes from hydropower, and 20% from wind and geothermal sources. Although wind energy is the least-cost option for new power generation, renewable energy cooperatives are rare in Latin America. Three of Costa Rica's electricity cooperatives – Coopelesca, Coopeguanacaste and Coopesantos – are changing this, through their joint ownership of a wind farm.

Founded in 1965 in San Cristobal Sur, Coopesantos was an instant success when it began supplying electricity in 1969. At that time, Coopesantos served 2,231 consumers, representing 42% coverage of the service area. Today the cooperative has 36,000 members and a distribution grid of 1,200 km covering 99.7% of the energy services for 120 rural communities.

In 2011, Coopesantos inaugurated the Los Santos wind farm putting the cooperative at the forefront of wind energy production. With its 15 wind turbines producing 42,000 megawatt hours (MWh) per year, Los Santos provides 11,000 households with clean, renewable energy. By doing so, the wind farm helps save 11,000 tons of carbon dioxide (CO<sub>2</sub>) that otherwise would be released into the atmosphere by non-renewable energy. During 2014 the Los Santos wind farm generated more energy than estimated originally, creating a surplus of almost \$1 million USD.

The Los Santos wind farm plays a key role in increasing its members' sense of self-ownership and energy independence. Furthermore, the example of Los Santos wind farm indicates that cooperatives are not only a way of guarantying fair energy pricing, but most importantly provide opportunities for participation and promote engagement of local citizens in the transition from traditional energy sources such as oil, coal and gas to green energy such as wind, solar and hydro. By being open to the communities they serve, energy cooperatives increase the people's acceptance for renewable energy installations and show that user-driven energy innovation is better when it comes from the bottom up.

Additionally, the Coopesantos' Environmental Policy has inspired the cooperative to pursue four important green activities:

1. *The Protection of Water Resources* – a collective commitment from members to work for the

environmental protection of water resources and springs;

2. *The Gold Standard Certification* – the achievement of a rigorous certification for carbon offset projects that will ensure that Los Santos wind farm will be energy efficient, reduce CO<sub>2</sub> emissions and provide benefits to the local population;

3. *Carbon Neutral Certification* – from 2014 Coopesantos started to measure, reduce and offset remaining greenhouse gas emissions, raising awareness among the local community and the cooperative's workers about the value of reducing the carbon footprint in different areas such as transportation by using low-carbon alternative fuels such as sustainable biofuels; and

4. *The Blue Flag Award* – granted by the Environment Ministry, this award evaluates carbon neutrality, cleaner production, environmental entrepreneurship and social responsibility. In 2014 and 2015 Coopesantos has focused on different parameters such as environmental policy and environmental education, fossil fuels, sewage, electricity, waste management and air pollution, thus improving its green performance.

All the aforementioned examples illustrate that energy cooperatives in Costa Rica, including Coopesantos and Los Santos wind farm, are examples of good practice for participatory involvement when it comes to changing environmental behaviour towards green energy reforms.

Nevertheless, the most important contribution by energy cooperatives is their pivotal role in alleviating poverty, improving human welfare and raising living standards. This is achieved through demanding more intelligent, transparent and responsible forms of business, thereby improving peoples' living and working conditions and reducing social inequality. Democratically governed energy cooperatives provide services at affordable costs, create economic opportunities for local communities and improve people's health and education in a more fair and sustainable environment.

Celebrating its 50th anniversary this year, Coopesantos has fulfilled its original vision 'to promote economic and social development in rural communities as an important means to achieve higher living standards for the people it serves'<sup>[17]</sup>.

# 1.2

Rural areas

## Federación Nacional de Cooperativas de Servicios Sanitarios (FESAN) water cooperative, Chile



**Water cooperative FESAN produces and distributes drinking water, water treatment and disposal of sewage to 30,000 people in rural areas of Chile.**

Although two-thirds of our planet's surface is covered by water, only 1 % is suitable for consumption. Water is essential to life, and equally indispensable for social and economical development. Nonetheless, freshwater is becoming a rare resource in many regions around the globe due to population growth and increasing natural disasters due to climate change. As a result, the UN is voicing concern over the distressing fact that 80 % of the world's population is already exposed to a high probability of water insecurity, and two-thirds of the global population are at risk for serious water shortages in the next 15 years. The Goal 6 of the Sustainable Development Goals highlights the need to ensure availability and sustainable management of water and sanitation for all, and urges governments and other stakeholders to take action <sup>[18]</sup>.

Latin American and the Caribbean countries have some of the most abundant freshwater resources in the world. About 30 % of the planet's freshwater runs through the Amazon, Parana-Plata and Orinoco rivers. Consequently, the per capita availability of water in South America averages 34,000 cubic meters per year - higher than the world average of 6,800 cubic meters, and the highest of all the continents. Yet 77 million people (one in eight) in the LAC countries lack access to drinking water. It is estimated that three-quarters of the water in the region is used for agriculture, while 40 % of the total population has access to only 10 % of this water.

To improve the supply of freshwater and sanitation, 1,500 small water cooperatives provide water supply and sewage services to 1.7 million people in urban and rural areas of Chile. In 2008, six water cooperatives<sup>[19]</sup> established the Federación Nacional de Cooperativas de Servicios Sanitarios (FESAN), a cooperative organisation for the production and distribution of drinking water, as well as water treatment and disposal of sewage.

Today, FESAN has 7,000 members, representing 30,000 people in rural areas of central Chile. Besides developing the administrative, economical and technical competencies of small water cooperatives, FESAN provides education and specialised training in all aspects of water-related issues, improving environmental education and disseminating information related to water use, protection and conservation in the communities it serves. As a federation of small water cooperatives, FESAN works closely with policy makers, thus gaining substantial

leverage in water and sanitation matters, and consequently securing better conditions and prices.

As a secondary cooperative, FESAN's role is to cooperate for the mutual benefit of its member organisations and their members. The earthquake that affected Chile in 2010 put this role to the test. With a magnitude of 8.8 on the Richter scale, the earthquake hit central Chile hard, leaving water cooperatives in the small town of Maule with extensive damage to their water infrastructure, including damage to the water supply and waste stabilisation pond systems. Fortunately for the water cooperatives and their members, a water operator partnership (WOP) was initiated between the University del Valle in Colombia and FESAN developing an action-plan to recover and improve the town's contaminated water system. FESAN's efforts led to the modernization of the sustainable water infrastructure, as well as developing a cooperative learning centre facilitating information- and knowledge-sharing regarding new water technologies, which normally are only available to large water corporations.

FESAN's concern for the community is also one of its top priorities, demonstrating that putting this cooperative principle into practice is at the core of the organisation's work. When the Atacama Desert in northern Chile, one of the world's most arid regions, was hit by torrential rainfall in April 2015, floods swept away valleys, cut off villages and practically destroyed all the infrastructure in their way. In FESAN's response to the disaster, community participation and concern for community merged. Together with its members and associates, FESAN started a support group for flood victims. By June 2015, the group had already donated 1,246 containers (six litres each) of drinking water to the citizens of Diego de Almagro, a town which was severely damaged by the floods, proving that the cooperative's work is committed to putting people first.

Above all, FESAN's efforts toward helping its members is a proof that the cooperative way of doing business is about participation, shared interests and a strong sense of community - in other words, solidarity. FESAN reflects the strength of the cooperative model and the legitimacy of its values and principles.

## Urban areas

City-dwellers represent around 80% of the population in Latin America today, creating specific challenges regarding the provision of services in urban environments. Housing, transport, waste removal and health care, are areas in which cooperatives can play a crucial role in reducing costs and creating opportunities for new livelihoods. This results in an increased sense of ownership and accrued well being for local communities, as well as improving living conditions and local surroundings.

# 1.3

Urban areas

## Covireus al Sur housing cooperative, Uruguay

Formed in 1997, Covireus al Sur cooperative provides housing in the heart of Uruguay's capital, Montevideo. The cooperative provides 182 apartments of different sizes and includes units specially designed for people with disabilities.

Cooperative housing has a long history in Uruguay, beginning in the late 1960s when new laws enabled cooperative ownership of property for the first time, in response to a housing crisis. A national fund was set up through which workers could access loans for housing. Federación Uruguaya de Cooperativas de Vivienda por Ayuda Mutua (FUCVAM), a federation of mutual aid housing societies, was established in 1970 with support from trade unions and the rapidly growing cooperative movement.

Today, over 500 cooperatives belong to FUCVAM with a total membership of 25,000 households representing 90,000 people. The housing cooperatives under the FUCVAM umbrella have adopted a common approach that targets specific stages of cooperative development. People with housing needs come together to form a cooperative, which then arranges land titles. Sometimes prior savings are required from members and the cooperative can access public subsidies available for housing. The members are then trained in housebuilding and undertake to build houses for the cooperative, and the cooperative coordinates and registers their time and effort. Each family is expected to contribute 21 hours of labour per week.



This is called 'ayuda mutua' (mutual aid), and helps to lower costs and build solidarity between the members. Membership in the cooperative therefore requires a high level of commitment. FUCVAM encourages all family members to get involved in the cooperative from the beginning, before, during and after the construction process. Everyone can participate, no matter what their skills and capacities are, as appropriate tasks are found for people according to their abilities. This allows all members, including older persons and people with disabilities, to be actively involved and take ownership of the process.

Allocation of the houses is decided by a ballot so members do not know during the building process which house will be theirs. The cooperative seeks to create a community as well by constructing schools, health and sport facilities. All properties are owned by the cooperative and cannot be sold on. Each housing cooperative has a designated communal area. This space is used for events and celebrations, but also for meetings for decision-making such as the general assembly. Each household has a vote. The cooperative also offers economic assistance if a member, for example, becomes unemployed. Eviction of members who fail to pay their loan is very rare.

Education is an important aspect of the cooperative activities. For instance, FUCVAM opened a training centre for community educators, based on the thinking of Paulo Freire, a Brazilian educator and philosopher who was a leading advocate of critical pedagogy.

With support from the Swedish Cooperative Centre (now We Effect), among others, FUCVAM has shared its approach in 15 countries across Latin America, adapting their model to local conditions in different contexts, setting up national federations and networks and supporting local efforts to influence government policy. In 2012, FUCVAM received the UN World Habitat Award for south-to-south co-operation.

**Housing cooperatives  
FUCVAM and  
Covireus al Sur  
encourage members  
to get involved in the  
housebuilding process,  
which lowers costs and  
fosters solidarity.**

# 1.4

## Urban areas

### Coonorte transport cooperative, Colombia

Colombia has a long and rich tradition of transport cooperatives and transportation is one of the largest and strongest sectors within the Colombian cooperative movement. In fact, 11 % of all cooperatives in Colombia are transport cooperatives, ranking third after worker cooperatives and credit unions.

The first Colombian transport cooperatives were founded in the mid-20th century. By 2009 there were 883 transport cooperatives across the country. However, in more recent years there has been a noticeable decrease in the number of new transport cooperatives. This could be due to changes in the Colombian transport system more widely. The introduction of integrated transport systems in large cities is forcing traditional transport companies to adapt their services and participate in new and more efficient urban transport systems. These changes pose a threat to transport cooperatives, as they are generally relatively small and may find it harder than larger transport companies to ensure that they can participate in these new integrated systems. Another challenge is a reduction in the cost of air travel, which is turning many customers away from long journeys by land, where transportation cooperatives are most active, in favour of flying.

Despite these challenges, transport cooperatives on the whole continue to perform well in Colombia, holding substantial assets and accruing little debt. Transport cooperatives operate in 311 municipalities, offering services ranging from long-distance coach journeys to short taxi rides. Notably, 73 % of all Colombian transport cooperatives are micro-cooperatives such as taxi cooperatives.

Transport cooperatives offer many benefits to their member-employees when compared with mainstream transport companies in Colombia. Firstly, they help to prevent 'la Guerra de centavo' (the war for the pennies) that can occur between drivers who are paid based on the number of passengers they pick up. Instead, cooperatives offer a reliable income to drivers and prevent road accidents caused by buses competing for passengers.

Furthermore, faced with the new challenges posed by the proposed integrated transport systems, cooperatives have the possibility of co-operating with other transport cooperatives to form alliances, which could save them from being excluded from the sector.

Coonorte is a transport cooperative located in Medellín, in the region of Antioquia. The region is situated in the central north-western part of Colombia and has the most transport cooperatives of all the regions - 124 of the 883 cooperatives nationwide.

The cooperative was founded in 1964 by a group of 16 associated bus drivers that serviced routes across northern Antioquia. Its main office is in Medellín and it now has agencies in more than 40 municipalities in Antioquia and the neighbouring regions of Córdoba and Boyacá.

The cooperative offers transport services to passengers, both within Antioquia and to other regions, providing large air conditioned coaches for long journeys as well as a taxi service for shorter journeys. Moreover, the cooperative provides a delivery and cargo service and a bank transfer service.

Coonorte is an affiliated member of Utrans, which is a not-for-profit federation of transport companies across Colombia. Utrans currently has 21 affiliated members, and defends member interests, offers advice and support, and provides training for drivers and other transport company employees. Utrans is based in Medellín and includes other cooperatives among its affiliated members, including the Medellín-based Cootrasana cooperative.

Coonorte prides itself on being part of the solidarity economy and its slogan is 'una empresa responsable' (a responsible business). The cooperative is a not-for-profit enterprise, with limited liability. It is committed to the cooperative values and principles and puts a particular focus on the values of social responsibility and equity.

As a not-for-profit cooperative, Coonorte is committed to investing some of its income into worthwhile projects, most notably educational initiatives. These include:

- Formal educational programmes and the improvement of educational resources for the children of Antioquia;
- Training and education of its members, staff and their families by providing 350 teaching assistants to help with all forms of education from vocational and technical skills to primary and university education;
- Developing the skills and knowledge base of members, employees and their families, through workshops on subjects such as co-operation, legislation of the solidarity economy, conflict resolution, financial accounting, strategic planning, personal development and road safety; and
- Providing sports and recreation clubs and sessions for the children of members and employees, from preschool to adolescence.

As one Coonorte driver stated in a promotional video, 'I belong to Coonorte, one big family. Coonorte is a business which has given Antioquia and me personally many benefits... I'm proud to belong to the family that is Coonorte'.

**Transport cooperative  
Coonorte offers a  
reliable income to  
drivers and diversified  
transport services  
to passengers,  
operating from over 40  
municipalities  
in Colombia.**



# 1.5

Urban areas

## **Associação dos Catadores de Papel, Papelão e Material Reaproveitável (ASMARE) waste pickers cooperative, Brazil**

Around the world, millions of people make a living from gathering and sorting through household and industrial waste ,collected from households or workplaces, street bins or rubbish dumps. Many then sell on what they have reclaimed to earn an income.



**Waste picking cooperative ASMARE improves the lives and status of waste pickers, and offers cost effective solution for dealing with urban waste.**

For many, the work is hazardous and little valued - yet they can provide vital services. Workers labour in the informal sector and lack the legal protection afforded by formal employment.

This was the case in the city of Belo Horizonte in Brazil where, from the 1960s on, the local rubbish dump provided a living for many people, who sorted out the waste and sold on what they could. Following the closure of the dump in the early 1970s, 'catadores' (waste pickers) began to collect waste from the streets. This was not easy, as many people viewed the waste pickers as beggars or criminals, and they were often harassed by the municipality. Many waste pickers had to sleep in the street to protect their recyclables.

Today, the situation is different. Through membership of the ASMARE cooperative, the lives and the status of the waste pickers have improved greatly. Started in 1990, with help from an NGO, the ASMARE cooperative now has 380 members. ASMARE now collects 450 tons of waste every month from schools, businesses and houses. It has two centres for waste separation and sells on the materials to private industry.

ASMARE members have bright yellow carts to collect recyclables and each member has her/his own space for sorting. ASMARE has its own compressing machines and a bulk weighing scale in a compressing and weighing centre that is managed by waste pickers and former street-dwellers.

The weight of materials per person is recorded and a receipt given, and each person is paid for the recyclable materials produced from the waste they have collected. Recyclables are sorted and processed at the warehouse, and are then sold. The income is shared amongst all the ASMARE members. ASMARE also has other projects and facilities, including a bar and cultural centre<sup>[20]</sup>, and a paper workshop.

Setting up the cooperative has improved access to materials for the waste pickers and enabled them to invest in storage space, so that more waste can be collected. Selling the collected materials in bulk ensures that better prices can be achieved.

The cooperative can also negotiate formal agreements with the local authorities. ASMARE has played a pivotal role in setting up a waste collection scheme in conjunction with the Superintendência de Limpeza Urbana (Urban Cleaning Authority). This demonstrated to the rest of the country that integrated partnerships between municipal waste collectors and waste picker cooperatives offer an innovative and cost effective solution for dealing with solid urban recyclable waste.

# 1.6

## Urban areas

### Unimed health care cooperative, Brazil



Health care cooperatives in Brazil have existed for more than five decades and play an important role in the medical sector in what is called supplementary or complementary health care.<sup>[21]</sup> According to the 2014 report of the Organisation of Brazilian Cooperatives (OCB), there are currently 846 health care cooperatives in Brazil, providing 67,156 direct jobs and including 271,004 members. Brazilian health care cooperatives operate in four different areas: primary medical care; dental care; mental and social health care and consumer care.

One of the most remarkable examples of health care cooperatives in Brazil is Unimed, which is not only the largest health care network in the country, operating in 83% of the national territory, but also the largest health care cooperative in the world.

Today, the Unimed cooperative system includes 355 medical cooperatives, 110,000 physicians, 3,250 associated hospitals, 112 general hospitals, 189 emergency units, 90 laboratories, 93 diagnostic centres, 122 pharmacies and 450 private ambulances. Furthermore, the cooperative provides 60 million consultations, 2.2 million hospitalisations and 197 million examinations each year. Revenues from Unimed's health plan operations amount to \$15 billion USD, and \$12 billion USD is returned to cooperative members and service providers. However, most importantly, Unimed offers its services to more than 19.5 million people.

Unimed originated in 1967, when a group of 22 doctors in Santos, a town in the state of Sao Paulo founded what would become the first medical workers' cooperative in Brazil. The creation of Unimed was a reaction to the rise of the first private health care companies in Brazil, started by businessmen, lawyers and medical groups. The private companies targeted better-off consumers, but the founders of Unimed were motivated by a desire to provide health care for all people. Within 18 months, more than 43 medical cooperatives were established in eight Brazilian states.

Since its start, Unimed has revolutionised the model of medical assistance in Brazil, and become an internationally-known example of a cooperative business model in the health care field. As a result, Unimed has demonstrated that medical cooperatives are a real alternative, based on medical ethics and respect for human values, while offering professional and personalised assistance to their members. One of Unimed's greatest competitive advantages is that it

enables each patient to have direct contact with the doctor of their choice.

In addition, Unimed participates actively in the daily life of the community, working with leading organisations on public health campaigns, social actions and awareness events to promote community health and prevent disease. Unimed services include prevention programmes such as Healthy Food Groups, Pregnant Women's Courses and Diabetics Support, all of which are open to the participation of members and beneficiaries. The cooperative also promotes social responsibility initiatives, such as Project Day Care, which covers more than 500 children; Programme Young Apprentice, which focuses on offering first jobs to the community youth; and a Programme of Admission of People with Special Needs.

Unimed believes in putting people first and in improving the quality of life for its members, believing that everyone deserves health care security. The cooperative's unwavering commitment in providing fair treatment services also proves that there is a better way to access health care by simply shifting the focus away from profit toward the individual and the community.


**Unimed cooperative  
improves the  
community's quality  
of life by offering  
affordable health care  
and fair treatment  
services to over 19.5  
million people in Brazil.**

# Summary

These cases show that cooperative organisations represent a powerful way to provide essential services to local communities, both in urban and rural areas. They enable people to access clean energy, water, housing, waste picking, and health care at affordable costs, and to be actively involved in the decision-making process. In doing so, cooperatives play a significant role in reducing inequalities regarding access to common goods, offer solutions to move workers out of informal economy systems, and use their solidarity values to promote initiatives benefiting the wider community. This commitment to solidarity and inclusion can also lead to other types of innovations, as will be discussed in the next section.

# THEME 2

Promoting solidarity  
through innovative  
cooperative  
development  
approaches



Cooperatives have a significant role to play in fostering social inclusion in LAC countries. They can have a concrete impact in creating jobs and economic opportunities, empowering marginalised groups such as youth and women, and enhancing social cohesion.

## Gender

Researchers have found that fighting gender inequality is a key factor in reducing poverty, since it unlocks progress in other areas, for instance in lowering income inequality.<sup>[22]</sup> Women already play an active role in local economies, but their contribution is frequently under valued. To address this, cooperatives can support women to gain more recognition as decision makers. In line with cooperative principles, cooperative organisations actively commit to gender equality.

They invest in training programmes for women, establish systems of quotas for cooperative boards, and offer opportunities for knowledge exchange and networking. It is also noteworthy that the commitment to gender equality extends to the various Latin American cooperative apex organisations, which are creating new, targeted working groups, networks, and programmes to address gender inequality.

# 2.1

## Gender

# CAFENICA and Las Flores de Café coffee cooperative, Nicaragua

CAFENICA is an association of ten cooperatives in Nicaragua, representing a total of more than 10,000 coffee farmers across the country. Established in 2003, its primary role is to promote the development of its member cooperatives, by strengthening their organisational capacity, supporting them to position themselves successfully in the international market and representing their interests in policy discussions at a national level. Coffee is the main cash crop of its member organisations but some members also produce honey and other agricultural crops, as well as handicrafts.

CAFENICA represents 24% of the smallholder coffee producers in Nicaragua and its members produce a large proportion of the country's organic coffee crop. They encourage their members to adopt organic farming practices and manage natural resources in a more sustainable way. They work with local research institutes to increase their knowledge and improve their farming practices. This knowledge is put into practice in 'school plots' run by CAFENICA, where members can come to learn about the latest techniques for coffee growing and methods for diversifying into other crops, to improve their food security. Crops such as bananas, avocados, beans and foraging plants can provide both food and income for members.

Since the beginning, CAFENICA aimed to integrate gender equality into all of its programmes, but within a few years it became clear that a dedicated space or mechanism for women was needed to create significant change.





**Cafenica's Coffee Flowers alliance promotes gender equality within member organisations and makes the contribution of women in the coffee value chain more visible.**

In 2006, CAFENICA established an alliance for women in coffee in Nicaragua: Las Flores de Café (The Coffee Flowers), dedicated to promoting the participation and development of women in their member organisations. Membership includes all the women's groups in CAFENICA's ten member organisations. The Coffee Flowers defines itself as a 'movement' of women, whose mission is to lead a process of empowerment among women producers, co-producers (women who are not members but who farm alongside their husbands or parents) and female technical, administrative and managerial staff.

At the annual members' meeting, all women associated with CAFENICA's member cooperatives are invited to attend. The Coffee Flowers movement has carried out many activities including creating a database to record information about the situation of women in the primary cooperatives. The Coffee Flowers also work with CAFENICA to increase women's participation in their cooperatives by organising sensitisation and training events, including leadership training for women. They also help to develop better policies to promote gender equality and to make the contribution of women in the coffee value chain more visible.

The Coffee Flowers movement provides space for women to exchange experiences, share learning, become advocates within their cooperatives, and improve their socio-economic condition. Women build capacity, strengthen leadership skills, develop new abilities, and gain directive, managerial and administrative positions in the organisations to which they belong.

As a smallholder coffee producer and Flores del Café member, Francis Gonzalez, says: 'Now I see the world in a different way. Many people think that cooperatives are only for men, but the first cooperative that we are a part of is our family, and it is here where men and women must truly learn to be equal.'

## 2.2

### Gender

# Cooperativa de Pequenos Produtores Agroextrativista de Lago do Junco (COPPALJ), babaçu nut cooperative, Brazil

The cooperative is located in the north east of Brazil, among the forests that lie between the Amazon and the dryer areas nearer the coast. In the state of Maranhao, one of the poorest regions in Brazil, over 300,000 women pick and break the babaçu coconut to sustain their families. The babaçu nut has many uses, including cattle feed and natural medicines. It can also be used as an ingredient in cosmetics. Women babaçu breakers usually collect and break about five kilos of babaçu per day, which they then sell on to local dealers, who are also the local landowners. This is often the main source of family income.

The COPPALJ cooperative was founded in 1992, as a result of a common action against the monopolistic power of landowners. It is active in six rural communities in the Lago do Junco municipality. The cooperative has 106 members, over half of whom are women, who are small-scale farmers and nut breakers. Processing babaçu nuts and selling their oil in domestic and international markets is the major activity of the cooperative, although COPPALJ trades other members' products, such as rice. In addition, COPPALJ supports organic cultivation, enabling organic labelling of babaçu oil. Nuts are collected through cantinas (shops), where members and non members can sell their nuts for 50% more than the average prices paid by the dealers, and buy goods at a 20% discount. Members also receive a yearly dividend.

The cooperative owns a processing plant that turns the nuts into organic oil. This is sold onto international markets, and major customers include the Body Shop in the UK and the Mondo Sociale Cooperative in Italy. Selling the oil mainly in ethical international value chains has enabled the cooperative to obtain a higher price for its products. In addition, because of poor road infrastructure, COPPALJ owns and runs a truck that facilitates produce collection and transport.

The collection points play an important role in cooperative governance. They provide a space where members from each community can meet to discuss issues related to COPPALJ with the local manager, who also participates in board meetings. Such meetings facilitate communication between members and management. All members vote and participate in the biannual general assembly where the key strategic decisions are made.

For women nut breakers, belonging to the cooperative has been especially important as they face discrimination both because of their background,

being descendants of slaves or indigenous people, and because of gender inequalities. The income they receive for their produce has increased. Before the cooperative existed, members had to sell ten kilograms of babaçu nuts in order to buy one kilogram of rice. Today, by selling through the cooperative, the income from only one kilogram of nuts is needed to buy a kilogram of rice.

For the women members, active participation in the cooperative has increased their self-esteem and confidence. Women play a strong role in the leadership of the cooperative and there is also clear evidence demonstrating that their participation has improved their domestic situation, enabling women to play a greater role in household decision making, which is a real step forward. COPPALJ cooperative has improved gender relations among co-operators and their partners, who emphasise the important role of the cooperative in challenging the local patriarchal culture. Membership of COPPALJ has therefore enhanced the role of women in the economic as well as the social sphere.

**The COPPALJ babaçu nuts cooperative enables women members to improve their income and become leaders, while improving gender relations among cooperators and their partners.**

## Cooperative development and resilience

Cooperative enterprises can be resilient models in times of crisis, giving local stakeholders more flexibility to start or recreate a business. This flexibility proves helpful to explore new approaches. At the same time, cooperation between cooperatives enables the replication of innovative initiatives. The support structures created by the cooperative movement, including apex organisations, training centres and incubators backed by universities, provide crucial assistance to primary cooperatives.

## 2.3

Cooperative  
development and  
resilience

### Obrera consumer cooperative, Argentina

The Obrera cooperative, located in the coastal Bahia Blanca region to the southwest of the capital, Buenos Aires, has been serving its members for over 90 years. Started in 1920 by 173 railway workers who needed to find a way to buy bread at reasonable prices, the cooperative members originally built and managed their own bakery. Soon, the cooperative began to offer other consumer goods, and opened stores selling a variety of food products.

Following the opening of the bakery on 1 May 1922, Obrera cooperative had significant success. In 1937, it began to expand geographically with the opening of a second branch. The cooperative faced hard times during Argentina's economic recession of the 1950s, which led to mergers with the Ferroviaria cooperative in 1955 and Cooperativa Popular de Saavedra in 1960. By 1962 Obrera had ten branches. By 2000, following an ambitious development plan during the 1970s and 1980s, the number of branches had increased to 90.

Today the cooperative has 1.2 million members and employs 4,400 staff. Annual sales reach more than \$600 million USD. Obrera is the largest consumer cooperative in Argentina and the second largest in Latin America. Operating in four provinces, Obrera cooperative runs 107 supermarkets in 52 cities, and has a dominant market share in its home state of Bahia Blanca. Members receive an annual dividend based on their purchases from the cooperative, which totalled \$10.3 million USD in 2014. Obrera's activities are centred around their dual goals of running an efficient business and serving their members' needs in line with cooperative values and principles. These are put into practice in a number of different ways.

Consumer circles, or members' forums, meet regularly and provide a space for members to offer criticism and advice about the cooperative. Members vote on the content and themes of these meetings, which are then



included in the yearly agendas for all 49 geographical areas. Members can also participate at no cost in the various educational, cultural and recreational activities organised by the cooperative.

The Obrera cooperative also provides strong support and sourcing opportunities for other cooperatives to sell through their stores. The cooperative seeks to engage with young people, by offering discounts for students, for example. Campaigns are also run to encourage healthy eating and a line of healthier food products at competitive prices are available in the supermarkets. The cooperative also provides financial services for its members in the form of a credit card, which offers members exclusive discounts and low cost credit reviews.

In order to increase the visibility of the cooperative and its wider mission, from 2012 the cooperative has used a social balance tool to measure its performance across the full range of economic, social and cultural activities. The social balance tool creates a better measurement of the cooperative's difference from its private competitors, and helps to communicate it to members and the wider community. The social balance findings are used in Obrera's advertisements in local newspapers, to underline the fact that a consumer cooperative is much more than a simple retailer. In this way, for example, the cooperative can demonstrate the extent of its trade with members, the amount of training its staff receives, its support for educational and cultural activities, and its environmental initiatives. The social balance is audited and then certified by Co-operatives of the Americas (the ICA Americas region).

**Consumer cooperative  
Obrera serves  
members' needs in  
line with cooperative  
values, offering  
affordable healthy  
food products and  
promoting social and  
cultural activities.**

## 2.4

Cooperative  
development and  
resilience

### Cooperative incubators, Brazil

One of the most innovative features of the cooperative movement across the LAC countries is the development of cooperative incubators. These bring together a number of stakeholders including universities, local governments and local co-operators to support the emergence of new cooperatives. Starting in Brazil, where there are now 81 cooperative incubators, similar programmes can now be found in a number of countries.

The first business incubators were set up in Brazil from the 1980s, and were designed to support firms through periods of technological change and increasing competition. The first cooperative incubator, the Technological Incubator of Popular Cooperatives (ITCP/ COPPE) was established at the Federal University of Rio de Janeiro in 1995. This pioneering initiative aimed to utilise the knowledge and resources held within the university to create new cooperatives among sectors of the population marginalised from mainstream employment and decent work. The incubators develop worker cooperatives, often referred to as 'popular cooperatives', which are based in deprived communities.

The incubators provide a range of support services for new cooperatives, which are located in the members' own neighbourhoods. Fledgling cooperatives get assistance in becoming legally recognised and receive support to develop business plans. Incubators also provide training for cooperative workers and



members, and offer help with market information and connections. Since its inception, the ITCP in Rio has created 125 new cooperatives and hundreds of new jobs.

The process of incubating a new cooperative is recognised to be a long and challenging one, lasting up to three years. There are four stages: selection; pre-incubation; incubation and de-incubation. Each stage of the process reflects the need to balance both market and cooperative principles. Many of the new members may not have any knowledge of cooperatives but it is estimated that 70% of the members are literate. Using the university's resources, specialised training can be provided to understand the specific business sector that the new cooperative plans to enter.

Getting the balance right between support and democratic control in the new cooperatives is not always easy. To assist with this issue, a 'cooperatives forum' creates a space for the new cooperatives to come together, share information and resolve common problems. The forum assists its members to become more autonomous, but within a context of solidarity. Self-management is viewed as the key feature of these new cooperatives.

The success of the first cooperative incubator stimulated the development of a national programme to set up cooperative incubators in five more federal universities. Guidelines on the incubation process were developed. Other universities soon followed suit, adapting the original model to local circumstances and needs. A national network of popular incubators was established in 1999 and included 42 incubators across Brazil by 2010. The network facilitates training for incubator staff and provides opportunities for knowledge exchange.

These university-based incubators have proven very successful in the development of new worker cooperatives in poor communities where there was no prior history of cooperative organisations. There is now a tried and tested incubation process which can be used and adapted in a variety of locations. Integral to the process are the high levels of training and education provided for the members who may lack much experience of formal education. The model offers support that is multi-level, complex and locally flexible rather than standardised and centralised. It aims not only to build successful enterprises but also a new generation of cooperators.

**Cooperative incubators like ITCP help develop workers cooperatives in deprived communities by supporting them with legal and business issues, knowledge sharing and training.**



## 2.5

### Cooperative development and resilience

## Uniforja metal workers cooperative, Brazil

Uniforja is the largest manufacturer of forged steel products such as rings, flanges and connections, throughout Latin America. It is also a successful worker cooperative. Based in the state of Sao Paulo, Uniforja exemplifies one of the major new types of cooperative that have emerged in Latin America during the past two decades. Uniforja is a 'recovered' enterprise: a phenomenon where failing businesses that have been abandoned by their owners in the face of economic crisis are taken over by the workers themselves, who form a cooperative to keep the enterprise going.

Empresas recuperadas (recovered enterprises) initially emerged in Argentina in the early 1990s as a response to a severe economic crisis. In 2001-2 as the crisis hit harder, hundreds of factories closed or were on the verge of declaring bankruptcy. Workers began to occupy and run these factories. These recovered enterprises grew in popularity and by 2010, over 9,500

Recovered enterprises such as the Uniforja cooperative in Brazil help to save many jobs and keep businesses going in times of economic crises.

workers were managing over 200 such enterprises. Not only were many jobs saved but many neighbourhoods and communities received support as well.

An economic crisis also hit Brazil in the early 1990s, and many companies began to struggle as the economy was opened up to international competition. In Sao Paulo, for example, the biggest metalworking company in Latin America started bankruptcy proceedings. In 1997, with support from their union, some of the metal workers set up their own cooperatives to manage the company. There were four cooperatives, each based on the four business units of the company. In 2000, the four cooperatives merged together to form Uniforja Cooperative Central, which enabled them to get a loan from the Brazilian Development Bank (BNDES) to acquire the assets of the company.

Today, Uniforja has over 500 waged members running a successful enterprise that sells its products in both domestic and export markets. The importance of Uniforja is not limited to its members, as it has also acted as catalyst for both the trade union and the cooperative movements, helping to bring them into a closer alliance. Support from the Central Única dos Trabalhadores (CUT) trade union federation, and especially the Sindicato dos Metalúrgicos do ABC<sup>[23]</sup> - the local metalworkers union, including secondment of technical staff, was important to ensure Uniforja's success. Drawing on this experience and that of the Italian cooperative movement, ABC and the CUT confederation began to advocate for cooperation, particularly in the form of self-managed worker cooperatives, as a strategy for tackling the economic crisis. To support these new cooperatives, CUT supported the formation of the Union and Solidarity of the Cooperatives and Social Economy Enterprises (UNISOL) in 2004. Today UNISOL includes more than 750 cooperatives and solidarity-based enterprises, representing 65,000 workers.


In the summer of 2012, following nine years of advocacy by the cooperative movement, including UNISOL, new cooperative legislation came into force in Brazil that embeds legal protection and acknowledgement for worker cooperatives. Under the new act, worker cooperatives are acknowledged as the main organisational form of for 'solidarity economy' business. A new national programme, Programa Nacional de Associativismo e Cooperativismo Social (PRONACOOP), was created to promote and develop these cooperatives. The law emphasises the importance of education in cooperative enterprises. The minimum number of workers required to set up a cooperative has been reduced from 20 to 7. All cooperative members, paid or unpaid, are treated as workers in terms of social protection and labour rights, which include a minimum wage, annual leave, paid weekly rest, working time limits, and worker insurance.

# Summary

As these examples illustrate, cooperatives are flexible business models that are keen to foster social and economic innovation. This is for instance tangible in the new approaches and tools that they establish to empower vulnerable groups such as women. It is also evidenced by the creation of new models and structures aiming at supporting strong, resilient and people-centred businesses. Another key asset of cooperatives in the LAC context lies in their ability to create better livelihoods for isolated communities, as will be developed in the next section.

# THEME 3

Improving  
livelihoods &  
breaking isolation  
of communities



As stated in the ICA's definition of the term cooperative, the essence of cooperatives and the core reason behind their creation is to fulfil the needs of their members. These needs can be economic, social, or cultural, but addressing them means improving members' situations and livelihoods. Cooperatives are effective in achieving this, particularly by reducing geographic, economic and socio-cultural barriers for isolated communities. They help small producers to gain enhanced access to markets, productive assets, and information, for instance through fair trade schemes<sup>[24]</sup>. They also support local communities in making a decent living thanks to the sustainable management of natural resources<sup>[25]</sup>.

## Fair trade

Fair trade networks are committed to bringing positive changes to the livelihoods of their producer-partners. This is achieved in particular through increased inclusion of local smallholders into international value chains, from which they are often excluded. Fair trade organisations play an important role in setting platforms in which small producer cooperatives can gather, be connected, and access markets.

During the past few years, the popularity of quinoa has grown rapidly among consumers in North America and Europe. Up until the 1990s, quinoa was simply 'comida de indio' (food of and for the indigenous), and many Latin Americans derided quinoa as food that only the indigenous could eat. Grown in the highlands of southern Bolivia, quinoa was a subsistence crop for smallholder farmers. Quinoa is highly nutritious and uniquely suited to cultivation in this harsh landscape and climate. Quinoa is grown primarily by smallholder farmers from the indigenous Aymara and Quechua groups, who also cultivate potatoes and manage livestock such as llamas, vicuñas and alpacas.

The Anapqui cooperative originated out of a congress of quinoa producers in 1983, who met to discuss the low prices and limited marketing opportunities available for quinoa. Anapqui was set up as a national federation to improve marketing and fight for members' rights. Previously, smallholders had to sell to middlemen who paid low prices for quinoa crops. Today, there are 12 regional member organisations, made up of smallholder cooperatives, organised in 1,100 members' associations. Anapqui members grow and market 'royal quinoa', a large grained ecotype grown along the shores of the Uyuni and Coipasa salt flats. This has become the most prized quinoa on the global market for its large, white grain and high nutritional value.

Anapqui and several of its members received fair trade certification for their quinoa products in 2005. In 2012, out of a total export volume of 3,500 tons, 1,775 tons were exported to fair trade markets in Europe and North America. Domestic and Latin American markets have also grown over the past few years. The cooperative became organic certified in 1999. Anapqui and a fellow quinoa cooperative, Central de Cooperativas Agropecuarias Operación Tierra (CECAOT) are the only exporters in Bolivia that have an internal quality control and certification policy.

Much of the fair trade premium has been invested in environmental projects such as tree planting around landholdings to protect fields from erosion and wind damage to the arid soil. Training is also provided to help farmers adopt more mechanised means of cultivation. Recently, Anapqui has modernised and expanded their processing plant, to increase their export capacity.

The shift towards more commercial production has not been without its problems. Many people have returned to their villages after many years away, attracted by the potential for making a decent living. This can be challenging when the returnees do not stay in the region throughout the year, leaving the fields partially unattended. There has also been move away from some of the informal, community-based working practices, which can prove difficult to handle for local residents<sup>[26]</sup>.

## 3.1

### Fair trade

## Anapqui quinoa cooperative, Bolivia

**Anapqui cooperative enables members to get fair prices for their quinoa, increase their export capacity, gain access to markets, and improve their quality of life.**

For the members of the cooperative, however, there have been great benefits. Members report increased incomes, improvements in housing and greater access to education. Another benefit is greater access to training opportunities through the cooperative. Like other cooperatives, the board of Anapqui is elected by members at the general assembly which takes place each year.

'Quinoa has improved our quality of life. Before, when the price was low, people left, migrated to the cities,' stated Sergio, member of Anapqui.

## 3.2

Fair trade

### **Cooperativa Bananera del Atlantico R.L. (COOBANA), banana cooperative, Panama**

The COOBANA cooperative is located in the northwest province of Panama, bordering the Atlantic Ocean. Most of the bananas grown in Panama come from large plantations. For many plantation workers, conditions are harsh, and they face long workdays, precarious employment and low wages. Overuse of pesticides and monocropping have long been features of plantation agriculture, with negative consequences for the environment. Small-scale production in LAC regions is more sustainable, but low prices have forced many farmers out of the international market.

**COOBANA banana cooperative increases the negotiating power of growers with the support of fair trade schemes, resulting in better prices and improved living conditions for the community.**

The COOBANA cooperative stands against this trend. Formerly owned by the multinational firm Chiquita, today the COOBANA plantation is owned and run by its members. Founded in 1991, the cooperative now employs 500 workers, 220 of whom are members of the cooperative. Most of the workers are from the indigenous Ngobe community and all are members of the Union of Workers for Independent Banana Producers (SITRAPI).

In 2008, The Co-operative Group in the UK began making links with COOBANA, becoming a major buyer in 2009. Even though COOBANA was not Fairtrade certified at that point, The Co-operative Group paid voluntary premiums until COOBANA reached certification in 2010. Since the beginning of The Co-operative Group's involvement, premiums have been used to build a dining hall, a community meeting point, and helped with renovations and repairs for 25 family homes in the community.

Fairtrade has enabled this community to gain better prices for their crop. But the cooperative model that they follow is equally important to COOBANA, as this has empowered members to make collective decisions, leading to funds being spent on vital water and sanitation projects such as lavatory blocks, covering wells, collecting rainwater and the installation of a public laundry. Members have also invested in fuel efficient stoves, making living conditions inside their homes much safer and healthier. These initiatives have contributed to the overall health and well being of the community. As a result of coming together as a cooperative, the growers' negotiating power has increased, leading them to get double the price they were previously receiving. In concert with Fairtrade certification, this ensures that COOBANA is getting the best price possible for their bananas.

The combination of Fairtrade and the cooperative model has clearly benefitted the community as a whole. But individuals are also being enabled to follow their chosen paths. To date, COOBANA has paid for 26 scholarships for university students. For instance, Ana, a 25 year old mother of one and packer at COOBANA, is studying part time to become a primary school teacher<sup>[27]</sup>.

## Environment

In Latin America, environmental concerns are a pressing issue, especially when considering some areas' increasing vulnerability to climate change and natural disasters. As locally anchored institutions that have concern for the community embedded within their core principles, cooperatives are often sensitive to environmental issues. They frequently play a role in the management of natural resources, and seek to promote sustainable practices.



## 3.3

### Environment

# Colón, Atlántida, Honduras Ltda regional agroforestry cooperative (COATLAHL), Honduras

Honduras has one of the highest proportions of forest resources in Central America, and 80% of the nation's land is forested. Cooperatives play an important role in forestry management.

One such cooperative is the regional agroforestry cooperative Colón, Atlántida, Honduras Ltda (COATLAHL), founded in the 1970s. It is located in the northern part of Honduras in the region's highly biodiverse tropical moist forests. A secondary cooperative, COATLAHL's membership is drawn from a number of different communities working on public land. These communities provide their labour, in exchange for government permission to manage and protect the forest. The COATLAHL cooperative buys wood from its member cooperatives, and sells forest products into wider markets. Each member group sends

**COATLAHT agroforestry cooperative promotes community-based and sustainable forest management, and enables members to sell certified products on the Danish market.**

four delegates to a general assembly, which then elects a board of directors and a supervisory board.

The history of COATLAHL has not been an easy one. Over the years, membership numbers have declined from an initial 700 individual members and 25 cooperative groups, reaching a nadir of 392 individuals and 13 cooperative groups by the mid 1990s.

The decline in membership happened in part due to over harvesting of timber and competition with illegal loggers. Attempts by the Honduran government to regulate the forestry sector made forest management plans obligatory, which was proved to be beyond the capacity of small communities and cooperatives. Nevertheless, by 1996 eight of COATLAHL's member groups had earned Forest Stewardship Council (FSC) accreditation for their products.

Until 2000, members were obliged to sell all their wood through COATLAHL. However, the practice of buying all of the members' wood, whatever its quality, undermined the financial and commercial viability of the cooperative. Another flaw in COATLAHL's management was that the cooperative provided a number of services for its members, such as transport, which were not effectively costed. The cooperative lacked the capital for development and was practically bankrupt. As a result, FSC certification was not renewed.

Fortunately, the situation of COATLAHT has now changed for the better. With the support of Nepenthes, a Danish non-governmental organisation (NGO), the cooperative has renewed itself. Key factors to the changing circumstances include the adoption of a targeted marketing strategy, the regaining of certification and better product design and commercial practices. Nepenthes helped establish a relationship between COATLAHT and a Danish consumer cooperative for the sale of furniture made from lesser-known timber species. Similarly, COOP Denmark was attracted by the possibility of selling FSC-certified products from rural cooperatives. It was a big challenge for the cooperative to deliver products in the quantity and quality required for the Danish market. However, training and capacity-building programmes helped to address this. Acquiring sufficient capital has also been problematic, but the cooperative managed to access credit in Honduras, and gained international support. Today the cooperative has 14 member groups and 371 individual members, and is optimistic about the future.

It is not just the members of COATLAHT and their communities that benefit. Community-based and cooperatively-managed forests play a critical role in sustainable forest management. They help reduce the occurrence of illegal logging and actively promote more sustainable forms of forest management.

## 3.4

### Environment

Set up by Italian immigrants in 1940 in the northwest of the country, La Riojana is now the largest wine cooperative in Argentina. It is also one of the most successful. Today the cooperative has 500 members, the majority of whom are small scale producers. La Riojana produces around 4 million cases of wine (50 million bottles) each year and is now the world's largest supplier of certified organic Fairtrade wine.

Grapes from La Riojana members are transported by the cooperative to its wineries, where the grapes are made into wine. Members receive fair prices for their crops and gain access to credit. They also benefit from the bulk purchase of fertilisers and diesel, which keeps prices down, and from collective insurance policies.

La Riojana remains fully committed to the core cooperative principles and aims to put them into practice across all its activities. The cooperative adheres to the principle of one member, one vote, and elects a board of directors that is responsible for its strategic management. The vision of the cooperative is to increase exports whilst at the same time encouraging care for the environment, social responsibility, and organic and ethical practices. Already the entire wine-making process, from grape to bottled wine, is carbon neutral. Further environmental projects are planned, including the use of renewable energy sources and better water management.

La Riojana was the first winery in Argentina to become Fairtrade certified in 2006, and the cooperative now produces a wide range of Fairtrade wines. Members meet to discuss how to invest the Fairtrade premium and to date have focused on improving health and education facilities. Consumer cooperatives in the UK have also provided extra financial support for these projects. The improvements have included the installation of an electric water pump, well, and storage tanks to supply residents with clean drinking water in the remote village of Tilimuqui. A new secondary school has also been built in the village and pupil numbers have increased hugely. The school specialises in agricultural studies. Other projects funded by the Fairtrade premium include a micro credit programme, improvements to local health care services, and better sports and leisure facilities which are especially valuable to young people.

## La Riojana wine cooperative, Argentina

**La Riojana is the largest wine cooperative in Argentina and the world's largest supplier of organic fair trade wine, increasing exports whilst encouraging care for the environment, social responsibility, and ethical practices.**

## 3.5

### Environment

## Vigia Chica fishing cooperative, Mexico

Founded in 1968, the Vigia Chica fishing cooperative has developed a model of sustainable lobster fishing that has attracted both national and international attention. Started by fishermen in the isolated community of Punta Allen, the cooperative is situated in the state of Quintana Roo in the south of Mexico, which shares a border with the neighbouring country of Guatemala. Today the cooperative has about 80 members.

Stimulated by the growing market for lobster, the cooperative expanded in the 1980s and began to use palm and concrete shelters placed on the seabed to attract lobsters. The shelters protect the lobsters from predators and allow for periodic harvesting by the fishermen. Equally important are the rules agreed within the cooperative, which limit access rights to

the shelters to specific members. These rights are negotiated within the cooperative at the beginning of each fishing season. Agreements are strictly enforced by the cooperative and anyone who breaks them is expelled from membership, and has their fishing equipment confiscated. This also applies to members found fishing out of season. The powers held by the cooperative are also upheld in courts of law.

The cooperative has provided a model for sustainable marine management which has allowed the lobster populations to thrive. With help from external agencies, the cooperative now manages a database documenting the size and abundance of its lobster catch. Information collected through community mapping is inputted into a central database, which helps to harmonise fishing practices.

Members receive other benefits such as access to credit, which they can use during periods of need. They can also access training on marine resource management. Outreach training is also provided to local youth on cooperative governance and management as well as environmental issues. A member education department is being established, which will facilitate peer exchange and learning among fishermen from across the wider region.

Over the years, the cooperative has brought prosperity to the wider community of Punta Allen and helped it to survive crises such as the devastation brought by hurricanes Gilbert and Wilma. The cooperative has funded a community health clinic and built a children's playground.

Vigia Chica has also promoted new ecotourism cooperatives, offering visitors the chance to go sport fishing, snorkelling and on wild life tours such as dolphin watching. By joining with other local fishery cooperatives, Vigia Chica has enabled the setting up of a joint platform for the marketing and selling of fish directly to the hospitality industry in tourist resorts such as Cancun and Playa del Carmen, thus cutting out the middlemen and increasing profits for the cooperatives. The platform, consisting of six cooperatives, has created the joint brand Chakay (the Mayan word for lobster), which certifies that the lobsters have been caught using sustainable practices. The Chakay brand is recognised internationally and the cooperatives' lobsters are now also independently certified to the Marine Stewardship Council standards for sustainable seafood. They are one of a handful of fisheries in the Central American region to attain these standards.

**The Vigia Chica fishery cooperative provides a valuable model for sustainable marine management, and brings prosperity to the isolated community of Punta Allen in South Mexico.**


# Summary

These best practices highlight that cooperatives can play a key role in improving the livelihood of the communities in which they are based, connect them across geographic and sectoral lines, and help them develop their businesses.

To achieve this, they can build upon fair trade initiatives, which enable them to join forces and gain better leverage on international markets. In addition, cooperatives offer efficient models to promote environmental sustainability while fostering economic development. Another major factor to alleviate the isolation of communities is access to finance, an area in which Latin American and Caribbean cooperatives are very active, as will be described in the next section.

# THEME 4

The importance  
of financial  
cooperatives across  
Latin America and  
the Caribbean

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Financial cooperatives play a crucial role in many LAC economies. They are a means of providing access to financial services for marginalised stakeholders, such as women or low income workers, who are excluded from financial systems or live in places where traditional financial institutions do not exist. These cooperatives deliver long lasting impact by providing training in financial literacy to local actors. In addition, they play a key role in diversifying the offer of financial services and tools to better match the needs of their diverse membership, for example by devising more accessible payment systems.

## **Inclusive access to finance**

Financial cooperatives promote inclusive access to finance, credit and insurance, and set up programmes targeting the underserved, such as marginalised or low-income groups. They have a positive impact on local economies and foster social inclusion by financing business initiatives and educational opportunities for stakeholders traditionally deprived of these opportunities.

## 4.1

### Inclusive access to finance

# Jamaica Police Co-operative Credit Union Ltd.

The Caribbean region has a thriving cooperative credit union sector with a long history. The Jamaica Police Co-operative Credit Union (JPCCU) is typical of many saving and credit cooperatives in the region, with a 50-year history of successful operation. Today it is the fifth largest credit union in the country, with over 17,000 members.

The credit union was started in 1955 by ten police officers, each one contributing a small amount of money. The first office was located in the police canteen. The central aim of the credit union has remained the same since its inception: to provide financial services for members of the Jamaica Constabulary. Like other credit unions, all members are united by a common bond, which in this case includes past or current members of the constabulary and their families, together with employees of the ministry responsible for the police. As a cooperative, the credit union is owned by its members and governed by a member-elected board of directors who work closely with over 50 professional staff members.

Over the years, the credit union has been able to assist thousands of members in achieving home ownership, purchasing cars, and supporting academic achievement. Today the cooperative offers services in ten locations across the country, and has even developed overseas ex-police association chapters in eight locations across the USA. The credit union also provides sponsorship for the Police Athletics Championships and offers student bursaries to members and their children, worth \$1.7 million USD a year.

Improving financial services by adopting the latest technologies has also been a priority for the cooperative. Online banking services are available, featuring real time financial transactions and the capacity for direct transfers between members' accounts.

The cooperative also benefits from its membership of the Jamaica Credit Union League (JCUL) which acts as the trade association for its members. The JCUL advocates on behalf of credit unions and provides a range of technical and financial support services. In 2013, the JCUL radically reorganised in order to better meet the needs of its members by developing a network of subsidiaries including an information technology cooperative, a fund management company, a shared services company and a general cooperative insurance agency.



The JCUL is also linked with the national cooperative movement and the international credit union movement, including the Caribbean Confederation of Credit Unions and the World Council of Credit Unions. In fact, the modern credit union movement in the UK was actually started in the 1960s by Jamaican migrants, who brought the concept and traditions of credit unions with them.

Member of Police CU Leroy Brown declared:  
'I especially appreciate that they encourage me to save whatever little I can and believe me, this enabled me to save in excess of \$250,000 [JMD or Jamaican Dollars; about \$2,100 USD] a year...I may be recognised in the police department as the "Washer Man" with a very small pay cheque but at the Jamaica Police Co-operative Credit Union I am treated as a valued member equal to any other member<sup>[28]</sup>.'

**The Jamaica Police  
Co-operative Credit  
Union enables  
members of the  
Jamaica Constabulary  
to access financial  
services, and helps  
them fulfil needs such  
as home ownership  
and academic  
achievements.**

## 4.2

### Inclusive access to finance

## La Equidad Seguros, insurance cooperative, Colombia

Based in Bogota, La Equidad Seguros was created in 1970 to provide insurance services to cooperatives and their members, who were largely low income workers considered outside the scope of traditional Colombian insurers. Today the cooperative provides insurance for over 4 million people with total assets of over \$135 million USD.

The cooperative originated through the support and resources from leading members of the global cooperative insurance body, the International Cooperative and Mutual Insurance Federation. La Equidad Seguros was set up to provide insurance products specially designed for low-income workers and their families.

La Equidad Seguros operates on the same principles as other cooperative and mutual insurers which are collectively owned by their individual members and/or group members such as cooperatives. Members share equitably in the financial gains and losses of the enterprise as well as participate in the democratic governance structures.

Today, La Equidad Seguros has 1.5 million members, and provides services for 1,200 coops, NGOs and individuals. It has 22 branch offices and 212 staff, and operates under both cooperative law and the supervision of the banking authority.

Insurance products have been developed in partnership with organisations such as the Women's World Foundation (WWF) to develop and deliver a group-based insurance product, Amparar, which was designed for the needs of the clients of WWF who can pay as little as \$1 USD a month to join the scheme. WWF is a provider of micro credit to small scale entrepreneurs such as storekeepers, market vendors, seamstresses and tailors, and small garment manufacturers.

La Equidad Seguros also markets a number of its insurance products via cooperatives. For example, Equivida is a micro insurance product which is especially designed for cooperatives that provide health insurance. Delivering group-based insurance products is essential for services to low income families, as they are less costly to administer and can keep the premiums low. Marketing such products via cooperatives, though not without challenges, helps cooperative insurers like La Equidad Seguros reach far greater numbers of people.

Fundequidad is the social arm of La Equidad Seguros, and aims to contribute to community development



and put cooperative values and principles into practice. Its vision is 'to be recognised as the model foundation for the promotion of cooperativism, contributing to the consolidation of peace and facilitating the cultural, scientific, economic, environmental and social development of our country'.

Fundequidad is involved in various initiatives that support the local community and strengthen the cooperative movement as a whole. For example, the cooperative gives out a leadership award for women who contribute to the development of their community and the protection of the cooperative movement. It also established a Cooperative Youth Network in 2013, which is made up of youth representatives from across the country who all showed notable leadership skills in a national competition. The aim of the network is to encourage young people to create social networks across the country and to actively participate in the cooperative movement, both nationally and internationally.

La Equidad Seguros also promotes its social values and the cooperative movement through its football club. The football club is an important part of La Equidad Seguros' brand strategy, using the power of Latin America's most popular sport to win hearts and minds and spread their cooperative message.

**La Equidad Seguros provides insurance products to low-income workers and their families, supports the local community with initiatives focused on youth and women, and promotes the cooperative movement through its football club.**

## Impact of international cooperative financial networks

Cooperative networks have a significant impact in the financial sector. They foster not only intra-regional but also international exchanges, such as the fruitful exchanges between Latin American and European cooperatives on integrating International Financial Reporting Standards (IFRS). This dialogue strengthens the actions of each cooperative and encourages the diffusion of good practices, helping to address common issues such as changing technologies, improving governance, and policy advocacy with national governments.

## 4.3

Impact of international cooperative financial networks

### Fedecaces savings and credit cooperative, El Salvador

Compared to other Latin American countries, El Salvador has a high level of financial reach. Almost half of the population has access to financial services, and savings and credit cooperatives have played an important role in making banking services accessible. In El Salvador, the majority of credit union members and directors are women, and are often middle-aged widows who lost their husbands during the bitter civil war which consumed the country throughout the 1980s. El Salvador's credit unions also played an important role during this time, continuing to operate throughout the conflict often as the only local agency

Fedecaces has been able to professionalise its systems and extend its insurance provision with the support of international cooperative agencies, improving the services offered to its member savings and credit cooperatives.

to provide loans to small agricultural producers, self-employed merchants and family-owned businesses.

Founded in 1966, the Fedecaces association is comprised of 32 savings and credit cooperatives. In total, Fedecaces members operate 60 branches and offer loans, savings accounts, payment transfers and insurance services, backed by the support of the association, which also helps with staff training and auditing. Support from the German cooperative agency, DGRV, has been invaluable in assisting the association to professionalise its systems. The mission of Fedecaces is to provide financial and intermediary services, encourage innovation, and offer training and education programmes as well as auditing services.

With support from another cooperative agency, the Canadian-based SOCODEVI, Fedecaces has been able to extend its insurance provision. It set up a separate cooperative in 1966, Seguros Futuro, which is now the first and only cooperative insurance company in the country. The insurer's mission is to offer family and asset protection through accessible products including micro insurance, and to promote the social development of its members. There are now over 72,000 policy holders. One of the innovative products offered by Seguros Futuro is health insurance, which aims to provide better protection for cooperative members and their families, as well as the general public, by covering medical and hospital costs arising exclusively from surgery. This provision is much needed, as the cost of surgery in private hospitals in El Salvador is very high, and public hospitals have very long waiting lists. The insurance coverage can be taken out just for the insured person, for them and their spouse, for a family unit, or for the insured person and their children. Policyholders can go to any hospital, and claims are paid within five working days.

Since 1998, Fedecaces has offered remittance services to its clients. This is very important in El Salvador where remittances (money that migrant workers send home to their families) are very important to the national economy, comprising almost 17% of the country's gross domestic product (GDP). Many Salvadorean migrants fled to the USA during the period of the civil war. Fedecaces members act as a vehicle for these remittances. Remittance receivers have the option to join one of the cooperatives by opening an account, where they can also receive their remittances directly, though this is not a requisite for receiving the money. There is a growing demand for these services, and cooperatives have been able to expand their market share. Between 2007 and 2009, the cooperative credit union share (including Fedecaces) of the remittance market increased from 5.6% to 8.5%. The growth of this business also enables member societies to market their other financial products to remittance receivers.

## 4.4

### Impact of international cooperative financial networks

## Medalla Milagrosa savings and credit cooperative, Paraguay

The cooperative sector is particularly strong in Paraguay. In the past few years cooperative membership has grown to over one million cooperative members in over 600 cooperatives, mainly in the agricultural and financial sectors. In a country that is marked by a large gap between rich and poor, with a third of inhabitants living in poverty, cooperatives play a vital role in supporting and improving members' livelihoods.

Medalla Milagrosa is a savings and credit cooperative set up in 1986, in the city of Fernando de la Mora, part of the wider metropolitan area of the nation's capital, Asunción. Many people commute to work in the capital but there are also many small enterprises in Fernando de la Mora.

During the 1980s, Paraguay's dictatorial regime placed severe restrictions on freedom of expression. Under this backdrop, the Parish of the 'Virgen de la Medalla Milagrosa', based in Fernando de la Mora, became a bastion for social change in the country.

At this time there was a strong desire among many Paraguayans for a model of solidarity and fraternity, to provide an economic alternative to alleviate the conditions in which the banks and savings and loans companies were operating. Citizens in the parish began to dream of founding a cooperative. In 1984, the first steps were taken when 32 members came together to found the 'Caja de Ahorro y Credito Medalla Milagrosa' during October, the international month of savings. This first step was decisive in leading the members to seek legal recognition for their cooperative.

In the early period of Medalla Milagrosa's founding, speakers from the cooperative bank CREDICOOP and other cooperatives were invited to assist, as well as Jovino Carreras from the Dirección General de Cooperativismo (General Cooperative Executive), a governmental body depending on the Ministry of Agriculture and Livestock. At the end of 1984, the cooperative formed its organising committee, and launched its first assembly in April 1985. Seventy-four members attended, and elected representatives to the overseeing committee. In this way, a dream of solidarity and cooperativism became a reality in Fernando de la Mora, paving the way for a more positive and democratic future for its members.

The cooperative offers various forms of financial services to its members and customers. These include student loans, mortgages, emergency and business



loans; financial support and micro loans for small businesses such as street sellers, sole traders and farmers; various types of savings accounts; debit and credit cards and online banking.

Medalla Milagrosa prides itself on its dedication to the cooperative value of solidarity and its commitment to supporting its members through education and social provision. Some of the social services it offers its members are:

- ‘Solidarity’ fees, giving members access to various benefits and offering support in times of financial hardship;
- Educational courses for members and children of members such as English classes and lessons on cooperative business skills;
- A 2 year diploma in cooperative administration in conjunction with IDECOOP (an institute for cooperative learning and development);
- A library with internet access and books on the cooperative movement as well as general information, open to all members, members’ children, students and the wider community;
- Consultations for cooperative businesses;
- Provision of recreational and sports activities for children and adults, from handball to kung fu; and
- Dance classes and a swimming pool in their complex of sports and social activities.

In 2010, the cooperative opened a micro finance centre to provide advice to clients from commerce and to craft workers. With support from the German cooperative development agency DGRV, staff has been trained in business and financial management, with an emphasis on credit assessment. Borrowers are also offered business management courses. To date, the volume of credit granted by the scheme has exceeded \$10 million USD, with a repayment rate of more than 97%.

**With the assistance of German cooperative DGRV, the Medalla Milagrosa savings and credit cooperative opened a micro finance centre, increasing the already diverse financial services offered to members.**

# Summary

These case studies evidence the impact that financial cooperatives can have on local communities, and their ability to foster inclusion for marginalised groups otherwise unable to finance important needs such as access to credit and insurance, and support for education and business projects. One major reason for the success of financial cooperatives in LAC countries is their skill in weaving strong networks, which facilitate international collaboration and transfer of knowledge that are beneficial to all.



# Conclusion

These best practice cases showcase the diverse ways in which cooperative businesses can foster inclusive development in LAC countries. They demonstrate how cooperative values and principles are embedded at all levels of the organisations, and how cooperation among cooperatives facilitates interactions with the international cooperative movement while activities remain locally anchored.

The case studies highlight some of the ways in which cooperatives are key players in providing services of common interest to local communities, both in rural and urban areas. Examples such as the energy cooperatives in Costa Rica and the water cooperatives in Chile present positive examples of common goods managed by the community and made available at affordable costs.

In other contexts, the cooperative model enables Colombian transport stakeholders and Brazilian waste pickers to have a stronger voice, secure good conditions of employment, and strengthen their businesses. It also helps people access housing and health care, two sectors traditionally inaccessible to the poor.

The cases also illustrate how cooperatives can promote solidarity through innovative approaches throughout the region. This is applied for instance to gender issues, with initiatives such as Las Flores del Café and the COPPALJ babaçu nut cooperative, which develop new tools and processes to empower women in different sectors of activity.

Cooperatives are also enterprises that show a strong ability to adapt and be resilient during economic crises, and their development is supported by solidarity principles. This is striking in examples like the Obrera consumer cooperative in Argentina, cooperative incubators in Brazil and beyond, and recovered enterprises such as Uniforja in Brazil.

Further, cooperatives represent an efficient way to empower isolated communities and improve their livelihoods. In particular, they can build upon fair trade support to improve their members' position in the value chain and gain better access to markets, helping the local community to thrive. This is tangible in the cases of the Anapqui quinoa cooperative in Bolivia and the COOBANA cooperative in Panama.

Cooperative organisations can also play a significant role in protecting the environment and promoting a sustainable management of natural resources. The COATLAHL forestry cooperative, the organic wine

## Overview

cooperative La Riojana, and the Vigia Chica fishing cooperative, attest to that commitment.

Finally, the last cases evidence the impact of financial cooperatives in improving access to finance, which is crucial to lift people out of poverty. The role of saving and credit and other financial cooperatives in fostering inclusion and access to services for all is highlighted in the activities of the Jamaica Police Co-operative Credit Union and La Equidad Seguros cooperative.

The impact of cooperative organisations in the financial sector is also multiplied by their skill in creating efficient international networks, which facilitate the exchange of experience. This proves to be an important asset in the Fedecaces and Medalla Milagrosa cases.

Cooperatives from all around the world may learn important lessons from these best practices on how to address common challenges, such as gender inequalities and environmental issues.

## Remaining challenges

Although the cooperative movement in LAC countries is strong and well established, several key challenges should be acknowledged - building not only on the cases listed but also on the discussions from the Cartagena Seminar, from which this paper originates.

At the national level, cooperatives can face obstacles related to the absence or inadequacy of legal frameworks in their own countries. Lack of a clear legal basis or administrative hurdles can impede cooperatives' ability to grow and fulfil their full potential in favour of inclusive development. Volatile economic situations and hostile regimes also represented significant challenges in some of the cases. While the best answer to these difficulties is specific to each local context, this highlights the importance of policy dialogue between cooperative representatives and policy makers, in order to promote an enabling environment where cooperatives can thrive.

Furthermore, despite numerous good examples of intra-regional and international collaboration examined in the cases above, the need to deepen integration within cooperatives remains important. This is essential to support cooperatives' access to tools, information, and capital for growth, to improve governance structures, and facilitate connections across cooperative sectors. Strengthening multi stakeholder partnerships with other civil society actors, for instance NGO networks, would also be an important step to address common challenges.

Finally, while the theme of youth has not been given a specific section in the paper due to space constraints, it remains an important issue in the Latin American context. Cooperatives have a great potential in terms of youth inclusion and access to decent jobs, and these topics will remain high among the region's priorities.

This publication highlights the dynamism of the Latin American cooperative movement, and its assets in fostering inclusion and equal access to key services, empowering vulnerable groups, and offering communities innovative paths to prosperity.

In addition to the strengths of the African cooperative movement showcased in our previous publication, this paper demonstrates the positive impact that cooperative development can have on a large scale. This is a perspective that could fuel reflection for the post-2015 development debates, particularly when discussing the role of private sector in development.

More generally, these findings should inspire cooperators to deepen the exchanges between cooperative movements around the world, with the ambition to keep promoting, and learning from, the best practices being implemented around the globe. Encouraging the replication of best practices, increasing cooperatives' visibility and promoting efficient partnerships are key steps to promote cooperative development, as a way to tackle poverty, empower local communities, and enable people around the world to take control of their own livelihoods.

## Closing comments

# Footnotes

<sup>[1]</sup> The Sustainable Development Goals are a universal set of targets that UN member-states will be expected to use to frame their agendas and political policies by 2030.

Further information can be found at:

<https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

<sup>[2]</sup> The International Co-operative Alliance defines a cooperative 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.” Cooperatives are guided by seven principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among cooperatives; and concern for community.

Further information is available on:

<http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

<sup>[3]</sup> Economic Commission for Latin America and the Caribbean (2014), ‘Social Panorama of Latin America’, p.62-63.

<sup>[4]</sup> ‘Se estanca la reducción de la pobreza y la indigencia en la mayoría de los países de América Latina’, Press release from the Economic Commission for Latin America and the Caribbean, 26 January 2015

<http://www.cepal.org/es/comunicados/se-estanca-la-reduccion-de-la-pobreza-y-la-indigencia-en-la-mayoria-de-los-paises-de>

<sup>[5]</sup> As stated in the factsheet assessing results of Objective 1 of the Millenium Development Goals,

<http://www.cepal.org/noticias/paginas/4/21544/hojapobrezarevaljmUNICEFfinal080705.pdf>

<sup>[6]</sup> Further information can be found at:

<http://liberationtheology.org/people-organizations/archbishop-oscar-romero/>

<sup>[7]</sup> Cf. Rodrigo Mogrovejo, Alberto Mora & Philippe Vanhuynegem (Eds.), OIT, Oficina de la OIT para los Países Andinos (2012), ‘El cooperativismo en América Latina. Una diversidad de contribuciones al desarrollo sostenible’, p.72.

[http://www.aciamericas.coop/IMG/pdf/wcms\\_188087.pdf](http://www.aciamericas.coop/IMG/pdf/wcms_188087.pdf)

<sup>[8]</sup> Cf. FAO (2012), ‘Cooperativas Campesinas y Seguridad Alimentaria: Un Modelo Vigente,’ p.26.

[http://www.aciamericas.coop/IMG/pdf/cooperativas\\_campesinas.pdf](http://www.aciamericas.coop/IMG/pdf/cooperativas_campesinas.pdf)

<sup>[9]</sup> Cf. Presentation from Jarrison Martinez (Instituto de Economía Social y Cooperativismo, Universidad Cooperativa de Colombia) during the III Cumbre Cooperativa de las Américas,

[http://www.aciamericas.coop/IMG/pdf/eje\\_1\\_-\\_integracion\\_y\\_cohesion\\_social\\_-\\_martinez\\_jarrison\\_.pdf](http://www.aciamericas.coop/IMG/pdf/eje_1_-_integracion_y_cohesion_social_-_martinez_jarrison_.pdf)

<sup>[10]</sup> Cf. <http://www.woccu.org/about/creditunion>

<sup>[11]</sup> As highlighted in Rodrigo Mogrovejo, Alberto Mora & Philippe Vanhuynegem (Eds.), OIT, Oficina de la OIT para los Países Andinos (2012), ‘El cooperativismo en América Latina. Una diversidad de contribuciones al desarrollo sostenible’, p.102

<sup>[12]</sup> WOCCU (2014), 2013 Statistical Report

<sup>[13]</sup> See for instance Joseph E. Stiglitz, The American Economic Review, Volume 79, Issue 2, Papers and Proceedings of the Hundred and First Annual Meeting of the American Economic Association (May, 1989), p.197-203.

<sup>[14]</sup> The World Energy Outlook on Electricity (WEO 2014),

<http://www.worldenergyoutlook.org/resources/energydevelopment/energyaccessdatabase/>

[15] Providing Clean Energy and Energy Access through Cooperatives, ILO, COOP, Green Jobs Program, p. IX

[16] Plan de expansion de la generacion electrica periodo 2014-2035, Instituto costarricense de electricidad centro nacional de planificacion electrica proceso expansion integrada, p.5.

[17] Cf. Coopesantos By-Laws, Chapter 1, Article 4,  
<http://www.coopesantos.com/cartelesdecompradirecta/Estatuto%20COOPESANTOS%20R.L..pdf>

[18] The next steps recommended include: establishing universal and equitable access to safe and affordable drinking water; providing access to adequate and equitable sanitation and hygiene; developing sustainable withdrawals and supplies of freshwater and implementing integrated water resources. Cf. Justin D. Brookes and Cayelan C. Carey. 'Goal 6—Rising to the Challenge: Enabling Access to Clean and Safe Water Globally,' UN Chronicle, Beyond 2015, Vol. LI, No 4, 2014, web.

[19] Cooperativa Coopagua Santo Domingo, Cooperativa Hospital Champa, Cooperativa de Servicios Sanitarios Maule, Cooperativa El Rosal, Cooperativa La Compañía de Graneros and Cooperativa Sarmiento, [fesan.coop](http://fesan.coop).

[20] Mazibuko K. Jara and Vishwas Satgar (2009), Cooperative and Policy Alternative Centre, ECSECC Working Paper No 2, 'International Cooperative Experiences and Lessons for the Eastern Cape Cooperative Development Strategy: A Literature Review', June-July 2008, p. 20-22.

[21] Supplementary health care: Private health insurance that provides coverage for additional health services not covered by the government/social scheme. Complementary health care: Private health insurance that complements coverage of government/social insured services by covering all or part of the residual costs not otherwise reimbursed (e.g., cost-sharing, co-payments). OECD Health Statistics 2014, Definitions, Sources and Methods.

[22] 'Cepal advierte que la igualdad de género es esencial para combatir pobreza', AméricaEconomía, 27 February 2015, <http://www.americaeconomia.com/politica-sociedad/sociedad/cepal-advierte-que-la-igualdad-de-genero-es-esencial-para-combatir-pobrez>

[23] The term 'ABC' used here refers to the industrial region of the São Paulo state.

[24] Denis Herbel, Eve Crowley, Nora Ourabah Haddad and Maria Lee, 'Good Practices In Building Innovative Rural Institutions To Increase Food Security', FAO (2012), p.10-12.

[25] International Co-operative Alliance and ILO (2014), *Cooperatives and the Sustainable Development Goals - A Contribution to the Post-2015 Development Debate - A Policy Brief*, p.9-10

[26] Tanya Kerssen, 'Food Sovereignty and the Quinoa Boom in Bolivia', Food Sovereignty: A Critical Dialogue, International Conference Yale University, Conference Paper N°79, 14-15 September 2013, p. 15-16.

[27] Further information is available on the CEDP Online Platform:  
<https://coopseurope.coop/development/projects/coobana-combining-fairtrade-activites-and-co-operative-model>

[28] JPCCU Newsletter, January – March 2014, p.3



## Cooperatives Europe Development Platform



