INDUSTRIAL AND SERVICE COOPERATIVES

GLOBAL REPORT

2013
2014

CICOPA

International Organisation of
Industrial and Service Cooperatives
A Sector of the International
Co-operative Alliance

GLOBAL REPORT ON
INDUSTRIAL AND SERVICE COOPERATIVES
2013 - 2014

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INTRODUCTORY NOTE

This is the first global biannual report on industrial and service cooperatives and their representative institutions. It is the result of two different surveys carried out among CICOPA's members during the first half of 2014, which were eventually updated: each of these two surveys is at the origin of the following two sections which, together, are aimed at providing a picture of our cooperative sector in the world.

As we will examine in the following pages, the close to 65,000 enterprises that are directly part of our world network as affiliates of CICOPA member organizations employ over 3 million people. However, according to material collected during our recent inter-sectoral study *Cooperatives and Employment: a Global Report*[1], released at the International Summit of Cooperatives in Quebec in October 2014, there is evidence that this world phenomenon is quantitatively much wider: worker cooperatives, social cooperatives and cooperatives of self-employed producers in industry and services together employ over 16 million people worldwide. The vast majority of these persons are members and, therefore, the owners of their enterprise, which they jointly and democratically control.

The cooperatives in our network are involved in a very wide array of industrial and service sectors, from mechanical industries to cultural centres, from schools to nano-technologies, from construction to health care. Over the past 6 years, our surveys have shown cooperatives' strong resilience to crisis situations. However, as we will examine further in this report, whilst a substantial portion of them are experiencing a very high growth rate in terms of both enterprise numbers and jobs, others are going through difficult times due to the economic or policy environment in which they find themselves. We will also see that the most common difficulties faced by our cooperatives are access to finance, lack of a proper policy environment, reductions in public deficits, unfair competition and technical weaknesses. We will examine the measures which they are putting in place or negotiating in order to counter them. The national representative organizations that are our members are a key element in negotiating legal frameworks and public policies that are favourable to the development of our enterprises and their ability to provide sustainable employment. The 2013-2014 biennium has also been a significant one in normative terms, with more steps taken in a number of countries towards better legal frameworks regulating our cooperatives.

It is worth noting that cooperative groups are already a substantial reality in our network, as we will see below: 700 of them have been reported throughout the world, some of them are emerging groups, whilst others are already large and well-established; but they all act with the same logic of inter-cooperation. These groups, along with all other forms of entrepreneurial cooperation between cooperatives, including at the international level, are fundamental to the development of our enterprises and the implementation of their key mission, which is mainly related to employment, general interest contributions and production. This is particularly the case in this period characterized by increased global competition on the one hand and a high degree of economic instability on the other.

[1] downloadable at http://www.cicopa.coop/IMG/pdf/cooperatives_and_employment_a_global_report_en__web_21-10_1pag.pdf

Another important trend, to which we devoted an entire global workshop during the 2013 Conference of the International Cooperative Alliance (ICA) in Cape Town, together with IHCO, the ICA's health sector organization, is the huge development within our sector of services to citizens and the community, such as social services, health care and education, sometimes with the inclusion of other stakeholders (users, local representatives etc.). This expansion marks a new pathway towards strengthening the relationship between the cooperative movement and society around us and will require specific monitoring over the next few years.

GLOBAL FACTS AND FIGURES ON INDUSTRIAL AND SERVICE COOPERATIVES

How many cooperatives are affiliated to CICOPA member organizations? How much employment do they generate? What are their characteristics in terms of governance structures and activities? Beyond the CICOPA network itself, what is the importance of cooperatives in the industrial and service sectors around the world, in particular in employment terms? This short analysis is designed to respond to these questions.

This section is mainly based on the 2014 CICOPA data collection survey. Among 43 CICOPA member organizations based in 28 countries, 16 organizations participated in this data collection, whilst information on two organizations was obtained indirectly[2].

NUMBERS OF ENTERPRISES AND JOBS IN COOPERATIVES AFFILIATED TO CICOPA MEMBERS

According to our present estimate, there are around 65,000 cooperative enterprises affiliated to our member organizations and therefore *directly* part of our enterprise network. Together, they employ over 3 million people. Additionally, we estimate that an extra 15,000 cooperative enterprises in our sector are affiliated to member organizations of the International Cooperative Alliance (ICA), without being direct members of CICOPA, but which CICOPA indirectly represents as ICA's sectoral organization for industry and services. This means that CICOPA represents, directly or indirectly, at least 80,000 cooperative enterprises[3].

Out of the 65, 000 cooperatives that are affiliated to CICOPA's members and thus directly part of our enterprise network, the survey has provided us with more detailed data on 50,645 cooperatives with an aggregate figure of 2,708,065 jobs. The following information focuses on these cooperatives.

2 For some other member organizations, data collected during the 2012 data collection was used in the analysis. In total, the information on the number of enterprises was available for 32 out of the 39 target organizations. On the other hand, in order to examine the general situation of cooperatives in industrial and service sectors that CICOPA represents regardless of their affiliation, we used the data collected during the study *Cooperatives and Employment: a Global Report* (downloadable at http://www.cicopa.coop/IMG/pdf/cooperatives_and_employment_a_global_report_en__web_21-10_1pag.pdf), which CICOPA carried out for the International Summit of Cooperatives (Quebec, 6-9 October 2014). In this study, which lasted 15 months and covered all cooperative sectors, the amount of employment in cooperatives was estimated by classifying different forms of employment, such as employees in all kinds of cooperatives, self-employed producer-members and SMEs in producer cooperatives, as well as worker-members in worker cooperatives and social cooperatives.

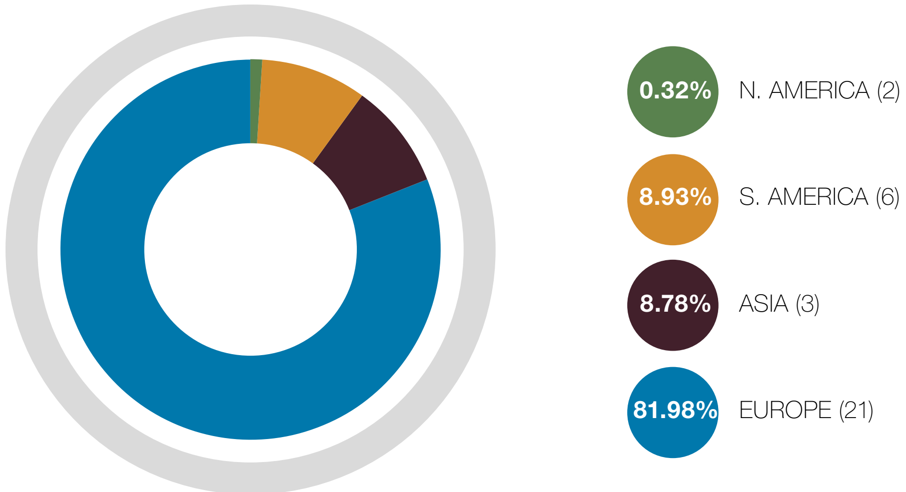
3 We use the term "cooperative" or "cooperative enterprise" so as to also include a specific type of worker-owned enterprises existing in Spain, called *Sociedades Laborales* (SL), which are very close to cooperatives in their governance and financial structure. Within our network, there are 1,851 SL providing 15,780 jobs.

TABLE 1
COOPERATIVES, WORKERS AND / OR PRODUCERS AND MEMBERS IN THE CICOPA NETWORK

	Distribution of cooperatives by continent (%)	Ratio of members out of total employment (%) (A)	Ratio of non-members out of total employment (%) (B)	Ratio of workers/ producers out of total membership (%) (A+B)	Ratio of non-worker/producer members out of total membership (%)
EUROPA (23)	81.98	71.85	28.15	100	16.33
ASIA (3)	8.78	99.72	0.28	100	Nd
S. AMERICA (8)	8.93	98.70	1.30	100	Nd
N. AMERICA (3)	0.32	84.57	15.43	100	7.01
AFRICA (2)	Nd	Nd	Nd	Nd	Nd
TOTAL (39)	100.00 (33)	85.57	14.43	100	16.28 (Europe and North America)

Nd – No data available
The figures between parentheses indicate the number of CICOPA member organizations having responded

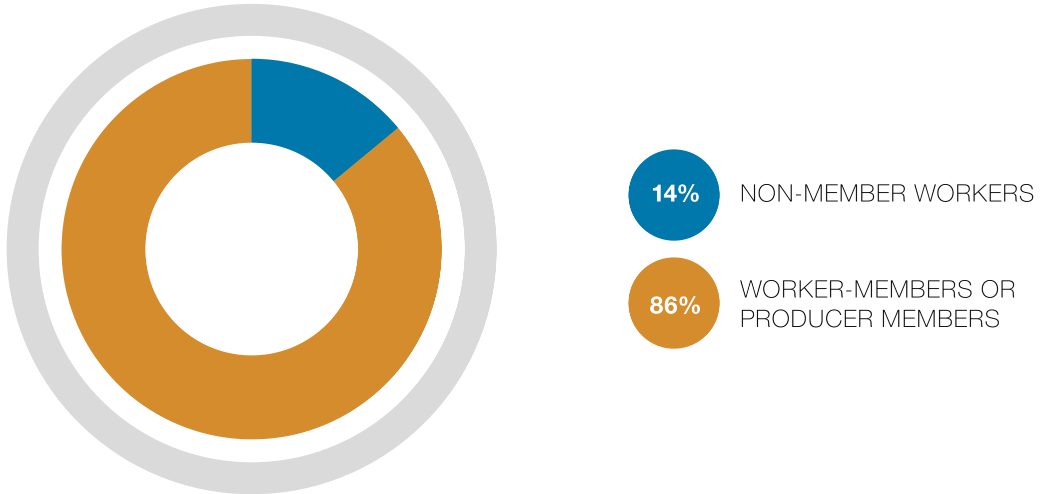
GRAPH 1
DISTRIBUTION OF COOPERATIVES REPORTED BY CONTINENT



As we observe in Table 1 and on Graph 2, the ratio of worker-members out of the total number of jobs (85.89%) at the world level is particularly high. A similar ratio can be found in North America, while in Asia and South America virtually all workers are members. Europe has a lower ratio (71.85%), but even this ratio is substantially higher than CICOPA's minimum standard for worker cooperatives (50%)[4].

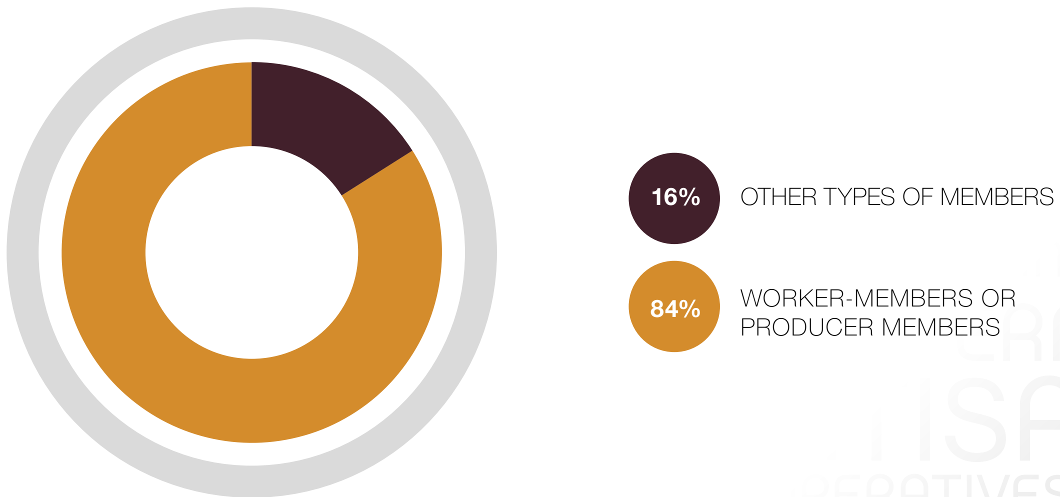
[4] See CICOPA's *World Declaration on Worker Cooperatives* which was also approved by the ICA General Assembly in 2005. See more, http://www.cicopa.coop/IMG/pdf/declaration_approved_by_ica_-_en-2.pdf

GRAPH 2
GLOBAL RATIO OF WORKER-MEMBERS OUT OF ALL WORKERS



We also observe that the global ratio of non-worker members out of the total membership is particularly low (15.91%). It should be noted that there are different forms of non-worker members in worker and social cooperatives. Most of them are to be found in multi-stakeholder social cooperatives, a growing phenomenon that will require monitoring in the next few years; a very small part of them are investor-members who are admitted by law in a handful of countries (Italy, France and Spain) but only have limited voting ratios in the cooperative.

GRAPH 3
GLOBAL RATIO OF WORKER-MEMBERS AND OTHER TYPES OF MEMBERS OUT OF WHOLE MEMBERSHIP (ONLY EUROPE AND NORTH AMERICA, WHERE THE DATA WAS AVAILABLE)



These worldwide enterprise and employment figures are roughly similar to those surveyed in 2012, with an erosion rate of the number of enterprises of around 1.1% and of employment of around 3%. However, Colombia has been particularly affected by this decrease and we have to consider that this is a country which is undergoing particular difficulties as we will see in the next section. If we disaggregate the figures from Colombia, the numbers have been more or less stable over the last few years.

EMPLOYMENT OF DISADVANTAGED PERSONS

Among CICOPA members, 11 organizations in Europe, Asia and South America affiliate social cooperatives that are specialized in providing employment to disadvantaged persons (people with disabilities, the elderly, the unemployed, ex-prisoners, immigrants etc.) as part of their constituency. Nine of them have reported their enterprise and employment data. According to these data, 3,030 cooperative enterprises provide more than 28,293 jobs[5] for various types of disadvantaged persons who have difficulties in finding employment on the ordinary labour market. The great majority of these disadvantaged workers (89.54%) are also members of cooperatives, which is very meaningful in terms of integration. The average ratio of disadvantaged workers out of the whole workforce of these cooperatives is 7.91%. This means that disadvantaged workers are generally a minority in the workforce of these cooperatives, which is also an important feature in terms of integration.

TABLE 2
ENTERPRISES AND EMPLOYMENT IN COOPERATIVES EMPLOYING DISADVANTAGED WORKERS

	N° of cooperatives employing disadvantaged workers	N° of disadvantaged worker-members (A)	N° of non-member disadvantaged workers (B)	Total number of disadvantaged workers (A+B)	Total number of workers
EUROPE (9)	2,854 (7)	25,107 (6)	2,932 (2)	28,039	357,420
ASIA (1)	170 (1)	Nd	Nd	Nd	
S. AMERICA (1)	6 (1)	247 (1)	7 (1)	254	254
TOTAL	3,030 (9)	25,354 (7)	2,939 (3)	28,293	357,674

Numbers between parentheses indicate the number of organizations that responded

[5] It should be noted that this figure is under-representative of the reality due to the incomplete data collection. According to the Alliance of Italian Cooperatives, Italian social cooperatives alone provided 35,000 jobs to disadvantaged people in 2012.

SIZE OF ENTERPRISES AND COOPERATIVE GROUPS

Based on the available information, we observe that the great majority (94.88%) of enterprises affiliated to CICOPA member organizations are small and medium sized enterprises (SMEs). However, it should be noted that the small percentage of larger-size cooperatives, particularly in Europe and South America, is highly significant in terms of employment. In the case of South America, half of the available information is represented by Brazilian mining cooperatives that are all large in size.

TABLE 3
RATIO OF SMES OUT OF TOTAL NUMBER OF ENTERPRISES

	N° of enterprises (A)	N° of enterprises with SME size (B)	Ratio between A and B (%)
EUROPE (23)	15,627 (15)	14,849 (15)	95.02
ASIA (3)	1,046 (2)	1,043 (2)	99.71
S. AMERICA (8)	183 (3)	94 (3)	51.37
N. AMERICA (3)	161 (2)	159 (2)	98.76
AFRICA (2)	n.a.	n.a.	n.a.
TOTAL (39)	17,017 (21)	16,145 (21)	94.88

Numbers between parentheses indicate the number of organizations that responded

We can also find various forms of cooperative groups in the survey. 16 CICOPA member organizations reported an aggregate amount of 706 cooperative groups across the world. This is a significant trend that needs to be monitored in the years to come.

TABLE 4
COOPERATIVE GROUPS

	N° of cooperative groups
EUROPE (23)	604 (11)
ASIA (3)	96 (3)
S. AMERICA (8)	1 (1)
N. AMERICA (3)	5 (1)
AFRICA (2)	N.d.
TOTAL (39)	706 (16)

Numbers between parentheses indicate the number of organizations that responded

ECONOMIC ACTIVITIES

With regard to economic activities, we follow the ISIC classification system of the United Nations. We obtained relevant information from only 23 member organizations. However, with the exception of South America, where we obtained information from only one member organization and Africa, where we obtained no quantitative information at all, we obtained sufficient information allowing us to understand the specificities per continent.

In Asia, all cooperatives affiliated to Chinese member ACFHIC are under manufacturing and represent 76.77% of Asian cooperatives in the CICOPA network. However, human health and social work activities (10.48%) and administrative and support service activities (6.32%) also account for an important part of Japanese and Korean cooperatives affiliated to CICOPA members from these countries.

In Europe, despite the relatively important weight of manufacturing (15.05%), several sectors have a similar importance, such as construction (10.03%), wholesale and retail trade (12.91%), professional, scientific and technical activities (9.00%), education (8.91%) and human health and social work activities (10.83%).

In North America, whilst the substantial presence of forestry cooperatives in Quebec explains the particularly high ratio of agriculture, forestry and fishing (16.02%), manufacturing (12.46%), wholesale and retail trade (12.76%), information and communication (10.98%) and human health and social work activities (9.50%) also account for important ratios of cooperatives affiliated to CICOPA members in that region.

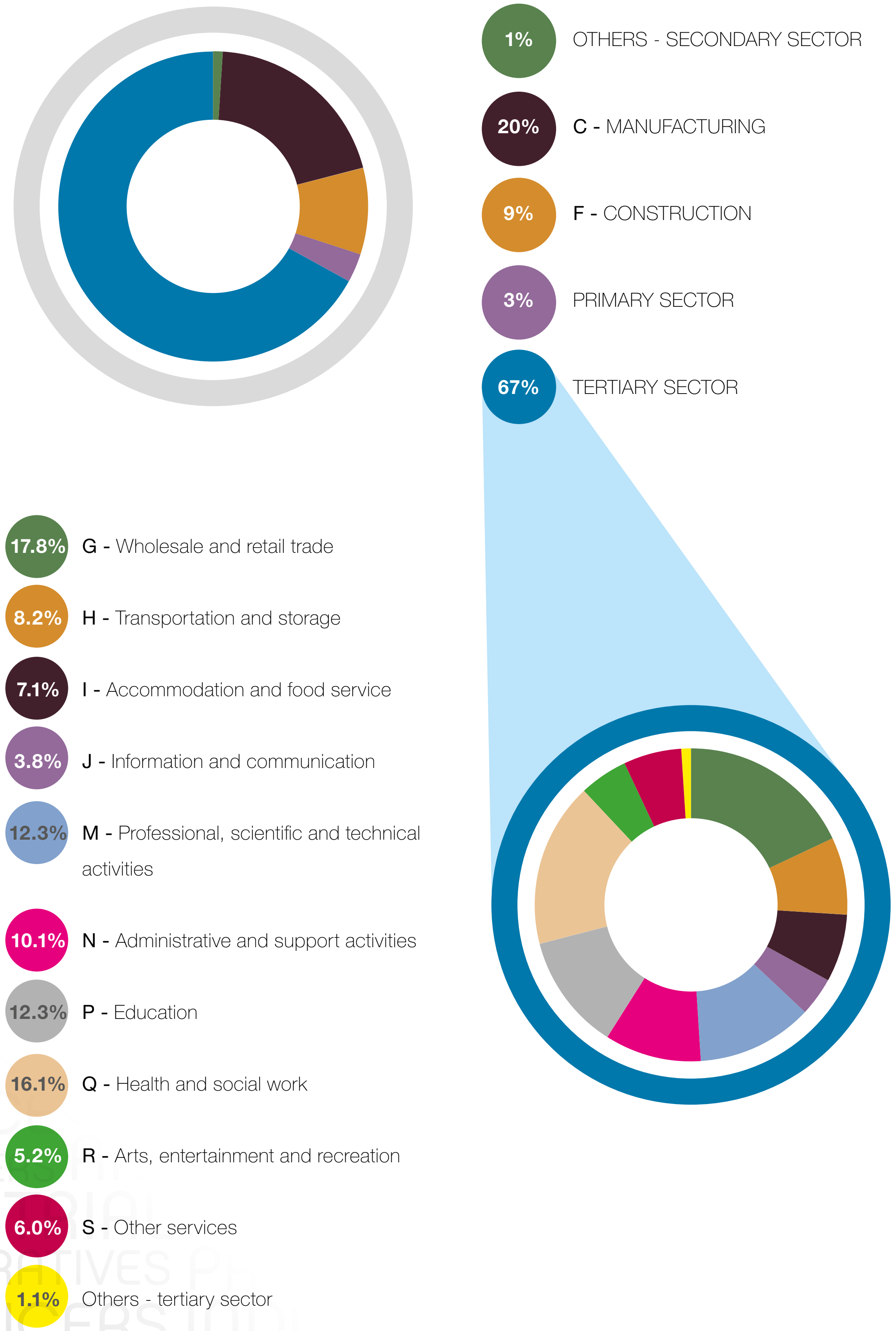
Worldwide, we observe that the largest types of economic activities in which our cooperatives are engaged are manufacturing (almost 20% of all enterprises), community services, namely education and human health and social work activity (the two totalling over 19%), trade and repair (almost 12%), construction (over 9%), and professional, scientific and technical activities (over 8%). We also see that tertiary sector activities (G to T) are preponderant over secondary (B to F) and primary activities (A), the latter making up less than 3% of the total.

TABLE 5
COOPERATIVES BY TYPES OF ACTIVITY ACCORDING TO ISIC

	Industrial classification (ISIC)	ASIA (3)		EUROPE (17)		N. AMERICA (2)		S. AMERICA (1)		TOTAL	
		No of ents.	%	No of ents.	%	No of ents.	%	No of ents.	%	No of ents.	%
A	Agriculture, forestry and fishing	5	0.11	1,668	3.11	54	16.02	-	0.00	1,727	2.95
B	Mining and quarrying	-	0.00	55	0.10	-	0.00	1	1.37	56	0.10
C	Manufacturing	3,413	76,77	8,074	15,05	42	12,46	31	42,47	11,560	19.76
D	Electricity, gas, steam and air conditioning supply	-	0.00	70	0.13	8	2.37	-	0.00	78	0.13
E	Water supply; sewerage, waste management and remediation activities	17	0.38	260	0.49	4	1.19	-	0.00	281	0.48
F	Construction	94	2.11	5,385	10.03	9	2.67	5	6.85	5,493	9.39
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	18	0.40	6,927	12.91	43	12.76	1	1.37	6,989	11.94
H	Transportation and storage	22	0.49	3,180	5.93	10	2.97	3	4.11	3,215	5.49
I	Accommodation and food service activities	33	0.74	2,715	5.06	33	9.79	4	5.48	2,785	4.76
J	Information and communication	4	0.09	1,444	2.69	37	10.98	18	24.66	1,503	2.57
K	Financial and insurance activities	-	0.00	168	0.31	-	0.00	-	0.00	168	0.29
L	Real estate activities	-	0.00	235	0.44	-	0.00	-	0.00	235	0.40
M	Professional, scientific and technical activities	-	0.00	4,828	9.00	21	6.23	3	4.11	4,852	8.29
N	Administrative and support service activities	281	6.32	3,670	6.84	20	5.93	1	1.37	3,972	6.79
O	Public administration and defence, compulsory social security	-	0.00	16	0.03	-	0.00	-	0.00	16	0.03
P	Education	43	0.97	4,783	8.91	5	1.48	2	2.74	4,833	8.26
Q	Human health and social work activities	466	10.48	5,810	10.83	32	9.50	4	5.48	6,312	10.79
R	Arts, entertainment and recreation	3	0.07	2,043	3.81	14	4.15	-	0.00	2,060	3.52
S	Other service activities	28	0.63	2,319	4.32	5	1.48	-	0.00	2,352	4.02
T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	19	0.43	12	0.02	-	0.00		0.00	31	0.05
	TOTAL	4,446	100	53,662	100	337	100	73	100	58,518	100

** Data on USFWC (US) and Confesal (Spain) also includes non-member enterprises.*

GRAPH 4
MAIN SECTORS IN WHICH COOPERATIVES IN THE CICOPA NETWORK ARE INVOLVED



EMPLOYMENT IN COOPERATIVES ACTIVE IN INDUSTRY AND SERVICES, BEYOND THE CICOPA NETWORK ITSELF

Based on the study *Cooperatives and Employment: a Global Report* mentioned above, we were able to identify the employment numbers worldwide in cooperatives that are active in the sectors that CICOPA represents, beyond CICOPA membership *per se*. Basically, CICOPA represents all types of cooperatives in the industry and service sectors (even though, as we saw on the table above, it has a very small ratio of cooperatives in the primary sector, made up of worker cooperatives in this sector). These cooperatives can have two different forms: on the one hand, worker cooperatives and social cooperatives based on worker ownership, namely where the members are the workers[6]; on the other hand, cooperatives of self-employed producers or of SMEs in industry or services joining together to strengthen their business through cooperatives. Most CICOPA member organizations affiliate worker and social cooperatives. However, it is clear that understanding and interacting with cooperatives of self-employed producers is one of CICOPA's priorities for the near future. In this sense, the table below shows the potential size of the cooperative sector which CICOPA represents.

Amongst the 74 countries where we were able to obtain available information through the above-mentioned study, we could single out the worker and social cooperative form in 39 countries and the form of cooperatives of self-employed producers in 16 countries. The classifications and their titles used in each county are very diverse. Further research on their governance structures and their functioning should be done in order to get a clearer understanding of these cooperatives. In addition, since the above-mentioned study focused on employment, we have not yet analyzed the corresponding number of enterprises, something which should be investigated in the future.

Globally, based on still incomplete data collected within the framework of this study, we estimate that there are 10.8 million worker- members in worker and social cooperatives, regardless of whether they belong to CICOPA member organizations, and 5.8 million self-employed producer-members active in industry and services and organized in producers' cooperatives. It should be noted that a major part of these employment numbers in worker cooperatives and cooperatives of self-employed producers comes from Indian cooperatives, which represent an estimated 6.8 million worker-members and 1.9 million self-employed producer-members respectively.

[6] The worker cooperative form is well defined in the CICOPA *World Declaration on Worker Cooperatives* which was also approved by the ICA General assembly in 2005. See http://www.cicopa.coop/IMG/pdf/declaration_approved_by_ica_-_en-2.pdf. With regards to social cooperatives, the CICOPA *World standards of Social Cooperatives* emphasises the representation of worker members at every possible level of the governance structure. It proposes that the representation of worker members should be higher than one third of the votes in every governance structure. See http://www.cicopa.coop/IMG/pdf/world_standards_of_social_cooperatives_en.pdf

TABLE 6
WORKER-MEMBERS AND PRODUCER-MEMBERS IN INDUSTRIAL AND SERVICE COOPERATIVES WORLDWIDE (ESTIMATE)

	Worker-members	Producer-members
Africa	237 (1)	29,735 (1)
Asia	8,200,505 (9)	3,946,916 (7)
Europe	1,231,102 (15)	546,000 (2)
N. America	60,630 (2)	
S. America	1,348,978 (12)	1,296,850 (6)
TOTAL	10,841,452	5,819,501

The figures between parentheses indicate the number of countries surveyed

EVOLUTION, DIFFICULTIES ENCOUNTERED AND SOLUTIONS FOUND WITHIN THE CICOPA WORLDWIDE NETWORK

How did our cooperatives perform in 2013-2014? What sort of challenges did they face? Which main initiatives and events did they implement in favour of their affiliated cooperatives? Are there any special achievements in terms of legislation or policy measures introduced at the national level? What do our members expect for the future? The following section tries to draw a picture of our network's landscape and is based on a specific consultation in which 23 CICOPA member organizations from 17 countries on 4 continents took part.[7].

ECONOMIC SITUATION OF THE ENTERPRISES

Different trends in the development of industrial and service cooperatives have been identified[8].

A UPWARD TREND

12 out of 23 organizations that responded to the questionnaire report a positive situation in entrepreneurial development, in terms of either production and sales, or employment, or both. Among these 12 organizations, 4 organizations are from Europe (France, Denmark, Spain and Italy), 3 from South America (Argentina, Brazil and Uruguay), 2 from Asia (Japan and South Korea), 1 from Africa (Uganda) and 1 from North America (USA). It seems that neither geographical distribution nor the economic sectors involved can explain this upward trend.

It is more probable that the historical trajectory of each member organization on the one hand, and favourable institutional contexts on the other, are at the origin of this phenomenon. Among other reasons, the well-known role of federative bodies and consortia/groups in France, Spain, Italy and Japan can at least partly explain it.

Even under the most acute phases of the crisis, leading sometimes to failure and bankruptcy, the role of cooperative groups and the implementation of sophisticated inter-cooperation strategies have been crucial in saving jobs and mitigating the negative consequences of the crisis. The case of the Fagor

7 From Europe: AGCI PSL (Italy); AGCI Solidarietà (Italy); ANCPL (Italy); Federlavoro (Italy); Federsolidarietà (Italy); COCETA (Spain); CG Scop (France); Kooperationen (Denmark); NAUWC (Poland); UCECOM (Romania); NUWPC (Bulgaria); SCMVD (Czech Republic). From Africa: TFC (Tanzania) and UCA (Uganda). From Asia: KFWC (South Korea); ACFHIC (China); .JWCU (Japan). From America: OCB (Brazil); UNISOL (Brazil); CNCT (Argentina); FCPU (Uruguay); CWCF (Canada); USFWC (USA)

8 From the qualitative questionnaire, member organizations' self-evaluation on "productions and sales", "employment", "closures" and "relationship between start-up and closure rates" compared to the previous year (2012) are taken into account. From the quantitative data collected during the CICOPA data collection 2014, the changes in numbers regarding employment (i.e., the number of worker members and employees) and aggregate turnovers between 2010 and 2013 are considered in the analysis

Electrodomésticos cooperative in Spain, which went into a liquidation process in 2013, is meaningful in this respect: the Mondragon group, of which this cooperative has been a constituent part, is currently successfully organizing the redeployment of most of its worker-members to other cooperatives in the group. At the end of December 2014, 80% of the worker-members had been redeployed to other cooperatives of the group (1176 persons) or had been offered other solutions such as pre-retirement schemes (331 persons). The group reports says it is working towards a solution for the remaining 20%.

In Argentina and the United States, an environment increasingly favourable to worker cooperatives on the one hand, and the recent creation and strengthening of federative bodies on the other, have been reinforcing each other in a virtuous circle.

The growth enjoyed by Italian social cooperatives reflects the importance of a growing market. In spite of four years of budgetary cuts in social spending, the Italian social cooperative movement has managed to limit the damage by highlighting the strong points of cooperatives in providing social care, particularly towards people enduring very strong difficulties; simultaneously, it has managed to innovate in providing social services and to gradually diminish the cooperatives' dependency upon public tenders. "Between 2008 and 2013, social cooperatives active during the crisis years have experienced an increase in output value of 32.4% against an increase of labour costs of 35.6%, a growth of unpaid clients' debts of 47.4%, a surge in share capital of 59.1% and a fall in year-end results of – 91.7%" [9].

In the case of Spain, the increase in employment seems to be chiefly due to a rebound effect after several years of economic crisis. Further research would be needed to properly single out the development factors, as well as the strategies and measures undertaken by each member organization.

Some members have reported particularly strong growth levels:

- In France, with 263 new worker cooperatives and multi-stakeholder cooperatives established in only one year, 2013 was the best in 6 years in terms of enterprise creation for CICOPA member CG Scop. 280 new worker and multi-stakeholders' cooperatives were created in 2014, bringing their total number to over 2,300 (namely 3% more than in 2013). In 2013, 50 worker buy-outs were successfully implemented, including 23 healthy enterprises with 305 workers, as well as 27 enterprises in crisis with 1009 jobs saved. The development of cooperatives providing education, health and social services in France is also worthy of mention[10].

- In Spain, where the number of worker cooperatives is over 17,000 and the number of worker-members over 235 000, 4000 new worker cooperatives have been established over the last 4 years, creating 30 000 new jobs, under a full-fledged national economic crisis; the rate of enterprise closure is 10%, against 20% for all Spanish enterprises; a 7% increase in the creation of new worker cooperatives was registered between September 2013 and September 2014. This net growth was reflected in all regions of the country, something that had not happened for ten years[11]. 2014 also saw an increase of 2% in the number of jobs, in a country where the rate of unemployment is 23.4%.[12] It is also worth pointing out that 80% of the jobs in Spanish worker cooperatives are permanent ones, 49% are held by women, and 45% by persons under 40 years old.[13]

- South Korean member KFWC reported a real start-up "boom" following the introduction of the new and favourable legislative framework: 148 worker cooperatives had already been registered by February 2014, only 18 months after the new legislation had been enforced[14].

- A moderate growth of worker buy-outs was recorded in Brazil (mainly in metallurgy), Argentina (mainly in the catering sector) and Uruguay (mainly in textiles, construction and services).

There is an encouraging trend reported by members about the growth of new and innovative sectors such as renewable energies and environmental services and products (Italy, USA), communication and information technology (Argentina, USA), community services such as health, education, social services etc. (Italy, Spain, France, Poland, Japan, Uruguay, USA), food manufacturing and retail (Canada, USA). Another encouraging trend is that some cooperatives, like in Italy, are opening up to the international market.

B STABLE SITUATION OR DOWNWARD TREND

Six out of 23 organizations reported their situation as being stable. They are present in 5 countries (the Czech Republic, Italy, Tanzania, China and Brazil).

One organization (from Canada) saw its production and sales fall, whilst its employment level remained stable. Whereas Canada seems to be slowly showing signs of picking up, five organizations (from Romania, Italy and Bulgaria) with stable production and sales but with falling employment levels, seem to be confronted with more structural difficulties, with an enterprise mortality rate being higher than the birth rate. Most of these enterprises are in industry, in particular manufacturing and construction. We can presume that the difficulties which these enterprises encounter are linked to economic sectors that have experienced increasing difficulties in the European economy.

With regard to the most negatively affected sectors, there is a dominant trend reported by European members showing that the construction sector is the weakest one and often the most exposed to closures, except for an opposite trend reported in Spain where, after a strong decline in 2011 and 2012, the building sector increased by 20% in 2013 and France, where it is maintaining good levels. The landscape appears less uniform with respect

9 Alleanza delle Cooperative Italiane: *La cooperazione sociale negli anni della crisi*, Note e commenti, n°24, December 2014

10 http://www.les-scop.coop/sites/fr/espace-presse/Bilan_chiffre-2013

11 http://www.cecop.coop/Spain-32-more-worker-cooperatives

12 http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Recent_developments_in_unemployment_at_a_European_and_Member_State_level

13 Communication COCETA March 2015

14 http://www.cicopa.coop/New-federation-of-worker.html

to the most affected sectors for other non-European countries: the tobacco sector in Tanzania, food industry business in Japan, consulting and travel agencies in Canada, foundry and metallurgy in Brazil etc.

Furthermore, it should be noted that Colombia is suffering from a considerable reduction in cooperatives and jobs in our sector caused by extremely unfavourable public policies related to worker cooperatives.

MAIN DIFFICULTIES AND MEASURES PUT IN PLACE BY COOPERATIVES AND THEIR NATIONAL OR REGIONAL FEDERATIONS TO SOLVE THEM

A ACCESS TO FINANCE

The biggest obstacle reported by cooperatives affiliated to CICOPA's member organizations is access to finance. Many members stressed the negative impact of limited financial opportunities on cooperatives' competitiveness and capacity to invest in marketing, production and technological innovation.

However, the role played by solidarity funds and non-banking financial instruments can substantially help cooperative enterprises overcome this obstacle. Italian member ANCPL stressed the importance of solidarity funds in Italy, where a national law obliges all cooperatives with positive results to transfer 3% of their surplus to solidarity funds (such as Coopfond and Fondosviluppo). It is worth mentioning that these institutions are not only financial bodies but are fully-fledged development organizations which are able to provide advisory and follow-up services in different fields such as business transfers to employees, enterprise start-ups and enterprise development. Although finance is still a major difficulty, we also observe that countries where decades of accumulated capital, know-how, institutional-building, mutualized finance and appropriate legislation and public policies, such as Italy and France, have managed to limit the problem at least to some extent, in spite of very difficult financial conditions, especially in the case of Italy.

Spanish member COCETA is negotiating with credit cooperatives and ethical banks to provide more accessible credit to worker cooperatives. In France, CG Scop reported the creation of a development fund in partnership with the Public Investment Bank (BPI).

UNISOL (Brazil) reported the creation of a solidarity investment fund (*Programa Investimento Solidário*), an initiative aimed at strengthening its affiliated enterprises in technological innovation, productive capacity, development of new products and activities[15]. In Uruguay, FONDES, a state-run fund financed by one third of the profits of the Banco de la República, promotes self-managed enterprises, in particular cooperatives.

In Canada, CWFC is strongly advocating the creation of a National Cooperative Investment Fund, "a vehicle for the entire cooperative sector to share in the success of the cooperative movement, through investing in new and existing cooperatives"[16].

[15] http://www.unisolbrasil.org.br/pis/programa

[16] http://www.canadianworker.coop/fr/node/638

In Korea, since the entry into force of a new 'Framework Law on Cooperatives" in 2011 (which now, for the first time in Korean history, regulates worker cooperatives), the national government has been favouring financing measures for cooperatives of independent entrepreneurs or SMEs. CICOPA's South Korea member KFWC is lobbying for an extension of such provisions to worker cooperatives. Furthermore, KFWC is negotiating some forms of cooperation with South Korea's credit union movement and is considering the creation of specific funds inside the federation. UCA (Uganda) has been advocating the creation of funding mechanisms and progress has been made in accessing public funds which are often supplemented by development partners' funds, notably venture capital to promote start-ups by young people.

B NEED FOR A MORE FAVOURABLE ENVIRONMENT FOR ENTERPRISES

Many CICOPA members expressed the need for better facilities, infrastructures, more efficient bureaucracy and public administration which would allow the cooperatives to be more competitive in the market. For instance, UCECOM (Romania) complained about the lack of an integrated computer system at the national level centralising all information about taxpayers. UCECOM is involved in a consultative process with the national government aimed at identifying existing barriers for business and a new strategy for the development of SMEs.

On the other hand, cooperatives are trying to come to grips with competitive markets by implementing various strategies such as mergers, sectoral clusters and networks; development in innovative sectors enabling them to reach wider markets; investing in innovative solutions in management, technology, marketing and products; opening their business to internationalization.

CICOPA's member organizations, for their part, endeavour to boost the competitiveness of their affiliated cooperatives through various actions such as the creation and strengthening of regional networks; the facilitation of business to business opportunities at national and transnational level (through fairs, projects, exchanges, etc.); the promotion of certification labels, etc.

C REDUCTION OF PUBLIC SECTOR'S DEBT TOWARDS COOPERATIVES AND UNFAIR COMPETITION IN PUBLIC PROCUREMENT

The reduction of public debt seems to be a major problem, especially for southern European members, notably for cooperatives working with local authorities such as social cooperatives providing services of general interest at regional and local level (Italy and Spain).

Federlavoro (Italy), whose affiliated cooperatives are active in sectors such as logistics, transport, energy, environment, construction etc., reported that "the cuts to public debt and the role of general contractors in tenders are reducing the power of SMEs and locally based cooperatives", while other Italian members (AGCI PSL and AGCI Solidarietà) report an increasingly "unfair market competition". CICOPA's Danish member Kooperationen reports that "it is difficult to win tenders if you are a cooperative with decent wages and working conditions".

D TECHNICAL WEAKNESSES

CICOPA members expressed the need for cooperatives to acquire hard business and marketing skills. Technical assistance, training and capacity building are among the main actions implemented by CICOPA members in favour of their affiliated cooperative enterprises.

For example, cooperatives affiliated to CICOPA Spanish member COCETA can take advantage of a self-assessment tool aimed at helping them carry out a diagnosis regarding the consolidation of different areas of their activity, called Consolida.coop. To obtain an overall assessment, cooperatives have to fill in an on-line questionnaire and the results are displayed through a graph showing the level of consolidation of their business and providing guidance for future improvement, for which they can obtain more customised advice from COCETA's regional organizations[17].

MOST RELEVANT EVENTS, ALLIANCES AND AGREEMENTS WITHIN CICOPA'S NETWORK

Various internal and external visibility events were organised by members in 2013 such as fairs like the European Fair of Enterprises and Cooperatives in the Social Economy hosted by CICOPA's Bulgarian member NUWPC in Plovdiv and the Coopexpo exhibition organised by UCECOM (Romania).

A number of alliances have been established and agreements signed.

A WITHIN THE COOPERATIVE MOVEMENT:

A significant development has been the gradual reinforcement of the Alliance of Italian Cooperatives as a national coordination body between the three Italian cooperative confederations, AGCI, Confcooperative and Legacoop.

B BETWEEN THE COOPERATIVE MOVEMENT AND OTHER ACTORS

- Federsolidarietà (Italy) signed a Memorandum of Understanding in March 2013 with the Ministry of Justice for training and work inclusion of prisoners and ex-prisoners.
- An agreement was signed between CG Scop and the French government to support the development of worker cooperatives and multi-stakeholder cooperatives.
- NAUWC (Poland) reported about the Integrated Social Economy Support System, aimed at disseminating good practices and issues related to the social economy and carried out by the UNDP Project Office in Poland in partnership with the Institute of Public Affairs, the Malopolska School of Public Administration at Cracow University of Economics, the Foundation for Social and Economic Initiatives, the Centre for Development of Human Resources, the Cooperation Fund Foundation, and BARKA Foundation.

17 http://consolidacoop.coceta.coop

- UCA (Uganda) is collaborating with two different universities to establish a course in cooperatives and management.
- In Canada, CWCF continues its partnership with St. Mary's University on the Impact Cooperative Diagnostic Services, which enables member cooperatives to evaluate how well they are functioning in both governance and management[18].

POLICY CONTEXT

A MAIN LEGAL OR POLICY MEASURES INTRODUCED AT THE NATIONAL LEVEL REPORTED BY MEMBERS

In Italy, CICOPA member organizations managed to keep a 4% VAT rate for social cooperatives providing health, social and educational services[19]. There was also significant change in the law which applies to social cooperatives dealing with work integration of prisoners and ex-prisoners, amongst which we can mention an increase in subsidies for hiring people belonging to this category.

In France, CG Scop has been busy with the preparation of the draft law on the Social and Solidarity Economy proposed by the French government, which was finally approved by parliament in July 2014 and which focuses primarily on business transfers to the employees under the cooperative form, with, among other provisions, a right for the workers to be informed two months in advance about a possible purchasing bid for their enterprise[20]. In the Czech Republic, the CICOPA national member organization has been preparing for a complete change in corporate law, which would impact on all enterprises, including cooperatives.

In Denmark, CICOPA's member, Kooperationen, reported on its participation in the work on the legislative framework for social cooperatives.

CICOPA's Ugandan member, UCA, strongly lobbied in favour of an integrated Regional Law for the East Africa Community[21]: a draft law has been presented to the East Africa Legislative Assembly and consultations with different stakeholders are starting to be implemented. UCA expects that this law "will not only create a conducive environment and open opportunities for our cooperatives, but also enable those

18 See here: http://www.coop.oindex.eu/

19 A 4% VAT rate applied to thousands of Italian social cooperatives providing health, social and educational services to citizens, including the most vulnerable , has contributed to the development over the last few years of numerous social cooperatives with a sound economic performance and a recognised dimension of sustainable social inclusion

20 www.les-scop.coop/sites/fr/actualites/2014_PromulgationLoiESS

21 The East African Community (EAC) is the regional organization of the Republics of Burundi, Kenya, Rwanda, the United Republic of Tanzania, and the Republic of Uganda, with its headquarters in Arusha, Tanzania. See here: www.eac.int

countries which have been lagging behind in cooperative legislation to be up-to-date because they will have to adopt the regional version"[22].

In the United States, the National Cooperative Jobs Act was re-introduced in 2013, "although no significant progress has been made in moving such legislation forward. Legislation was also introduced in California to allow for the legal formation of worker cooperatives"; the discussion at the California Congress was suspended but it should be resumed in 2015.[23].

Brazilian members UNISOL and OCB reported the entry into force of the Federal Law regulating worker cooperatives in Brazil on July 19, 2013. The law brings significant and impactful changes such as 1) the possibility to create cooperatives with a minimum of seven people (instead of 20); 2) easier administrative procedures for start-ups; c) promotion programs; 3) decent work provisions such as the limit of 44 hours per week, paid leave, minimum salary, etc.

In South Korea, the effects of the new cooperative law approved in 2011 was palpable, with a boom in worker and social cooperative start-ups, as referred to above.

B MAIN POLICY DEMANDS

Generally speaking, CICOPA members are calling for a more favourable environment for enterprises and especially SMEs. In particular:

- they would like to see better access to credit and specific programmes for financing;
- support for investment in innovation and technology;
- more efficient infrastructure and administration;
- fairer competition with other types of business and improved access to public procurement by making a better use of social clauses;
- specific measures to create and save jobs (such as business transfer to employees under the cooperative form and specific youth employment initiatives);
- the encouragement and protection of the creation of solidarity funds as well as mutualized business support institutions;
- lighter fiscal policy and reduction of interest rates;
- solutions to overcome the problem of late payment from public authorities;
- the facilitation and promotion of enterprise groups as well as the internationalization process and cross-border economic exchanges;
- the introduction or improvement of existing legal frameworks for worker and social cooperatives (e.g.: decrease in the minimum number of founding members when it is too high; the introduction of fully de-taxed indivisible reserves, etc.).

[22] Extract from UCA's answer to the consultation

[23] Extract from USFWC's answer to the consultation

EXPECTATIONS FOR THE FUTURE

The large majority of members are expecting a better economic situation and better visibility.

In some cases, the particularly strong resilience to crises displayed by worker and social cooperatives (which is particularly tangible in this moment in Italy and Spain) has led to greater recognition by the authorities. French and Japanese members reported improvements due to their communication strategy and tools: the CG Scop's campaign in favour of worker buy-outs[24] and the documentary produced by JWCU "Workers"[25], showing four worker cooperatives in downtown Tokyo, are quite emblematic in this respect. Members from Brazil and South Korea reported significant progress as a direct result of favourable laws and policies. In other countries, common projects and partnerships have led to significant achievements in terms of public recognition and visibility (as reported by members from the Mercosur region and from Bulgaria).

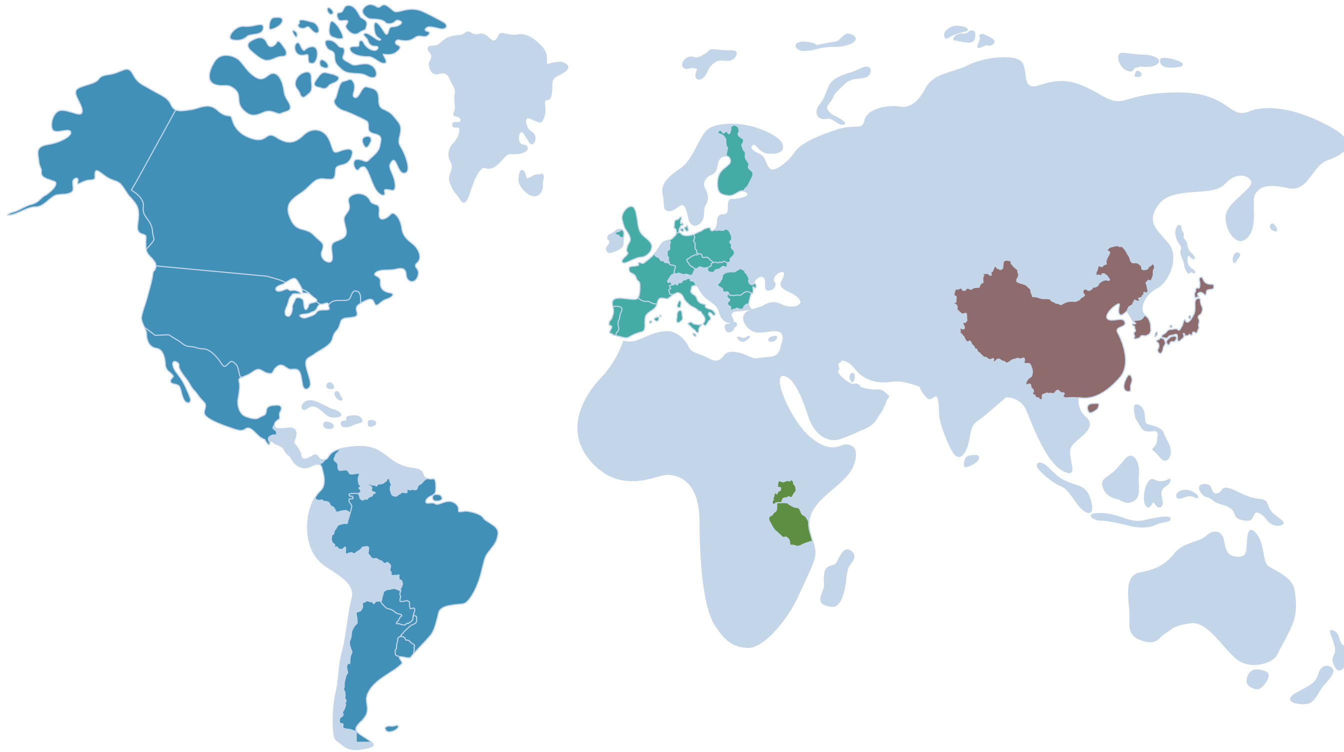
The experience reported by USFWC (United States) seems to be particularly meaningful: "there is a continued increase of interest in worker cooperatives in the United States as indicated by the increasing number of start-up cooperatives and the media stories highlighting the model and recent success stories of new cooperative development. We are also seeing an increase in traditional businesses converting to worker ownership as retiring business owners seek alternative succession planning strategies". Furthermore, the USFWC is investing considerably in dissemination and research about worker cooperatives, through the creation of the Democracy at Work Institute (DAWN), whose main aim is to facilitate education and awareness about cooperatives through research and training.

[24] See here www.les-scop.coop/sites/fr/espace-presse/presentation-campagne-2014

[25] www.cicopa.coop/Japanese-worker-cooperative.html

OUR NETWORK:
OUR MEMBERS WORLDWIDE

A sectoral organization of the International Cooperative Alliance (ICA) since 1947, CICOPA is the International organization of industrial and service cooperatives. CICOPA's 43 national member organizations from 28 countries affiliate 65,000 industrial and service cooperatives providing 3 million jobs across the world. CICOPA has two regional organizations: CECOP-CICOPA Europe and CICOPA Americas. CICOPA Americas has two sub-regional organizations, CICOPA North America and CICOPA Mercosur.



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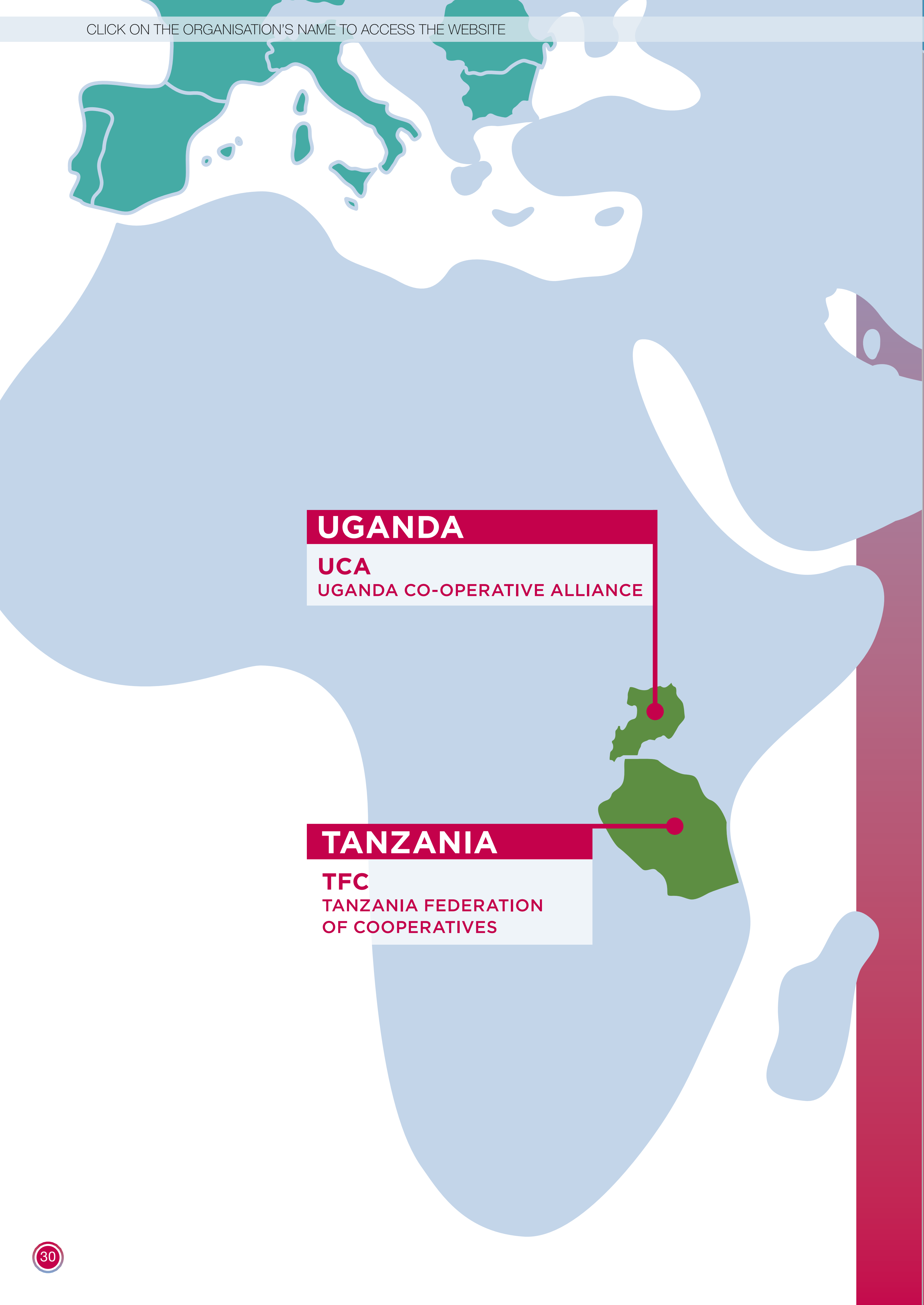


UGANDA

UCA
UGANDA CO-OPERATIVE ALLIANCE

TANZANIA

TFC
TANZANIA FEDERATION OF COOPERATIVES

CLICK ON THE ORGANISATION'S NAME TO ACCESS THE WEBSITE

CANADA

CWCF
CANADIAN WORKER COOPERATIVES FEDERATION

USA

USFWC
UNITED STATES FEDERATION OF WORKER COOPERATIVES

MEXICO

CONFEDERACIÓN NACIONAL COOPERATIVA DE ACTIVIDADES DIVERSAS DE LA REPÚBLICA MEXICANA

BRAZIL

OCB
ORGANIZAÇÃO DAS COOPERATIVAS BRASILEIRAS

UNISOL
CENTRAL DE COOPERATIVAS E EMPREENDIMIENTOS SOLIDÁRIOS

COLOMBIA

ASCOOP
ASOCIACIÓN DE COOPERATIVAS DE COLOMBIA

CONFECOOP
CONFEDERACIÓN DE COOPERATIVAS DE COLOMBIA

PARAGUAY

CONPACOOP
CONFEDERACIÓN PARAGUAYA DE COOPERATIVAS

ARGENTINA

CNCT
CONFEDERACIÓN NACIONAL DE COOPERATIVAS DE TRABAJO

FECOOTRA
FEDERACIÓN DE COOPERATIVAS DE TRABAJO

URUGUAY

FCPU
FEDERACIÓN DE COOPERATIVAS DE PRODUCCIÓN DEL URUGUAY

CHINA

ACFHIC
ALL CHINA FEDERATION OF HANDICRAFT INDUSTRY COOPERATIVES

ICCIC
INTERNATIONAL COMMITTEE FOR THE PROMOTION OF CHINESE INDUSTRIAL COOPERATIVES

SOUTH KOREA

KFWC
KOREAN FEDERATION OF WORKER COOPERATIVES

JAPAN

JWCU
JAPAN WORKERS' CO-OPERATIVE UNION

CLICK ON THE ORGANISATION'S NAME TO ACCESS THE WEBSITE

FINLAND

COOP FINLAND

UNITED KINGDOM

CO-OPERATIVES UK

DENMARK

KOOPERATIONEN
KOOPERATIONEN DET KOOPERATIVE FÆLLESFORBUND

CZECH REPUBLIC

SCMVD
UNION OF CZECH AND MORAVIAN PRODUCERS' COOPERATIVES

POLAND

NAUWC
NATIONAL AUDITING UNION OF WORKERS' CO-OPERATIVES

GERMANY

VDP
MITUNTERNEHMEN- UND GENOSSENSCHAFTSVERBAND E.V.

SLOVAKIA

CPS

FRANCE

CGSCOP
CONFÉDÉRATION GÉNÉRALE DES SOCIÉTÉS SOOPÉRATIVES ET PARTICIPATIVES

ROMANIA

UCECOM
NATIONAL UNION OF HANDICRAFT AND PRODUCTION CO-OPERATIVES OF ROMANIA

BULGARIA

NUWPC
NATIONAL UNION OF WORKERS' PRODUCTIVE CO-OPERATIVES

SPAIN

COCETA
CONFEDERACIÓN ESPAÑOLA DE COOPERATIVAS DE TRABAJO ASOCIADO

MALTA

KOOPERATTIVI MALTA

ITALY

AGCI PRODUZIONE E SERVIZI DI LAVORO

AGCI SOLIDARIETÀ

ANCPL
ASSOCIAZIONE NAZIONALE DELLE COOPERATIVE DI PRODUZIONE E LAVORO

CONFCOOPERATIVE
CONFEDERAZIONE COOPERATIVE ITALIANE

LEGACOOP SERVIZI

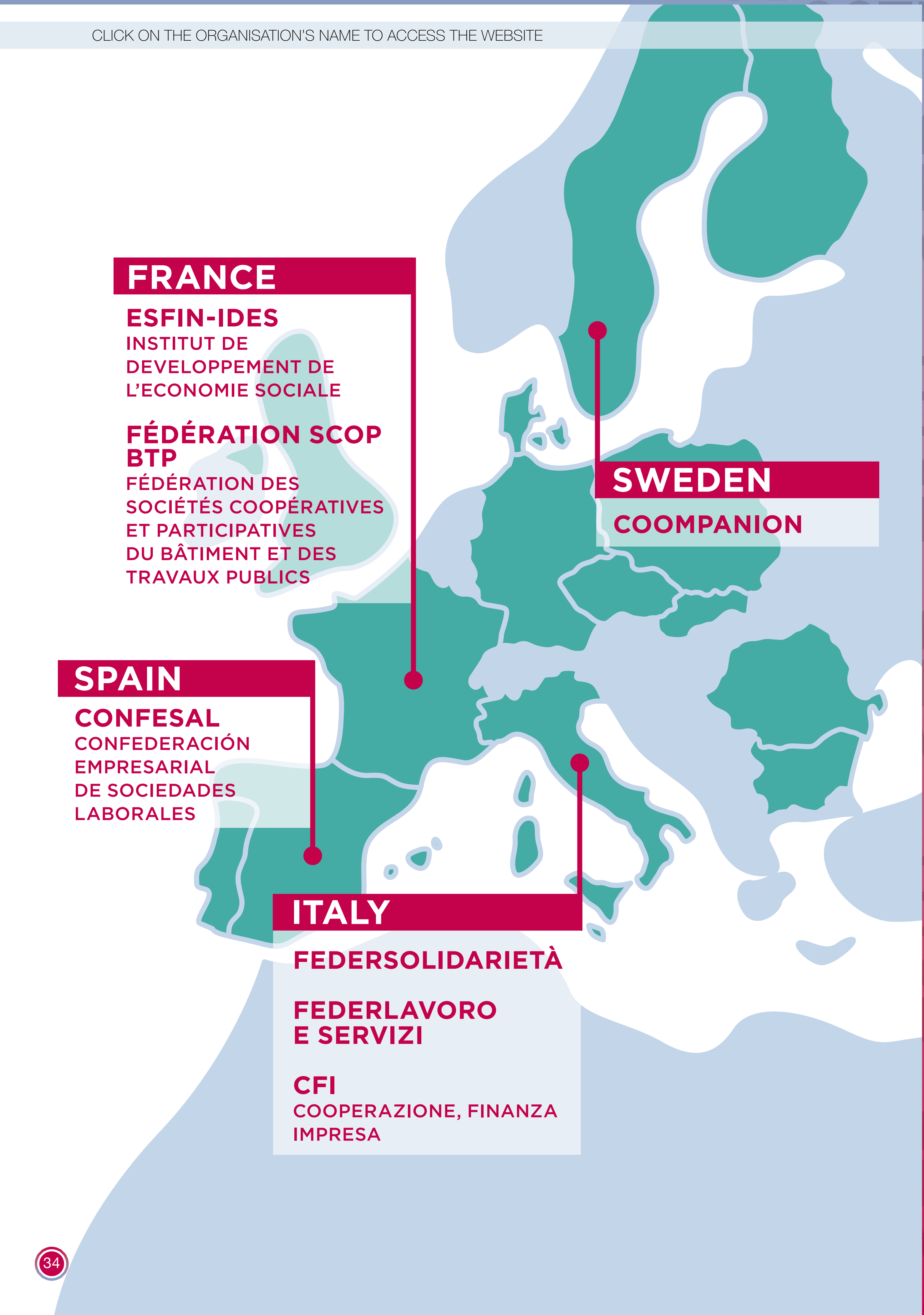
LEGACOOPSOCIALI

PORTUGAL

FENACERCI
FEDERAÇÃO NACIONAL DE COOPERATIVAS DE SOLIDARIEDADE SOCIAL

ASSOCIATE MEMBERS

CLICK ON THE ORGANISATION'S NAME TO ACCESS THE WEBSITE



FRANCE

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INSTITUT DE DEVELOPPEMENT DE L'ECONOMIE SOCIALE

FÉDÉRATION SCOP BTP
FÉDÉRATION DES SOCIÉTÉS COOPÉRATIVES ET PARTICIPATIVES DU BÂTIMENT ET DES TRAVAUX PUBLICS

SWEDEN

COOMPANION

SPAIN

CONFESAL
CONFEDERACIÓN EMPRESARIAL DE SOCIEDADES LABORALES

ITALY

FEDERSOLIDARIETÀ

FEDERLAVORO E SERVIZI

CFI
COOPERAZIONE, FINANZA IMPRESA

CICOPA

The International Organisation of industrial and service cooperatives represents 65,000 of worker, social and artisans' cooperatives providing 3 million jobs across the world. Many of those cooperatives are worker cooperatives, namely cooperatives where the members are the staff of the enterprise, i.e., worker-members. Those enterprises are characterised by a distinctive type of labour relations, called "worker ownership", different from the one experienced by conventional employees or by the self-employed. A growing typology of cooperatives represented by CICOPA are social cooperatives, namely cooperatives whose mission is the delivery of goods or services of general interest. CICOPA currently has a total of 43 members in 38 countries. CICOPA has two regional organisations: CECOP- CICOPA Europe and CICOPA Americas.