



General Assembly

Distr.: General
22 July 2021

Original: English

Seventy-sixth session

Item 27 (b) of the provisional agenda*

Social development: social development, including questions relating to the world social situation and to youth, ageing, persons with disabilities and the family

Cooperatives in social development

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution [74/119](#) and contains a review of the actions taken by cooperatives to respond to the coronavirus disease (COVID-19) pandemic and the opportunities for achieving sustainable development through cooperatives. The thematic section of the report covers legislative frameworks, including how in successive resolutions on cooperatives in social development, including [74/119](#), the Assembly has called on Governments to adopt laws or regulations that create an enabling environment for the development of cooperatives and that take into account the values-based identity of cooperatives. In addition, in its resolution [64/136](#), the Assembly declared 2012 the International Year of Cooperatives, and in successive resolutions thereafter encouraged Member States to continue to share the lessons and best practices from the International Year. The present report examines the implementation of resolution [74/119](#) at the national and international levels and the contributions cooperatives can make, in particular within the context of building back better from the COVID-19 pandemic and the forthcoming 10-year anniversary of the International Year.

* [A/76/150](#).



I. Introduction

1. The General Assembly, in its resolution [74/119](#), requested the Secretary-General to submit to the Assembly a report on cooperatives in social development and the initiatives being taken by Governments, international organizations and cooperatives to further enhance the growth and performance of cooperatives. In the resolution, the Assembly identified consistent statistics, enabling legislation, capacity-building, skills development, networking and information-sharing among cooperatives as important for their development.

2. A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise based on cooperative and ethical values that is operationalized through cooperative principles.¹ An enabling and supportive legal environment is of particular importance to the growth, development and sustainability of cooperatives. In its successive resolutions, the General Assembly has encouraged Member States to review their existing legislation and regulations to make the national legal and regulatory environment more conducive to the creation, development and growth of cooperatives by improving existing laws and regulations and/or by establishing new ones, especially in the areas of access to capital, autonomy, competitiveness and fair taxation. In the thematic section of the present report, the focus is therefore on the question of cooperatives legislation.

3. Furthermore, in its resolution [64/136](#), the General Assembly declared 2012 the International Year of Cooperatives, and in successive resolutions thereafter encouraged Member States, as well as the United Nations and all other relevant stakeholders, to share the best practices identified through the activities implemented during the International Year and to continue those activities, as appropriate. As we are now approaching the tenth anniversary of the International Year, the present report will also include an assessment of the extent to which actions have been taken to implement those recommendations.

4. The world is still in the grip of the coronavirus disease (COVID-19) pandemic, and cooperatives have been doing their part to respond and limit the pandemic's impact on their countries and communities. The health pandemic has now morphed into a socioeconomic crisis that threatens to reverse progress towards achieving the Sustainable Development Goals. The present report includes examples of the actions taken by cooperatives in response to the pandemic, highlighting the benefits of the cooperative identity both in responding to the emergency and in taking long-term action for rebuilding better together from the pandemic.

II. Cooperatives and the COVID-19 pandemic: support, resilience and building back better²

5. The COVID-19 pandemic has exposed deep inequalities and structural imbalances in societies. Business as usual is not sustainable, and the world needs a new social contract that acknowledges the interlinkages among the economy, social protection, health and the environment. The cooperative identity and business model can lead the way towards a just recovery from COVID-19, as their principles and many actions during the pandemic have shown.

¹ See www.ica.coop/en/cooperatives/cooperative-identity.

² The data and information presented in this section are drawn from papers and reports prepared for an expert group meeting hosted in June 2021 by the Division for Inclusive Social Development on the role of cooperatives in economic and social development (see www.un.org/development/desa/dspd/2021-meetings/coops.html). See also [A/74/206](#).

6. Cooperatives and their networks are present in all corners of the world, from the smallest villages to the largest cities, weaving a global tapestry whose membership includes about 12 per cent of humanity.³ They can be viewed both as an ecosystem on its own, with diverse and interconnected groups of members who manage risks, and as tools for the economic empowerment of ordinary citizens.

7. An emblematic example of cooperative principles in action can be found in the Mondragon Corporation in Spain, comprising around 100 cooperatives with over 80,000 employees. During the COVID-19 pandemic, the group used its solidarity reserve funds to support its members and temporarily redeployed workers between cooperatives in the group to minimize the loss of jobs. Thanks to a strong group capitalization, it is now investing 1.5 billion euros in three big industrial projects, which will generate 5,000 new jobs. Those efforts are underpinned by a coherent and supportive regulatory and legislative environment, which illustrates the fact that cooperatives need long-term policies to thrive and to prepare for crises before they emerge.

8. Examples of international collaboration among cooperatives during the COVID-19 pandemic include the producer relief fund launched by fair-trade cooperatives in 2020, which has already provided support for more than 900 producers' organizations in 59 countries, covering over 540,000 farmers and workers; and an initiative between Coop Italia in Italy and the Central Cooperative Union of Bulgaria to protect their members and local communities by providing much-needed protective goods, such as disinfectants and cleaning detergents. There are also examples of collaborative arrangements between cooperatives within countries, including the Italian Cooperative Alliance, which works with the Italian Banking Association to provide liquidity for small and medium-sized cooperatives; and the National Cooperative Development Corporation in India, which works with partners to expand existing facilities and to create new health-care facilities in the country.

9. The COVID-19 pandemic has led to a sudden and massive increase in demand for health services, and health cooperatives in many countries were ready to provide support, relieving some of the pressures being faced by public health-care systems. In Brazil, where the effects of the pandemic have been devastating, cooperative health services cover 85 per cent of the country's national territory, representing 32 per cent of the private health-care market. In Japan, health cooperatives provided free medical care for vulnerable populations, while in Spain they opened their facilities for use by the public sector. Elsewhere, many cooperatives distributed personal protective equipment and carried out awareness-raising campaigns. In India and Cameroon, health-care cooperatives established support funds for front-line health-care workers.

10. The pandemic has led to an increase in incidents of gender-based violence around the world, and cooperatives have implemented awareness-raising campaigns on women's rights. Recognizing and assessing the degrees of vulnerability of their employees, cooperatives have provided legal, economic and health support to victims of domestic violence while guiding them with referral information towards the appropriate services that have been integrated within cooperatives to support those who experience violence. The COVID-19 pandemic also accentuated the inequalities faced by domestic workers, informal workers and caretakers, many of whom are women. Cooperatives in the care economy have provided improved services for care recipients and better working conditions for care workers, while also supporting the transition of care workers from the informal to the formal economy.

³ See www.ica.coop/en/cooperatives/facts-and-figures.

11. Some Governments have recognized the contributions of cooperatives by including them in public support measures and post-pandemic recovery plans.⁴ The Government of Mongolia launched an online platform on COVID-19 in April 2021 with the support of the United Nations. The website provides comprehensive information on the situation, including policy measures and studies on the impacts on people and business, including cooperatives, which are conducted online on a regular basis. In Colombia, a law on entrepreneurship was passed in 2020, making cooperatives eligible for support programmes to protect employment and income. In Brazil, a law on emergency basic income was passed in 2020 that made workers in the cooperative sector eligible for basic income. In Argentina, a 2021 law on the national budget includes cooperatives. Measures taken by Honduras to preserve jobs included providing accelerated credit lines to eligible enterprises, including cooperatives, and a moratorium on interest charges.

12. The spirit of cooperation and mutual support usually thrives during periods of crisis, and the popularity of cooperatives also tend to rise during those times. This was the case following the global financial crisis in 2007 and 2008,⁵ the decade-long Greek debt crisis that emerged in 2009 from the global financial crisis and during relief and reconstruction work following disasters and in post-conflict settings.⁶ Although the social and economic crisis unleashed by COVID-19 has been in many ways unprecedented, cooperatives can be a powerful tool for a people-centred approach to a more inclusive and resilient, socially just recovery from the crisis. Business as usual, with its negative social and economic externalities, exploitation of the Earth's natural resources, environmental destruction and degradation and unchecked economic growth, is no longer an option. Cooperatives can work in partnership with all social and economic stakeholders, in a whole-of-society approach, to build back better, reinvent themselves in new contexts and settings and contribute to solving social and economic challenges while imagining new alternatives for the future.

13. Many countries recognize this potential and have already included cooperatives in their medium- to long-term growth strategies, even prior to the pandemic. In Ecuador, strengthening the people's solidarity economy was one of the strategic lines of action in the National Plan for Good Living for the period 2013–2017, with a view to driving structural transformation of the economy. In Mexico, the National Development Plan for the period 2013–2018 refers to the social sector of the economy, in particular with regard to improving its access to financing, which has been fostered through better coordination with savings and loan cooperatives; the National Development Plan for the period 2019–2024 refers to the social and cooperative sector in more detail, with subsequent implementation through the Promotion of Social Economy Programme.

14. As discussed in the following section, a coherent, strong and supportive legal and regulatory framework is a key enabler for cooperative success. This requires that policymakers and legislators ensure that the special characteristics of the cooperative business model is embedded in the framework. The following four areas are particularly important: (a) the role of identity within cooperatives, which demands equal treatment of cooperatives as enterprises in relation to law enforcement while at the same time accounting for their unique identity, which is distinct from profit-

⁴ Examples are drawn from national responses to a survey questionnaire from the Department of Economic and Social Affairs. See www.un.org/development/desa/dspd/2021-meetings/coops.html.

⁵ J. Birchall and L.H. Ketilson, *Resilience of the Cooperative Business Model in Times of Crisis* (International Labour Organization (ILO), Geneva, 2009). Available at www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_108416.pdf.

⁶ ILO, *Mapping responses by cooperatives and social and solidarity economy organizations to forced displacement* (Geneva, 2020). Available at www.ilo.org/wcmsp5/groups/public/---dgreports/---ddg_p/documents/publication/wcms_742930.pdf.

centred corporations; (b) the role of democracy among cooperatives, with each member having an equal say in how the cooperative is run, without undue outside interference; (c) the critical role of Governments in facilitating the translation of cooperative principles into legal norms, as although that translation is recognized as challenging, the participation and partnership of Governments continue to be the key factor in consolidating the long-term resilience and expansion of cooperatives going forward; and (d) the role of organizations that represent cooperatives, such as the International Cooperative Alliance at the international level and national cooperative apex organizations, as key interlocutors between cooperatives and public authorities.

III. Legal and regulatory framework⁷

15. In successive resolutions on cooperatives in social development (for example, 74/119), the General Assembly has requested the Secretary-General, in cooperation with the relevant United Nations and other international organizations and national, regional and international cooperative organizations, to continue to support Member States, as appropriate, in their efforts to create a supportive environment for the development of cooperatives, integrating the business model of cooperatives based on their commonly agreed definition, values and principles. The intention is to ensure that cooperatives do not suffer any disadvantages by maintaining their special status and adhering to the principles of cooperative enterprise, and are able to operate fairly in a competitive environment with other enterprises.

16. The draft guidelines aimed at creating a supportive environment for the development of cooperatives, contained in the annex to the 2001 report of the Secretary-General on cooperatives in social development (A/56/73-E/2001/68), was a pivotal moment for the international recognition of the importance of a supportive legal and regulatory environment for the growth and development of cooperatives. The guidelines provide broad principles that lawmakers may wish to take into account when drafting national cooperative laws and policies. The guidelines note the important special characteristics of cooperatives outlined in the International Cooperative Alliance statement on the cooperative identity, the universally accepted set of standards used to define and explain the business model of cooperatives.⁸ Those standards are fully integrated into ILO recommendation No. 193 (2002) on the promotion of cooperatives.⁹ The guidelines furthered international recognition for cooperatives and noted their values and principles as expressions of basic human rights that were being guaranteed by national legislation. Laws should enable the recognition of cooperatives as legal entities, ensuring real equality with other forms of enterprises while maintaining their autonomy, and enable partnerships with Governments for regular dialogue for mutual understanding and the co-creation and co-execution of public policies through their representative organizations that function at the secondary and tertiary level.

17. The reality of how laws on cooperatives are applied in many countries differs from the broad guidelines in some key elements. For example, the draft guidelines call for an effective partnership between Governments and the cooperative movement through their representative organizations. In reality, many national cooperative laws

⁷ Unless otherwise stated, the source material for this section is the 2021 paper by Hagen Henry prepared for the experts meeting of the Department of Economic and Social Affairs. Available at www.un.org/development/desa/dspd/2021-meetings/coops.html.

⁸ For the full list of cooperative values and principles, see www.ica.coop/en/cooperatives/cooperative-identity.

⁹ Available at www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_code:R193.

do not have provisions for effective or efficient secondary and tertiary cooperatives, cooperative groups and cooperative organizations. Where cooperatives do not have an effective apex organization to conduct regular dialogue with Governments on policy matters, their interests are not adequately represented in policymaking.

18. The principle of equal treatment is also prominently mentioned in the draft guidelines and ILO recommendation No. 193, but this principle is not adhered to in many countries. The most frequent departures from this principle include the numerous restrictions on the range of activities that cooperatives may engage in, and restrictions on the categories of persons eligible for membership, to which other forms of enterprise are not subjected. For example, in some countries, foreigners are not permitted to join cooperatives, which has an impact on the creation of cooperatives on digital platforms that have foreign members with specialized skills and artistic talents. Unequal income tax treatment also occurs, as the income tax regime of cooperatives in many countries does not take into account the unique principle of mutuality among members, nor does it take into account the differences in cooperatives' legal structures compared with other forms of enterprise, especially the capitalistic form of enterprise. The absence of cooperative law as a subject in publicly funded institutions of higher learning results in limited knowledge of this specialized area, leading towards the homogenization of the features of all forms of enterprise. Without the recognition of the special status of cooperatives in law, there would be no *raison d'être* for a separate cooperative law.

Special characteristics of cooperatives and the need for cooperative law

1. The cooperative identity, aligned with the objectives of the 2030 Agenda for Sustainable Development, calls for differentiating cooperatives from other joint stock companies

19. Cooperatives adhere to the International Cooperative Alliance statement on the cooperative identity, which should guide the enactment of laws on cooperatives. However, there has been some loss of the unique cooperative identity, owing to the trend towards considering cooperatives as conventional enterprises and a desire for convergence in national corporate laws. In some cases, cooperatives that are members of the International Cooperative Alliance, for whom its statement is legally binding, do not have a legal responsibility or a conducive legal environment to abide by the statement at the national level.

20. The common reason given for the measures leading to the convergence of the governance structures of all forms of enterprise is a need to strengthen the resilience of enterprises. This is contradictory, as the resilience of enterprises is also the result of a diversity of enterprise forms which, among other things, allows different forms to interact with each other and thereby develop entrepreneurial character, capability and resilience. Moreover, the resilience of cooperative enterprises, demonstrated through many crises, is largely a result of their principles of solidarity and care for the community, which make them different from profit-centred corporations.

21. Cooperative enterprises are important drivers of sustainable development, and many of the large cooperatives specifically report on actions taken towards achieving the Sustainable Development Goals.¹⁰ One such cooperative is Rabobank, a Dutch bank that is the sixth-largest financial services cooperative in the world. The bank has embedded contributions aimed at achieving the Goals in its strategic planning, and

¹⁰ World Cooperative Monitor, *Exploring the Cooperative Economy* (2020). Available at <https://monitor.coop/sites/default/files/publication-files/wcm2020-1727093359.pdf>.

some of the specific actions it has taken include financing and investing in sustainable energy generation, increasing the number of sustainability-linked products in its portfolio, financing sustainable housing solutions, establishing key partnerships to support sustainable agriculture on a large scale and establishing a “Circular Business Desk” to advise its clients on using more sustainable production methods.

22. The cooperative principle on concern for community reflects the values of solidarity and social responsibility as fundamental characteristics of a legally registered cooperative enterprise. An example is the practice of creating indivisible reserve funds, meant mostly to ensure cooperatives’ long-term and intergenerational character. This is, in several countries, a legally enforceable act of solidarity. A central aspect of sustainable development is social justice, the regeneration of which may most effectively be achieved through democratic control over the decisions on what and how to produce and how to distribute the produced wealth. This mechanism is unique to cooperatives, as the definition of cooperatives requires that such enterprises be “democratically controlled”.

23. There has been some progress in improving the legislative environment in order to make it more conducive to cooperative growth. Japan adopted the Workers Cooperatives Act in 2020, which explicitly includes the concept of sustainable development in the legal text and widens the scope of cooperatives to new and emerging areas, including cooperatives organized for the reintegration of vulnerable sections of society, including persons with disabilities. This development in Japan was influenced by the concept of social cooperatives and corresponding legislation in Italy. Presently, the International Cooperative Alliance is proposing revisions to cooperative legal frameworks in countries in the Pacific Island Forum as well as in the African Union to bring cooperatives closer to achieving the global vision of sustainable development. In addition, the legal safeguards guaranteed in the 2003 Convention for the Safeguarding of the Intangible Cultural Heritage of the United Nations Education, Scientific and Cultural Organization complement the aim of creating a supportive legal and policy environment for cooperatives by promoting new and strengthening existing cooperatives, organized by communities practicing and protecting traditional knowledge, unique expressions of art and performances.¹¹

24. The regulation of this unique feature of cooperatives faces a number of challenges, including the lack of a satisfactory level of awareness among the public, as well as among public authorities, on the contribution of cooperatives to sustainable development. The challenges in particular concern the implementation of legal rules emanating from the seventh principle of the statement on the cooperative identity, concern for community, and the operationalization of the cooperative values of social responsibility and solidarity, which are concepts that have gained legal meaning through recent developments in laws for corporations and laws concerning social economy, respectively. When regulating participation, lawmakers will face two major issues: the reconceptualization of participation in modern cooperatives, and problems related to the translation of the cooperative definition and principles into legal rules that respect the legal concept of sustainable development.

2. The concept of participation in cooperatives is broader than “one member, one vote”

25. Legislation is often limited to translating the cooperative principle of “one member, one vote” into legal rules. However, this omits other important aspects of participation, such as democratic control, which requires appropriate checks and balances. Participation must permeate all organizational and operational aspects of

¹¹ See <https://ich.unesco.org/en/RL/idea-and-practice-of-organizing-shared-interests-in-cooperatives-01200>.

cooperatives. The modes of participation may also embrace new digital technologies, which will enable more members to participate.

26. These challenges increase as cooperatives become integrated even more intensively into global value chains. Global value chains are composed of various enterprise forms, which are frequently under the leadership of non-cooperative enterprises, and bring together various legal traditions into business operations, especially in the case of integrated supply chains. These enterprises and whole value chains often dissolve into networks of actors without structure, relying more on ephemeral connections than on collective bonds. It is therefore important to reinforce the participation of cooperatives in the definition and design of law on cooperatives, through their representative apex organizations, to ensure they maintain their special characteristics even within global networks.

27. Further challenges in translating the cooperative identity (definition, principles and values) into legal rules that respect the legal concept of sustainable development include, first, the transformation of cooperative principles into legal principles and rules, to the extent possible, through existing legal principles. The reference to cooperative principles in national and regional laws on cooperatives is a starting point, but still leaves many questions unanswered. Second, these legal rules have to establish functional relations to aspects of sustainable development. Third, cooperative law-making does not only concern the laws on cooperatives, but cooperative law in the wider sense, which would include, in addition to national laws, religious laws, customary laws, standards set by private actors (for example on accounting and bookkeeping) and laws on informal economy actors. These create challenges, as national law-making is part of regional law-making is part of international law-making.

3. Legal framework analysis¹²

28. Research analysing cooperative legal frameworks in many countries around the world demonstrates that the absence of supportive legal frameworks for cooperatives, or the presence of inadequate legal frameworks, can have a negative impact on cooperatives and their evolution.¹³ The reverse is also true, where the presence of supportive regulations can enhance cooperative development, acting as an important driver of sustainable development and, by extension, a just recovery from the COVID-19 pandemic.¹⁴ The need to update cooperative legislation is identified in many countries and regions, particularly in the Americas and Africa, where several legal frameworks have not been reformed for many years. Updates should be based upon existing international standards, tools and guidelines dedicated to cooperative legislation at the regional and global levels, as mentioned above.

29. In Africa, an analysis of 18 countries shows variations in legal provisions across countries, with some provisions being detrimental to cooperatives. With regard to

¹² The data and information presented in this section are drawn from papers and reports prepared for an expert group meeting hosted in June 2021 by the Division for Inclusive Social Development (see www.un.org/development/desa/dspd/2021-meetings/coops.html).

¹³ To be read in the light of the existing international standards, tools and guidelines dedicated to cooperative legislation at the regional and global levels, including ILO recommendation No. 193, the International Cooperative Alliance statement on the cooperative identity, the draft guidelines aimed at creating a supportive environment for the development of cooperatives and the ILO *Guidelines for Cooperative Legislation*, available at www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_195533.pdf.

¹⁴ The International Cooperative Alliance, in partnership with the European Union, is currently conducting legal frameworks analysis research at the global level for cooperatives. Unless specified, all regional and national observations noted in the present document are based on the work of the authors of the regional, subregional and national reports completed for the following regions: Africa (18 reports), the Americas (23), Asia and the Pacific (22) and Europe (16). The national reports and the full list of countries covered are available at www.coops4dev.coop.

management and regulatory frameworks, there is a need to strengthen provisions on the self-regulation of cooperatives, ensuring that accountability to members and of leaders is firmly established, and that regulatory frameworks are balanced and designed in a manner that allows cooperatives to operate freely and preserve the cooperative principle of autonomy and independence. The low level of youth engagement is also a challenge in a number of countries, in particular in agricultural cooperatives, undermining their sustainability. The importance of establishing regional legislation covering several countries, such as the 2011 Uniform Act on Cooperatives of the Organization for the Harmonization of Business Law in Africa, is useful as a potential facilitator of cross-border cooperative relationships and can encourage further regional economic integration. In Africa, the main challenges include overregulation, political interference into cooperative affairs, the existence of cooperative legislation that does not adhere to cooperative values and principles, and ineffective regulatory bodies. Moreover, there are everyday challenges found within cooperatives such as poor governance, indifferent membership, cooperative leaders who act in ways that are contrary to members' interests and embezzlement of members' funds, as well as limited innovation and growth.

30. Of the countries studied in the Americas, the majority (23) have a general law regulating all cooperatives. Some countries have, in addition to a general law, one or more special laws dedicated to certain types of cooperatives, notably savings and loan and worker cooperatives (e.g. Brazil, Costa Rica, Mexico, Paraguay and Uruguay). National constitutions usually contain a recognition of the social function of cooperatives and provide for their promotion. Some countries in the region, such as Argentina, Canada, Chile, Puerto Rico, the United States of America and Uruguay, have a strong presence of cooperatives despite the absence of constitutional recognition. The Constitution of the Plurinational State of Bolivia includes 12 provisions relating to cooperatives. In Brazil, the 1988 Constitution refers to cooperatives in seven provisions, including the recognition of the cooperative act to assign tax treatment appropriate to its nature. Many countries also require overly bureaucratic procedures to establish a cooperative, which in some cases acts as a deterrent.

31. In the 21 countries studied in the Asia-Pacific region, a combined approach of general and special laws predominates. The influence of colonialism on the current cooperative legal frameworks is a visible trend identified across the six subregions. The conductors of the analysis recommended the inclusion of a "preamble" within cooperative legislation, setting out the role and functions of cooperatives that would reinforce the cooperative identity. Such a preamble would help guide the interpretation of the law and could be used, when necessary, to defend the cooperative identity. The law must also be flexible enough to accommodate the various financing needs of different types of cooperatives without compromising the cooperative identity. A balance needs to be struck between legislating for the different types of cooperatives and not overly fragmenting cooperative law.

32. In Europe, all 16 countries studied have specific legal rules for cooperatives, usually in the form of general laws or provisions applicable in principle to all cooperatives, coexisting with special laws or provisions focused on specific cooperative types. Some one third of countries make specific references to cooperatives in their constitutions, with provisions emphasizing the protection and control of cooperatives by the State from capricious actions. Such constitutional references safeguard the preservation of cooperatives as a distinctive legal form, as their abolishment would need a constitutional revision. Most legislation tends to acknowledge the cooperative principles implicitly, meaning that some of their aspects may be reflected in the cooperative's legal definition, as well as in other provisions of cooperative legislation. A dominant feature that emerges from the comparison of national laws is the mutual purpose of the cooperative, which is expressed through

different wordings in the legal texts (e.g. member promotion, mutual assistance). The regional studies in Europe identified globalization, digitization and demographic transitions, a lack of knowledge of the cooperative model and limited access to capital as the main challenges to cooperative growth. The modernization of cooperative legislation, developed in partnership with cooperatives, would create a more enabling and supportive environment for cooperative development.

33. Some countries across all regions of the world maintain restrictions on the types of activities cooperatives can engage in, while others overregulate specific sectors, including insurance, banking and energy provision and distribution, and some specific professions, such as pharmacists. Financial cooperatives in the Americas face excessive control regimes that go beyond the restrictions imposed on other financial entities. Some aspects of rules regarding public procurement and competition laws in Europe are also restrictive to cooperatives.

34. The number of members required to form a cooperative varies. For example, in Finland and the Netherlands, only one person is required to form a cooperative. This seemingly generous provision, while making it easy to form a cooperative, does not reflect the principle of collective action at the heart of cooperation. A more common challenge is a general trend requiring a large membership, for example in the Asia and Pacific region and the Middle East, which is challenging for many communities targeting specific action within a locality. There is no evidence of a correlation between a large number of members and the success of a cooperative, therefore some flexibility adapted to local conditions is required.

35. The global review further identified the need for strong recognition of the cooperative identity in legislation; technical, promotional and financial State support for cooperatives, in particular the small and medium-sized cooperatives that do not have sufficient internal resources; and support for the education and training of the membership, particularly the leadership. There is also a need to require reserve funds, part of which are indivisible, with legal protection from the dissolution of the cooperative, to avoid demutualization, which may be undertaken by management or through a takeover of profitable cooperatives by other forms of enterprise. In addition, the removal of previously supportive laws can also set off further waves of demutualization, where cooperatives are unable to adapt to a new surge of competition. Indivisible reserves are one way to remedy the situation.

36. In addition, a review of the functions of the cooperative registration authority is needed to assess the impact of its regulatory role under existing legislation, with a view to achieving a realistic and appropriate role of the cooperative registrar based on available resources. Where resources are not available, implementation will inevitably remain a challenge. The law should include appropriate and achievable reporting mechanisms for cooperatives based on their size and type to encourage the self-regulation of cooperatives with support, rather than direct intervention in cooperative decision-making processes. It is important for cooperatives to have public institutions that are dedicated to promoting and establishing representative organizations for cooperatives at the national level.

37. In all regions, direct taxation on income has a real and tangible impact on cooperatives and their functioning. Tax law does not always fully account for the specific nature and functioning of cooperatives, nor does it recognize their mutual purpose. In many cases, cooperatives are primarily subject to a general tax regime that is also applicable to other business forms. In the Americas, cooperatives have been gradually but steadily losing the promotional tax treatment they previously enjoyed. In the African region, taxation systems need to ensure equal treatment of cooperatives, taking into account their nature, size and contribution to national development. In Europe, tax law does not properly and fully enhance the legal nature

of cooperatives, as in most countries the law does not fully distinguish between the treatment of patronage refunds and dividends, or divisible and indivisible reserves, which are key features of how cooperatives function. The experience in Asia and the Pacific is varied, with differing tax treatment across countries.

38. Beyond taxation, good practices identified include prescribing reserve funds, usually required in law or in by-laws. The funds may be mandatory or voluntary, and serve a variety of goals, such as investment, education, training or overall development and the promotion of cooperatives. Furthermore, in several cases of European legislation, reserves are indivisible during the lifetime of the cooperative. An important feature to note is that the principle of disinterested dissolution/distribution, although highlighted in the 2004 Communication from the European Commission on the promotion of cooperative societies in Europe,¹⁵ is often not protected under mandatory rules in most cooperative legislations.

39. Digitization and information and communications technology (ICT) have the potential to affect cooperatives, their regulation and their functioning, especially in the platform economy. Cooperatives on digital platforms can play a crucial role in the “new social contract” of the post-COVID-19 era by addressing issues ranging from precarious working conditions to bridging the digital gender divide to creating a more competitive and just digital economy. The digitization of the formation and establishment of cooperatives and the accommodation of global governance mechanisms, such as facilitating transnational membership and management for platform cooperatives and ensuring adequate access to capital by establishing a balance between the permission of investor members and the maintenance of the cooperative identity, are crucial issues for the legislator. New and emerging areas that will also be of particular importance for regulators to address are issues related to the digital commons, ecological law and blockchain technologies.

40. The legal possibility of establishing worker buyouts under the worker cooperative form should exist and could be promoted through legislative efforts. Worker buyouts represent a concrete opportunity for the employees of a company to become its owners, thereby safeguarding their jobs and accumulated knowledge and skills. This is becoming ever more important in a context of economic crisis, including the current pandemic.

41. An adequate enabling environment for cooperatives requires legislative frameworks that acknowledge the specificities of cooperatives and their unique identity, and facilitate the translation of the cooperative definition, values and principles into laws that guide actions taken by cooperatives. Such an enabling environment is a foundation for a cooperative economy that is designed to spread wealth and prosperity, is people-owned, democratic and politically autonomous, and is committed to educating its citizens, nurturing their cultural needs and aspirations and striving for positive health, social, economic and environmental outcomes.

IV. Actions taken by countries and international organizations towards implementing the objectives of the International Year of Cooperatives

A. International Year of Cooperatives

42. In 2012, the International Year of Cooperatives created an atmosphere of recognition and validation, which was particularly welcome after the economic crisis of 2008, after which various studies showed cooperatives’ resilience to the crisis.

¹⁵ See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52004DC0018>.

During the Year, the thirty-second World Cooperative Congress was held in Manchester, United Kingdom of Great Britain and Northern Ireland, and the International Summit of Cooperatives was convened in Quebec, Canada. Many of those meetings involved a range of stakeholders, including public authorities such as the sectoral organization for industry and services of the International Cooperative Alliance known as the International Organization of Cooperatives in Industry and Services, senior government officials, international organizations, academic researchers and cooperative leaders.

43. At the national level, Portugal created postage stamps promoting the International Year, thus creating widespread public visibility and other initiatives that identified and promoted good practices in the sector. Cooperativa António Sérgio para a Economia Social worked with the Minister for Labour, Solidarity and Social Security to implement 21 initiatives and produce 12 publications to promote the Year. These initiatives delivered workshops to more than 2,200 people inside and outside the cooperative sector. In addition, 160 specialists, academics and directors of cooperatives gathered to celebrate and discuss the future of cooperatives.

44. India and the Republic of Korea enacted milestone legislation for the growth of cooperatives in 2012. In Mexico, the impetus provided by the International Year led to the adoption of the Law on the Social and Solidarity Economy and the creation of the National Institute of Social Economy in 2012. In addition a deep analysis of the state of cooperatives in the country was conducted, which resulted in initiatives to improve their effectiveness and capture data for the entire social and solidarity economy sector. The Year led to the growth of the number of cooperatives in Mongolia from 1,677 in 2011 to 4,580 in 2019; and from 76 to 167 in Timor-Leste.

45. ILO contributed to the aims of the International Year by raising awareness on the cooperative model of enterprise and building the capacity of ILO constituents, including cooperatives, to address issues of cooperative policy and legislation, governance and productivity as a means to strengthen and promote the growth of cooperative enterprises.

46. The Department of Economic and Social Affairs provided policy analysis and substantive support to Member States to carry out activities in international norm-setting as well as regional and national strategies to further promote cooperatives for sustainable development. The Food and Agriculture Organization of the United Nations focused on supporting cooperatives in leveraging their contribution to rural development and food security.

B. Review of legislation and legal reforms following the International Year

47. General laws on cooperatives have also been reformed over the past decade in some countries. In 2013, Uruguay amended 27 articles of its General Law on Cooperatives to clarify points concerning controls and records. Chile reformed its General Law on Cooperatives in 2016, which also fostered the participation of women in leadership roles. In Mexico, the Law on the Social and Solidarity Economy was amended in 2013, 2015 and 2019; the most recent round of reforms incorporated values such as the explicit goal of promoting the comprehensive development of human beings and the key values of trust, self-management and social inclusion.¹⁶

48. Peru created a multisectoral technical group for the promotion of cooperatives, enabling civil associations to become cooperatives. Honduras, in 2015, approved a

¹⁶ Response by the Economic Commission for Latin America and the Caribbean to the survey sent by the Department of Economic and Social Affairs. See www.un.org/development/desa/dspd/2021-meetings/coops.html.

legal framework of cooperatives, exempting them from some taxes. Poland amended the Law on Social Cooperatives in 2018, allowing a greater level of flexibility to integrate socially excluded and marginalized groups into social cooperatives. Cooperative policies are also being developed and adopted in Egypt, Ghana, Indonesia, Portugal, Sri Lanka, Trinidad and Tobago, the United Republic of Tanzania, Viet Nam and Zimbabwe. Mongolia recently revised its law on cooperatives to support the independent development of cooperatives and thus contribute to the creation of more jobs. Fiji and Honduras also recently revised their laws.

C. Capacity-building for cooperatives

49. Member States have utilized different approaches to facilitate the structural strengthening of cooperatives. The most common approach is to set up training programmes for members within the cooperative enterprises. Mongolia reported that an agency for small and medium-sized enterprises was set up in August 2020 to provide comprehensive research, regulatory and business consulting services to cooperatives. The Philippines has specifically targeted leaders in cooperatives by providing mentoring and coaching services through its Cooperative Development Authority. Peru offers comprehensive training programmes for members of cooperatives, in particular on management and other technical issues. Mexico has eliminated most subsidies for cooperatives and provides other support measures in order to build their capacities for autonomous growth. Honduras also established an agency dedicated to research, education, training and technical-administrative accounting analysis. The Institute of Cooperative Research and Training contributes to strengthening the knowledge of management bodies and personal improvement.

50. Chile has given greater power to the Department of Cooperatives, which leads to greater flexibility for the establishment and expansion of the services of cooperatives. Cooperatives are included in several government support programmes in Mongolia, Poland, Portugal, Timor-Leste and Zimbabwe. To support the independent development of cooperatives, especially in rural areas, the revised law of Mongolia clarifies the powers of State bodies and local self-government bodies in relation to cooperatives and provides more legal grounds for the creation of funds for the development of cooperatives.

51. In Zimbabwe, the Department of Cooperatives is developing an online cooperatives database registration system, aiming at facilitating the participation and expansion of cooperatives across the country. By taking advantage of ICT, the system will enhance the Department's capacity to monitor cooperative compliance issues and their adherence to regulation, promote market access to cooperatives and link cooperatives to finance. This digital platform will improve the participation of marginalized groups, as well as that of young people and persons with disabilities.

52. ILO provides capacity-building and training services that enable cooperatives and other social and solidarity economy enterprises to become more competitive and sustainable in the marketplace. More than 110 countries have adopted ILO recommendation No. 193 to support the revision and design of national policies and laws. The recommendation has supported countries in building a vision that necessitates the existence of a strong cooperative sector, as well as a balanced social and non-government sector, throughout the process of formulating laws. Zimbabwe, by closely following the recommendation, is reported to be in the process of reviewing its Cooperatives Societies Act; the review is due to be completed by the end of 2021.

D. Promoting education on cooperatives and cooperative statistics

53. Another area of action is the integration of cooperative education into the general curriculum, which helps to develop a greater understanding of the cooperative enterprise in wider society and among young people.¹⁷ The development of university education on cooperatives (and cooperative law) will enhance societal understanding of cooperatives and ensure more adequate legal treatment. Furthermore, technical and financial support through partnerships with international institutions and Governments is an important way to strengthen the cooperative movement and international cooperative development and representative organizations.

54. Education on cooperatives is recognized in the laws of some countries. In Costa Rica, the Basic Law on Education makes teaching about cooperatives compulsory at all educational levels and in all public and private educational institutions. In Argentina, the National Education Law establishes that the Federal Education Council must promote the integration of cooperative and mutual organization principles and values into education and teacher training processes. In Uruguay, the 2008 law on cooperative systems requires that the National Cooperative Institute promote teaching on cooperatives at all levels of public and private education. Honduras has integrated the teaching of cooperative values into the primary-level curriculum, while Portugal is reported to have set its target beyond the age of 18. Out-of-school young people and adults have also been empowered by the Philippines through outreach programmes that seek to deliver education on the benefits of joining cooperatives and of collective social entrepreneurship.

55. More accurate information about cooperatives through statistical data collection can also support cooperative legislation, as it is through accurate data that the full contribution of cooperatives to sustainable development can be quantified. The data must be comprehensive and comparable across countries to allow for meaningful global analysis. Some available data already illustrate the importance of cooperatives in creating decent work, reducing poverty, mobilizing resources for investment and protecting the environment.¹⁸ They are also important in supporting marginalized and vulnerable groups, such as persons with disabilities, the elderly, indigenous peoples and young people. Many women are also members and hold leadership positions in cooperatives. Accurate data will inform better design and more effective monitoring of specific support policies and assistance programmes for the cooperative sector as a whole and for its subsectors.

56. The Department of Economic and Social Affairs, ILO and the United Nations Research Institute for Social Development formed a technical working group to develop guidelines for the systematic collection of statistics on cooperatives based on a mapping and analysis of national practices and international standards. The initiative created guidelines for statistics on cooperatives that were supported by the multi-stakeholder Committee for the Promotion and Advancement of Cooperatives. These guidelines were further reviewed by the International Conference of Labour Statisticians and were adopted as a recommendation by ILO.¹⁹ The guidelines are being piloted in Costa Rica, Italy, the Republic of Korea, Turkey and the United

¹⁷ International Cooperative Alliance, “Young people and cooperatives: a perfect match?” (Brussels, 2021). Available at www.ica.coop/sites/default/files/news-item-attachments/coops4devyoungpeoplereport-267264990.pdf.

¹⁸ World Cooperative Monitor, *Exploring the Cooperative Economy*.

¹⁹ See ILO, “Draft guidelines concerning statistics of cooperatives” (Geneva, 2018). Available at www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms_635966.pdf.

Republic of Tanzania. More pilots are necessary to make the system fully understood and operational.

57. Regarding access to finance, Mongolia allows cooperatives to use their assets as collateral to obtain loans from commercial banks, which was not possible prior to 2021. Value added tax is exempted in accordance with new provisions in the law, which helps agricultural cooperatives sell their products to local processors directly, without intermediaries, allowing them to avoid unnecessary costs. The Philippines, as well as Mongolia, established specific funding organizations to support flexible access to credit from banks. Portugal implemented a new policy of “cooperatives on the spot”, allowing for establishment of cooperatives and the designation of the respective governing bodies to be exercised immediately, and in a single place, without restrictions on the level of financial capital needed.

58. Cooperatives also have better access to markets in Mexico, where savings and loan cooperatives can contract third-party services, charge commission fees and use a solidarity market online platform.

59. Argentina and the Philippines reported that they put particular emphasis on ensuring support to indigenous populations, which has led to the development of cooperatives by and among indigenous communities. Zimbabwe reported increased engagement between communities and manufacturing cooperatives during the COVID-19 pandemic; the cooperatives distributed seven tons of mielie-meal to vulnerable groups. Gender equality and youth participation in Honduras are ensured by the establishment of the National Cooperative Women’s Council and Youth Council, respectively. Mongolia pays particular attention to promoting employment for the disadvantaged and vulnerable and has implemented several programmes under its employment promotion fund. Poland has established programmes targeting young people and persons with disabilities.

60. Regarding climate change, since the celebration of the International Year of Cooperatives, the cooperative sector in the Philippines has focused on sustainable development and providing livelihood opportunities for marginalized communities. The activities have contributed to combating climate change and promoting sustainability, and include tree planting, financing electric vehicles through transport cooperatives, mainstreaming the adoption of renewable energy and promoting waste reduction, reuse and recycling systems among cooperatives nationwide.

V. Conclusions and recommendations

61. Self-identification, diversity of enterprises and recognizing the legal concept of sustainable development, as well as cooperatives’ central role in sustainable development, warrant the sharpening of the profile of cooperatives through law and policy. This requires greater respect for the principle of equal treatment of cooperatives, compared with other forms of enterprise. A sharpened and certified profile, besides providing clarity for business partners, also helps to effect promotional policies and the adequate application of laws, such as tax laws and labour laws, to cooperatives, respecting their specific characteristics. There is a need for continuous implementation by all actors, and especially cooperatives and Governments, of the recommendations and guidelines of the International Cooperative Alliance statement on the cooperative identity, the above-mentioned draft guidelines aimed at creating a supportive environment for the development of cooperatives and ILO recommendation No. 193. Actions in that regard will support cooperatives in all countries in making greater contributions to socioeconomic development and the 2030 Agenda for Sustainable Development.

62. Recovery from the COVID-19 pandemic will be at the forefront of public policymaking for years to come. Although some countries' economies have already resumed growth, the growth outlook for many others remains fragile and uncertain. The "uneven recovery", particularly in Southern Asia, sub-Saharan Africa, Latin America and the Caribbean, reflects an ongoing challenge that hinders the effort to bolster global recovery prospects. In order to build back better and achieve the 2030 Agenda and Sustainable Development Goals, a new social contract is required in the post-COVID-19 era. The new social contract involves Governments, people, civil society, business and other stakeholders in building a more inclusive, equitable, resilient and sustainable society with social protection for all. Cooperatives have a significant role to play in the context of the new social contract since they put people, rather than profit, at the centre of their operations.

63. The International Year of Cooperatives achieved many of its objectives related to drawing more attention to the cooperative enterprise form. Member States continue to share lessons learned during the International Year, which will enhance the contribution of cooperatives to sustainable development. To further promote the cooperative enterprise model for a better recovery from the COVID-19 pandemic and accelerated actions to implement the 2030 Agenda, the General Assembly may consider the following recommendations:

(a) Governments should create policies and programmes to leverage the cooperative enterprise model for a more inclusive and resilient recovery by scaling up the provision of cooperative health-care services to cover a larger number of people, with a particular focus on underserved communities, such as informal sector workers, to address inequalities revealed during the COVID-19 pandemic, and further promote the role of cooperatives in bringing financial services to underserved groups and communities, such as young people, persons with disabilities, older persons, women and indigenous communities;

(b) National Governments should continue to improve legislative and regulatory frameworks, in alignment with the draft guidelines aimed at creating a supportive environment for the development of cooperatives, to support cooperatives through national constitutions, where not yet done, by providing for their equal treatment in policies and laws, and by passing, where applicable and feasible, a general law applying to all categories of cooperatives in an effort to avoid fragmentation and increase efficiency, in congruence with a single policy document on the promotion of cooperatives, with provisions for secondary and tertiary cooperatives;

(c) Governments should continue to strengthen their capacities to collect comprehensive and internationally comparable data on the role of cooperative enterprises in economic and social development and the implementation of the Sustainable Development Goals, with reference to available methodologies, such as the guidelines concerning statistics of cooperatives;

(d) Given the impact of the International Year, Governments and partners should further increase the sharing of best practices to further increase public awareness of the cooperative form of enterprise;

(e) The United Nations system should continue to provide policy analysis, technical support and capacity-building assistance to cooperatives and national Governments to promote the continued growth of cooperatives for the implementation of the 2030 Agenda.