

POLICY RECOMMENDATIONS FOLLOWING THE 2012 INTERNATIONAL YEAR OF COOPERATIVES

FOR MORE WORKER AND SOCIAL COOPERATIVES IN THE WORLD!

JANUARY 2013

The following policy recommendations have been formulated by CICOPA, the world body representing worker and social cooperatives, in the wake of the Global Worker Cooperative Day convened in Marseille (France) on 16 November 2012 within the framework of the UN-proclaimed International Year of Cooperatives (IYC). They constitute CICOPA's main concluding message for the IYC, which has just been completed. We will strive to have them implemented throughout the subsequent Cooperative Decade, which the cooperative movement has now embarked on. They are not abstract recommendations but are based on over one hundred and fifty years of concrete practice in dozens of countries on all continents and in the most varied economic activities, which has repeatedly proven the socio-economic sustainability of our business model. Such sustainability has, once more, been successfully put to the test under the current difficult period for the world economy. We hope that these policy recommendations, grounded in the International Labour Organisation (ILO) Recommendation 193/2002 on the Promotion of Cooperatives in which CICOPA played a substantial role, will contribute to developing cooperatives as economic organisations aimed at satisfying citizens' needs and creating and distributing long-lasting wealth for all.

ADEQUATE LEGAL FRAMEWORK FOR WORKER AND SOCIAL COOPERATIVES

- ▶ When introducing new legal frameworks for worker cooperatives, public authorities should take into consideration the World Declaration on Worker Cooperatives (approved by the ICA¹ General Assembly in Cartagena, Colombia, on 23 September 2005).
- ▶ Also, when they introduce new legal frameworks for social cooperatives, public authorities should take into consideration the World Standards of Social Cooperatives (approved by CICOPA General Assembly in Cancun, Mexico, on 16 November 2011).
- ▶ Legal provisions instituting fully de-taxed indivisible reserves in cooperatives in States where indivisible reserves are not already enshrined in legislation are strongly urged. In countries where indivisible reserves are already enshrined in legislation, total de-taxation of these reserves is advocated.
- ▶ Accompanying mechanisms in industrial and service cooperatives and other employee-owned enterprises such as the non- (or not immediate) distribution of cooperative returns, the revaluation of members' shares (according to mechanisms to be defined and independent from the stock market) should be encouraged and protected by law.
- ▶ Laws for worker cooperatives should meet the general and specific criteria of decent work, as required by International Labour

1. International Cooperative Alliance.

Organisation (ILO) Recommendation 193 on the Promotion of Cooperatives.

- ▶ National legislation making it compulsory for all cooperatives to dedicate a percentage of their turnover or results to help establish new cooperatives, reinforce existing ones, and restructure enterprises threatened by closure into cooperatives should be encouraged. These solidarity funds should be managed under the supervision of the cooperative organisations themselves for all cooperatives affiliated to such organisations.
- ▶ Assistance should be provided for public authorities in order to encourage worker cooperative and social cooperative participation in public procurements notably by making a better use of social clauses and considerations. Saved employment through the cooperativisation of enterprises at risk of closure should be recognized as an added value when those cooperatives take part in public procurements.

BUSINESS TRANSFER TO EMPLOYEES

- ▶ In order to save jobs, economic activities and local skills from disappearing, and in order to transform them into sustainable activities, the States should promote and adopt measures in favour of the business transfer to employees under the cooperative form.
- ▶ Very often, the problem encountered in business transfer to employees in cases of bankruptcies is the lack of knowledge about this business scenario amongst concerned professionals, (lawyers, accountants, etc.), and within the judicial system. Training for professionals would thus be essential in promoting this practice. Better knowledge about cooperatives should also be promoted in trade unions and among persons/structures whose mission is to inform about the creation or transfer of businesses.

- ▶ The conversion of enterprises in crisis into economically sustainable cooperatives requires a precise diagnosis. In addition, the earlier the diagnosis can be established, the more successful and sustainable the restructuring will be. The authorities at all levels should cooperate with the cooperative system in facilitating the establishment of early diagnoses of enterprise crises and of the feasibility of transformation into cooperatives. Trade Unions should be associated in those processes.

- ▶ Preferential rights should be given to employees in order to give them the best conditions for a takeover bid for an enterprise facing closure.

- ▶ Direct financial mechanisms aimed at helping employees invest in enterprises in crisis or without successor in order to engineer business transfers to employees, in particular under the cooperative form, are strongly encouraged. Mechanisms as unemployment benefits or any other benefits available for redundant workers should be available for employees willing to use them as capital for takeover bids for their enterprise facing closure. Worker-owners of the new established cooperatives should not support the debts resulting from the failed company. Training in cooperative management and governance for the future worker-owners should also be supported.

- ▶ Specific state aid provisions in coordination with fiscal policy should be adopted by the States in favour of saving and developing economically sustainable activities that are threatened by closure, in particular through business transfers to employees.

ENTERPRISE GROUPING

- ▶ Legal frameworks should be adopted for the creation of cooperative horizontal groups as well as measures promoting them.

- ▶ Inter-SME collaborative networks under the cooperative form (artisans' cooperatives, cooperatives of SMEs, activity and employment cooperatives etc.) should be encouraged, as those networks considerably reinforce the sustainability of the micro and small enterprises. Such networks are also virtually the only way in which micro and small enterprises can be a source of innovation. Inter-SME international collaborative networks under the cooperative form should also be encouraged, specifically in strategic sectors.
- ▶ The creation and reinforcement of mutualised business support institutions among industrial and service cooperatives should be promoted, in the field of financing, training and education, entrepreneurial and legal advisory services etc. jointly owned and controlled by enterprises that use them.
- ▶ Creation of international funds should be encouraged for support and promotion of collaboration among cooperatives from different countries.

ABOUT CICOPA

CICOPA, the International Organisation of Industrial, Artisanal and Service Producers' Cooperatives, is a sectoral organisation of the International Cooperative Alliance. Its full members are representative organisations of producers' cooperatives from different sectors: construction, industrial production, services of general interest, transport, intellectual services, artisanal activities, health, social care, etc. Its associated members are support organisations promoting cooperatives in those sectors. Many of those cooperatives are worker cooperatives, namely cooperatives where the members are the staff of the enterprise, i.e., worker-members. CICOPA has two regional organisations: CECOP- CICOPA Europe and CICOPA Americas.

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