

Building back better: cooperatives as key international development partners during the COVID-19 crisis and beyond

Cooperatives Europe is the European cross-sectoral organization representing cooperative enterprises and a regional office of the International Cooperative Alliance (ICA). Its 86 member organizations from 34 European countries across all business sectors represent 140 million individual member cooperators owning 176,000 cooperative enterprises and providing jobs to 4,7 million European citizens.

[The ICA-EU Partnership](#) is a strategic political partnership or Framework Partnership Agreement (FPA) between the European Commission (DG Devco) and all the [International Cooperative Alliance \(ICA\)](#) regional and global offices. This commitment aims to contribute to strengthening the regional and global cooperative umbrella organizations in partner countries.

This Cooperatives Europe position paper on the EU's external action response to COVID-19 is a follow-up on Cooperatives Europe position paper regarding COVID-19, please find it [here](#). It was drafted with the support of the [Cooperatives Europe Development Platform \(CEDP\)](#) a network of 10 members of Cooperatives Europe working on development policy and development implementation. At the bottom of this paper you can find a short overview of cooperatives and their values.

Introduction

The outbreak of COVID-19 creates an unprecedented crisis for citizens, businesses and local communities around the world. Not only have more than half a million people tragically lost their lives and have health systems everywhere been put to the test¹, a large part of economic activities came to a global standstill for several weeks² Cooperatives, as people-centred businesses, have also been impacted by both the health crisis and its subsequent economic downturn. A significant number of cooperatives are struggling. They are facing significant reduction of activities, especially within specific sectors such as tourism, transport and culture. Even when incomes are limited or non-existent, expenses must still be paid. On the other hand, cooperatives have also been contributing in tackling this crisis, through solidarity actions. As such, Cooperatives Europe is collecting testimonies of cooperatives fighting the crisis³. A dedicated webinar on health cooperatives fighting Covid-19 has been organised within the ICA-EU Partnership, to share knowledge and replicate community-based solutions.⁴

¹[WHO \(2020\), Coronavirus Disease \(COVID-19\) Dashboard.](#)

² [Oxford economics \(2020\), Coronavirus is crushing world trade. Research Briefing.](#)

³ <https://coopseurope.coop/resources/news/covid-19-coop-response>

⁴ Cfr. webinar with Health Cooperatives, organised within the ICA-EU Partnership
coops4dev: <https://www.youtube.com/watch?v=D4knmMORYJo>

History has shown that cooperatives emerge in communities that are going through major transformations and that they are better at surviving crises⁵. In this context, the significance of cooperative employment cannot be ignored: in 2018, 9.46% of the world's employed population are working in or within the scope of cooperatives (279.4 million). No other type of enterprise can claim to provide employment to so many people and, at the same time, show such resilience to crises.⁶ Cooperatives, recognized as part of both Civil Society⁷ and Private sector⁸, can bring specific added value to local socio-economic development during and after the COVID-19 crisis. The following paragraphs showcase the cooperative added value in relation to EU international development policies to tackle the current crisis and in reshaping the socio-economic systems in the post COVID-19 era. At the end, concrete recommendations for policy makers are included, considering the EU priorities in international development.

EU External Action Response to COVID-19: crisis measures and recovery

This unprecedented crisis coincides with an important moment in EU international development policy-making, with the negotiations on the next Multi-annual Financial Framework (MFF) and the dialogue with the African counterparts for the new EU comprehensive strategy with Africa. Considering the implications of COVID-19 on the field of health, economy and social protection, it is more than timely for the EU to re-evaluate its priorities focusing on development effectiveness. *Putting profit before people and planet* has resulted in rising inequalities, precarious working conditions, food insecurity, poverty and global warming. *Growth before all* can no longer be the underpinning mantra of the global economy.

Cooperatives prove that an **enterprise model that looks beyond growth**, contributing to an inclusive and sustainable economy, reducing inequalities and reaching out to the most vulnerable populations in society can be successful. The cooperative business model can be a pathway to create sustainable and just societies better able to withstand future crises. To reach their full potential as development actors, it is of the utmost importance that their **voice is included in the policy debate** and that the European policy environment reinforces the conditions for cooperatives and their unique characteristics, to trigger inclusive and sustainable economies for all.

In the joint Communication on the Global EU response to COVID-19, the European Commission (EC) recognizes the need to **address the severe economic fallout** from the pandemic across the world and to prevent a recession cycle in many EU partner countries. Many will encounter a drop in their economic activity and a sharp increase in unemployment and poverty, with a significant effect in particular on youth and women, risking to deepening further existing inequalities. Therefore, Cooperatives Europe welcomes the **"Team Europe" approach** to redirect almost 36 billion EUR of existing resources to support Africa, Neighbourhood and other partner countries in their fight against the COVID-19 pandemic, decided by the European Council on June 8th.⁹

⁵S. Esim (2013), *In These Times of Crises Can Cooperatives Come to the Rescue?* UNRISD.

⁶Cicopa (2017), *Cooperatives and Employment - Second Global Report*.

⁷European Commission (2012) *Communication on the roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations*.

⁸European Commission (2014), *Communication on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth*.

⁹European Council (2020), *Council Conclusions on Team Europe Global Response to Covid-19*.

Cooperatives Europe welcomes the support for small and medium enterprises (SMEs) and micro entrepreneurs in Africa and the Eastern Neighbourhood through guarantees from the EFSD is a step in the right direction. EU should focus primarily its private sector support on sustainable and inclusive business models, including cooperatives which contribute to its development goals by protecting livelihoods of local communities and boosting domestic resource mobilization. Moreover, we support the commitment of the EU to ensure that sustainability, labour rights and corporate social responsibility criteria are respected throughout value chains.

However, the COVID-19 crisis highlights the importance of fostering **sustainable** and **inclusive socio-economic development** and promoting socio-economic resilience in partner countries with a particular focus on the eradication of poverty and the creation of decent jobs, even after the world has recovered from this current downturn. Therefore, we regret the cuts made to the **Neighbourhood, Development and International Cooperation Instrument (NDICI)** and the complete removal of funds under the Next Generation EU Instrument in the European Council Conclusions of 21 July 2020.¹⁰ In order to achieve sustainable and inclusive socio-economic development and strategically respond to the emergencies of COVID-19, sufficient funding should be allocated to the International development budget. Besides the amount involved, a structured approach towards existing financial modalities (grants, loans and guarantees), especially concerning the Least Developed Countries (LDCs) is also needed.

EU International Development priorities in relation to COVID-19

Cooperatives can be excellent partners for addressing the socio-economic fallout of this crisis. The member ownership and democratic control at the core of the business model makes them more **durable and resilient**, while also being platforms for advancing decent work.¹¹

Cooperatives have a proven record of providing **stable employment** even in times of economic downturn and are often the business model of choice for preserving jobs in enterprise restructuring through worker cooperatives all over the world.¹² They contribute to the formalization of the **informal sector** by organizing informal workers into cooperatives, giving them a voice, enabling access to better working conditions and social protection and lifting them out of poverty.¹³ Cooperatives are already contributing to sustainable and inclusive economies for all. They are **locally anchored** and can therefore advance inclusive economic growth and reaching out to the poorest, particularly in rural areas of developing countries.¹⁴

In relation to the world of work, the COVID-19 pandemic has revealed the existing global **digital divide**, pushing citizens in some EU partner countries which are less digitally equipped even further behind. Although the cooperative sector encounters challenges on digitalisation, it does offer an innovative alternative to the era of **digital economy**, namely **platform cooperatives**. They use digital channels to enable people to meet their needs by connecting individuals and/or assets in a more equitable way, through the cooperative model.¹⁵ Being rooted in their communities, having the knowledge of local needs, cooperatives could assist

¹⁰ [European Council \(2020\), Council Conclusions on Special meeting of the European Council.](#)

¹¹ [ILO \(2013\), Resilience in a downturn, the power of financial cooperatives.](#)

¹²¹² [Copac \(2018\), Transforming our world: A cooperative 2030, Cooperative contributions to SDG 8.](#)

¹³ [ILO \(2019\), Waste pickers' cooperatives and social and solidarity economy organizations, Cooperatives and the world of work no12.](#)

¹⁴ [ILO \(2019\) Building Local Development in Rural Areas through Cooperatives and other Social Economy Actors and Organisations](#)

¹⁵ Cfr. [Platform cooperative UP&GO, aroundtheworld.coop](#) documentary within the ICA-EU Partnership coops4dev: & Scholtz, T. (2016) [Platform Cooperativism - Challenging the Corporate Sharing Economy](#)

the digital transformation of local economies, ensuring a fair share for workers and members in EU partner countries.

Moreover, the pandemic has also raised a lot of concerns regarding civic freedoms and the **enabling environment** for Civil Society Organisations (CSOs). Unfortunately, several governments around the world are abusing this crisis to crack down on human rights defenders and further shrink the existing civic space through restrictive laws. Even though, CSOs are invaluable partners to alleviate the impact of this crisis and to shore up protection for the populations that are hit the hardest. To ensure that these development actors can continue contributing to the achievement of the SDGs and protecting vulnerable populations, the EU should argue for more civic space, by unlocking policy and regulatory frameworks for the recognition and strengthening of CSOs, including cooperatives as well as by institutionalizing mechanisms that allow for multi-stakeholder dialogue at all levels.

Lastly, the swift political decisions to fight this pandemic have spurred immediate positive effects. Such decisiveness from EU institutions and Member States will also be needed to craft economic transitions towards social and ecological justice. Citizens and communities should be at the centre of this ecological transition, engaging actively in the external dimensions of the **Green Deal**. EU measures should ensure a socially fair and inclusive green transition where communities can take ownership and benefit from circular and local socio-economic development. Cooperatives can provide solid inclusive governance structures that leave no one behind in the green transition, as recognised in the EU Consensus on Development.¹⁶

Recommendations

Enabling environment

- Promote policy and regulatory frameworks that recognize the needs and specificities of the great diversity of actors within development and cooperation, allowing them to act as development actors in their own right.
- Ensure institutionalisation of inclusive multi-stakeholder dialogue at all levels using existing EU mechanisms such as the EU Delegations' Roadmaps for Civil Society and the EU Policy Forum on Development.
- Simplify the design and delivery of EU external assistance by lifting administrative and financial barriers for CSOs that cannot carry high risks and costs related to programming. This will allow CSOs and cooperatives to be better represented at EU partner country level

Financing Mechanisms

- Focus the support instruments for the private sector on inclusive and sustainable business models and local private sector, including cooperatives, which are legitimate partners for sustainable development as recognized in the EU Consensus for Development
- Develop a more structured approach on financial modalities by prioritising grant-based financing, especially for the Least Developed Countries (LDCs)

¹⁶ Cfr. https://ec.europa.eu/international-partnerships/european-consensus-development_en

- Use for example Framework Partnership Agreements with regional and global representative and actor based CSO networks as channels for support to fight the crisis, while broadening implementation of in-country projects via EU Delegations.

Digitalisation

- Strengthen cooperatives to become the vehicle to the digital transformation of local, national, regional and global economies and reduce the digital divide through capacity building and technical assistance in partner countries.
- Promote and strengthen the development of alternative digital platforms – platform cooperatives, that promote the democratisation of data, redistribution of wealth and ensure decent jobs and social protection for workers in the platform economy

Externalisation of the Green Deal

- Acknowledge community ownership through cooperatives and the role of citizens as consumers, workers and investors as a pathway to achieving the green transition
- Pursue a green and fair responsive budget in the externalization of the EU Green Deal that supports cooperatives and other CSOs to fulfil their full potential as service providers and advocates for a green transition.
- Promote partnerships with global and regional networks of cooperatives that have the know-how and capacity to support the fulfilment of the objectives of the European Green Deal.

WHAT IS A COOPERATIVE?

DEFINITION

A cooperative is defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

VALUES

Cooperatives are based on the values of:



PRINCIPLES

The 7 cooperative principles are guidelines by which cooperatives put their values into practice.

<ol style="list-style-type: none"> 1. Voluntary and Open Membership 2. Democratic Member Control 3. Member Economic Participation 4. Autonomy and Independence 	<ol style="list-style-type: none"> 5. Education, Training, and Information 6. Cooperation among Cooperatives 7. Concern for Community
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