

Co-operatives and Global Supply Chains

Who we are

The International Co-operative Alliance is an independent, non-governmental organization established in 1895 to unite, represent and serve co-operatives worldwide. It provides a global voice and forum for knowledge, expertise and coordinated action for and about co-operatives.

The Alliance's members are international and national co-operative organizations from all sectors of the economy, including agriculture, industry, services, banking, retail, fisheries, health, housing and insurance. The Alliance has members from nearly one hundred countries, representing one billion individuals worldwide. The 300 largest co-operatives have annual revenues of USD 2.4 trillion, more than the GDP of Brazil, the 7th largest economy in the world. More than 250 million people draw all or part of their income from a co-operative.

Co-operatives in global supply chains...

Co-operatives, as economic operators, have been involved in global supply chains since their origins. In 1844, the Rochdale Equitable Pioneers Society was offering tea to consumers in their co-operative shops and as early as 1902 the Co-operative Wholesale Society (CWS), established to source products for retail co-operatives in the United Kingdom, acquired its first tea plantation in what is now Sri Lanka as a way to vertically integrate its operations through a global supply chain¹.

The co-operative business model itself was born as a way to shorten supply chains, eliminating intermediaries, either by aggregating producers (e.g. farmer-owned agricultural co-operatives) or consumers (e.g. consumer-owned food retail co-operatives). In addition to the aggregation of producers, workers or consumers, co-operatives in various economic sectors attempt to vertically integrate their businesses as a way to shorten the supply chain and increase the efficiency and the benefits for their members.

...are different

The major difference between co-operatives and other business models in terms of supply chain intervention is that co-operatives integrate their values and principles into those supply chains, and not just to reap the economic benefits.

Co-operatives are values-based and people-centred enterprises and therefore apply their values and principles² to supply chain management. This means that co-operatives have a series of initiatives to make global supply chains more sustainable from an economic, social and environmental perspective. For example, in the early 1900s, the aforementioned CWS started producing its own furniture and publicly advertising it as part of a campaign to end "sweating" in the industry. A more recent example is Coop Global Sourcing, founded in 1979 to source non-food

¹ "Our Story", Rochdale Pioneers Museum: <http://s.coop/1xwta>

² The co-operative values and principles are enshrined in the statement of co-operative identity of the International Co-operative Alliance. Values: self-help, self-responsibility, democracy, equality, equity and solidarity. Principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; concern for community.

products in Asia for European consumer co-operatives. The company has a code of conduct³ for suppliers that includes several social accountability requirements and performs audits of all its suppliers' production facilities, including social audits. Coop Italy⁴ was the first European company, and among the top ten in the world, to get in 1998 SA 8000 certification, which:

- prohibits the exploitation of child labour;
- imposes effective regulations on safety and healthy work environment;
- prohibits any kind of discrimination and any coercive practice;
- protects the right to collective bargaining;
- establishes a maximum weekly working time and prohibits excessive overtime; and
- ensures that the salaries and wages are calculated according to the rule of law.

For these reasons the International Labour Conference (ILC) adopted in 2002 the Promotion of Cooperatives Recommendation, 2002 (No. 193)⁵, stating clearly that “measures should be adopted to promote the potential of cooperatives in all countries”.

Every day co-operatives in various sectors of the economy are contributing to the promotion and advancement of global supply chains and, through it, to decent jobs. They provide scale to small and marginalised groups such as small-scale farmers, enabling them to access markets, information, technology and finance with conditions that they could not enjoy as individuals. They provide a governance model that allows participation and inclusion of all stakeholders, including workers, in the management of the enterprise. They redistribute the economic benefits of the operation of global supply chains to its members and stakeholders including small-scale producers, workers and consumers.

Specifically in the area of decent work, a recent report on “Cooperatives and Employment”⁶ demonstrates the positive connection between co-operative employment and issues such as the stability and resilience of employment, integration of disabled or socially disadvantaged people, people-centred human resources management and reduced wage gap, among others. For example, the co-operative Vancity is the largest employer adhering to the Canadian Living Wage Framework⁷ and The Co-operators was the first nationwide employer to comply with those standards.

Co-operatives often serve as frontrunners and drivers of social and environmental innovation, setting high standards in the market that others follow and that sometimes lead to legal improvements. For example, co-operatives were the first organizations to allow women to vote and own shares, and have been strong advocates of labour rights, reduction of working hours and better working conditions. According to the latest data from the International Cooperative and Mutual Insurance Federation, the number of women in leadership positions in co-operative insurers is much larger than in other types of enterprises⁸. Co-operatives have also been responsible for mainstreaming

³ <http://s.coop/1xwrx>

⁴ More information regarding the extensive work of Coop Italy in supply chains: <http://s.coop/1xym9>

⁵ <http://s.coop/1xwt7>

⁶ “Cooperatives and Employment: a Global Report”, CICOPA, 2014: <http://s.coop/1woql>

⁷ <http://s.coop/1xym6>

⁸ <http://s.coop/1xym5>

many product-related innovations such as Fair Trade, organic products, nutritional labelling and cruelty-free production.

What we stand for

Initiatives taken by co-operatives to improve the functioning of supply chains should be seen as **complementary to other initiatives developed by the public sector** and other private sector actors. It is important to stress the fundamental role that local, national and international public institutions have in creating better conditions for all actors of the supply chain, including workers. Co-operatives do not believe that the initiatives of the private sector, their own included, can replace that fundamental value of public intervention, and that they should rather work in close collaboration on shared objectives.

Co-operatives strongly believe that **economic upgrading should be accompanied by social and environmental upgrading** in global supply chains and that applies to the promotion of decent work. The aim of co-operatives is to satisfy their members needs and aspirations, and they combine economic, social and environmental actions to that end. The very nature of co-operatives allows them to create economic benefits that can be used for social and environmental gains, and therefore the same principle is applied to the functioning of global supply chains.

The International Co-operative Alliance considers that **internationally agreed standards**, such as the international labour standards, as well as **local and national laws** and regulations, **are the minimum baseline** that all economic operators have to comply with, and that in cases where those are different, the more stringent should apply.

What we ask for

We ask member states and social partners present at the 105th Session of the International Labour Conference in June 2016 to consider including in the outcome document(s) of the session:

- Recognition of the fundamental role that co-operatives have in improving the functioning of global supply chains as a complement to public and other private initiatives;
- Inclusion of concrete examples of the work co-operatives do towards improvement of labour conditions as a way to illustrate different approaches in the supply chain; and
- ILO to recall member states to create the necessary enabling environment for the creation and development of co-operative enterprises as stated in the Promotion of Cooperatives Recommendation, 2002 (No. 193).

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