

**The Role of Cooperatives
and other
Self-Help Organizations
in
Crisis Resolution
and
Socio-Economic Recovery**

Prepared for: ILO, Cooperative Branch
and IFP/Crisis (InFocus Programme on Crisis Response and Reconstruction)

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Preface

The ILO is increasingly reinforcing its capacity to respond to the different crisis situations, based on its specialized experience within its core fields of expertise. Since its inception, the ILO has also been the leading international organization involved in the promotion and support of cooperatives. The aim of this study has been to explore ways in which these two fields of experience can be brought together for the benefit of those who suffer the consequences of crises.

This document has been prepared primarily for the use of those involved in crisis response and reconstruction programmes, who may not be specialists in the field of cooperatives and self-help organizations (Coops/SHOs); however, it is appreciated that those having varying degrees of experience in this field may also make use of the Report. Specialists in the field of Coops/SHOs, without direct experience of crisis response and reconstruction work can also benefit from studying the wide range of material that has been prepared by and for the ILO's Crisis Response InFocus Programme. The availability of these publications makes it unnecessary to repeat the many important relevant matters covered within them (see Annexure A).

The socio-economic, political, psychological and gender impacts can be devastating when crisis and disaster strikes, and unfortunately such events seem to be becoming more widespread in many parts of world. The first reaction in many crisis situations is to call upon external expertise, and frequently in many countries this is the only feasible immediate response. However, in most situations the local population, particularly those at the lower end of the socio-economic scale, are left to cope with tremendous problems once that the situation moves on beyond its early stages. It is often only when self-help and mutual aid approaches are adopted that sustainable solutions are found to many, seemingly intractable, problems. In these circumstances it is important to properly identify where, when and how Coops/SHOs could be most usefully encouraged and supported to contribute to the crisis resolution and recovery process. This Report is intended to provide guidance to those who may be involved in undertaking this task.

It is worth noting that the education systems of most countries in the world provide little by way of preparation for those who may subsequently be called upon to assist with the development of self-help enterprises. Unless specific experience or training has made good this deficit, most people will be ill equipped to play a constructive role in this kind of development. Therefore, it is vital that those seeking to support Coops/SHOs are adequately prepared through sound experience and have the benefit of being able to draw upon established best practice in the field. The key elements of developing successful cooperation need to become an essential part of the basic training for all those endeavouring to encourage and support the development of Coops/SHOs. It also has to be appreciated that enthusiasm for Coops/SHOs, however desirable, is no substitute for the business, technical and governance skills that are also required to support their development.

When specialists in needs-assessment and response formulation carry out their work, they should fully appreciate the full range of self-help approaches that may be appropriate in any given situation. Also, they need to be able to identify what specialist expertise will be required to implement specific programmes. It is anticipated that this 'concept paper' should form the basis of a guide as to the way in which Coops/SHOs may be relevant and effective, following significant crises of all types; and in programmes designed in mitigation of such events.

Definition of key terms and concepts as used in this report

As an aid to understanding the main terms and concepts associated with, (a) responding to crisis situations, and (b) working with cooperatives and other self-help organizations, the following definitions are provided:

Advocacy - Promotion of, or acting in support of, principles and approaches such as: social dialogue at the pre-crisis stage; use of international labour standards at the negotiation stage; the incorporation of employment concerns at the rehabilitation and recovery stage.

Beneficiaries - Members of an affected population who receive assistance such as from a project or programme.

Cooperation – The act of voluntarily working together to achieve mutual benefits.

Cooperative – 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 enterprise¹. A cooperative is essentially a vehicle for self-help and mutual aid. Many cooperatives throughout the world share a commitment to a distinctive statement of identity formulated by the International Cooperative Alliance (ICA).

Cooperative action/enterprise – Formalized cooperation, organized to achieve defined socio-economic results/benefits for the members of the group involved, usually registered under whatever relevant legislation as may be available.

Coping Mechanisms - A collective term encompassing all actions that seek to provide security to individual households threatened by a crisis. Originally coined for use in the food insecurity context, the term is now increasingly applied in all types of crisis environments.

Disaster/natural disaster – Floods, droughts, earthquakes, hurricanes or other such sudden or major event, or a series of events, which result in loss of life or damage to property, infrastructure, essential services or means of livelihood; on a scale which is beyond the normal capacity of the affected communities to cope with unaided. Where extraordinary or emergency interventions are required to save lives, provide lifelines or cope with the environment, and to undertake rehabilitation and recovery measures.

Ex-combatants – Soldiers from the formal army, guerrilla fighters and militias (including women and child soldiers/fighters), as well as soldiers or fighters not covered by a demobilisation process.

Impact assessment - The process of determining the impact of a crisis on a society or community and its needs for assistance. A rapid needs-assessment is undertaken immediately after a crisis or disaster to define specific measures to save and sustain lives; also, to estimate short-term rehabilitation and reintegration needs, and the possibility of recovery and development. It then evaluates capacities of local populations and institutions to cope with the crisis. A sectorial or comprehensive assessment is undertaken during the rehabilitation phase to lay the groundwork for recovery and development interventions.

Mitigation - A collective term used to encompass all activities undertaken in anticipation of the occurrence of a crisis. It comprises the advance planning and

implementation of a spectrum of complementary and preventative measures in the social, economic, scientific or technical fields including risk reduction measures.

Peace building - Actions to identify and support structures, social healing and reconciliation, designed to strengthen and solidify peace in order to avoid a relapse into conflict. Promoting long-term peace is a complex process, and requires collective effort and the active participation of all the relevant actors of civil society.

Prevention - Measures aimed at impeding the occurrence of a hazard event and preventing the event from causing hurt.

Recovery/Reconstruction - Development interventions that do not seek or lead to only build or restore the damage or return to the status quo, but also address medium and long-term needs and improvements in policies, programmes, systems and capacities to avert reoccurrence of crises and reach higher standards of living.

Refugee - A person who is outside his or her former home country owing to a well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinion, and who is unable or unwilling to avail him or herself of the protection of that country, or to return there for reasons of fear of persecution.

Rehabilitation – Rebuilding of physical and socio-economic infrastructure and other actions that enable the affected population to resume more or less normal patterns of life. These actions constitute a transitional phase and can be undertaken simultaneously with relief activities, as well as with further recovery and reconstruction activities.

Reintegration - A collective term used for all activities to assist people directly affected by a crisis (e.g. survivors of a disaster, disaster-affected communities, conflict-affected groups internally displaced persons, refugees, demobilised combatants, etc.) to be integrated into ‘normal life’. It is a comprehensive process of absorption for the individuals, the household and the community (focusing on short- and medium-term activities) into a social, economic and political system, which is itself changing as a result of the crisis.

Self-help organizations (SHOs) - SHOs are associations that share a number of common characteristics: they all have an economic purpose (some may have direct social purposes as well) and they are owned and controlled by the people who primarily benefit from their activities. They are run for the benefit of their members. Examples of SHOs include: cooperatives of all types, credit unions, friendly societies, building societies, mutuals, economic associations and informal groups, which may have widely differing objectives. SHOs are not charities or state-directed organizations. Also excluded from this definition are a number of types of organizations with more specific functions, including: trade unions, employers’ associations and political parties. Cooperation is based upon self-help and mutual aid, and although not all SHOs are cooperatives, all true cooperatives are SHOs. All SHOs depend upon the practice of ‘cooperation’ to make them work.

Note: *Some additional explanations are also provided as footnotes within the body of the Report.*

Abbreviations and acronyms used in the text

ACOPAM	Appui associatif et cooperatif aux initiatives de developement a la base (ILO) <i>See website:</i> http://www.ilo.org/public/english/employment/ent/coop/acopam.htm#PUBL
Coops	Cooperatives
Coop Branch	The ILO Cooperative Branch of the Enterprise Department. <i>See website:</i> http://www.ilo.org/public/english/employment/ent/coop/index.htm
Coops/SHOs	Cooperatives and self-help organizations
COPAC	Committee for the Promotion and Advancement of Cooperatives. <i>See website:</i> http://www.copacgva.org/
ICA	International Cooperative Alliance. <i>See website:</i> http://www.coop.org/
INDISCO	ILO Interregional Programme to Support Self-Reliance of Indigenous and Tribal Communities through Cooperatives and other Self-Help Organizations. <i>See website:</i> http://www.ilo.org/public/english/employment/ent/coop/indisco.htm
IFP/Crisis	The ILO <i>InFocus</i> Programme on Crisis Response and Reconstruction. <i>See website:</i> http://www.ilo.org/public/english/employment/recon/crisis/
ILO	International Labour Organization. <i>See website:</i> http://www.ilo.org/
LEDA	Local Economic Development Agency. <i>See website:</i> http://www.ilo.org/public/english/employment/led/index.htm
NGO	Non-Governmental Organization
MDT	Multidisciplinary team
Mutual	A mutual enterprise is run for the benefit of those receiving the services provided by the enterprise
PRODERE	Multi-agency UN Programme for Displaced Persons, Refugees and Returnees (Programa de Desarrollo para Poblaciones Desplazadas en Centro America)
SHO	Self-help organization
SMEs	Small and Medium Sized Enterprises
STEP	ILO Programme - Strategies and Tools against social Exclusion and Poverty

Executive summary

The role of Coops/SHOs in crisis response and reconstruction

The ILO InFocus Programme on Crisis Response and Reconstruction (IFP/Crisis) covers four primary types of crises caused by: natural disaster, financial and economic downturn, armed conflict, and difficult social and political transition. The programme advocates and implements a comprehensive ILO response to the different phases of each of the crises. The potential role of cooperatives and other self-help organizations (Coops/SHOs) needs to be fully considered in such responses to crisis situations. In particular, Coops/SHOs can have an important role in terms of the capacity building among the affected population, which is essential if lasting solutions to crisis related problems are to be found. Coops/SHOs can also facilitate local ownership and sustainability. Together with trade unions and employers' organizations and other civil society organisations, they can contribute by means of helping to create employment, alleviating poverty, promoting social dialogue, implanting democracy and addressing social protection and other socio-economic needs.

The International Labour Organisation Recommendation No. 127 on "The Role of Cooperatives in the Economic and Social Development of Developing Countries (1966)", promulgated by the International Labour Organization (ILO), has up until now provided the only UN guidance on cooperatives and international development. This instrument is currently in the process of being up-dated.

Specialists in the fields of cooperatives and self-help organisations without direct experience of crisis response and reconstruction work can benefit from studying the wide range of material that has been prepared under the auspices of the ILO Recovery and Reconstruction Department, where the IFP/Crisis programme is located (See Annexure A). The key elements of developing successful cooperation need to become an essential part of the basic training for all those endeavouring to encourage and support the development of Coops/SHOs.

Specific opportunities for Coops/SHOs

In general, Coops/SHOs in many crisis situations have the capacity to enhance considerably the ability of the affected population to cope, and to prevent or reduce the impact of crisis situations. In particular, Coops/SHOs have a most valuable role within capacity building programmes.

Cooperation is based upon self-help and mutual aid. There now exists many different forms of self-help enterprise, although not all SHOs are fully-fledged cooperatives, all true cooperatives are SHOs; however, all SHOs depend upon the practice of 'cooperation' to make them work. Coops/SHOs are not to be confused with charitable undertakings. They are economic enterprises. Coops/SHOs that make losses are as a result unsustainable, and can only waste whatever savings their members have invested in the enterprise. Therefore, whatever else Coops/SHOs may do they must be run so that they are fully viable. The people involved in directing and managing the enterprise need adequate business skills to conduct whatever enterprise their Coop/SHO has embarked upon.

It may be discovered that, because the government has misused cooperative forms of organization or that political groupings or warring factions have been associated with previous Coops/SHOs, such organizations are not readily accepted within some communities. It may be that the names used to describe Coops/SHOs have become devalued. Overcoming any such preconceptions is essential.

Crises have occurred throughout the world since time immemorial, and Coops/SHOs have, over the past 150 years, played an important part in responding to such situations. Such as by: reintroducing fair systems of distribution through consumers' cooperatives, creating supply, credit and marketing systems through agricultural cooperatives, and creating employment and resettling ex-combatants through workers' cooperatives and land settlement cooperatives. This experience gained, together with that available from successful Coops/SHOs and through ILO Coop Branch, can provide the source of sound practice.

The promotion of self-help

In the past, support for cooperative action to alleviate poverty, stimulate economic development and to mitigate the impact of crisis, has had a part in the programmes of both bilateral and international aid organizations. Frequently state support for Coops/SHOs has often also meant the imposition of state control. The fundamental fact that cooperatives are: essentially a form of organized self-help, private, independent and autonomous organizations, has been habitually ignored. However, more informal newer forms of cooperation using modern models of Coops/SHOs may often be developed in response to a crisis, using the base of the communities' experience of more traditional forms of cooperation.

Several NGOs have built up a good record in terms of promoting sustainable Coops/SHOs, although some NGOs have a tendency to fall into the same trap as governments and fail to allow 'their' Coops/SHOs to become independent and autonomous organizations. While there are some success stories of externally promoted cooperatives, there are also many examples of state-supported cooperative development schemes that have failed. Coops/SHOs ought not to be viewed as an extension of the state machinery, even in times of crisis. The special needs of the most vulnerable groups, who are disproportionately impacted in almost all crisis situations, need to be addressed, and appropriate approaches in terms of developing Coops/SHOs adopted.

Sharing experience

Experience of supporting the development of cooperative forms of organization is shared internationally; most cooperatives have a long-standing record of collaborating and exchanging experiences. In 1995 the International Cooperative Alliance adopted a 'Statement on the Cooperative Identity' including a revised set of principles: - democratic member control - member economic participation - cooperation among cooperatives - and concern for community.

Depending on the immediate past experience that specific communities have had of being involved with Coops/SHOs, it is often necessary to devise methods of promoting cooperative and self-help approaches that take full account of such prior experiences. In most instances where such mistrust of certain models of Coops/SHOs occurs, the terminology used to describe cooperative and self-help ventures needs to be adjusted to meet the situation.

Supporting the development of cooperation

Systems and methods have been developed for many common types of Coops/SHOs, which can be readily transferred to new enterprises. This allows Coops/SHOs to short-cut the learning process, provided that those involved are trained in the proven system and methods developed by other Coops/SHOs. It is essential that those involved in promoting self-help approaches in any circumstances, including as a response to crisis, fully appreciate that Coops/SHOs need to be based upon 'genuine cooperation' if they are to be successful and sustainable.

The quality of leadership determines the success of all forms of organization, and none more so than Coops/SHOs. All leaders of Coop/SHOs have the additional tasks of fostering cooperative behaviour throughout the organization and sharing a positive vision of the future with their members, because in the absence either the enterprise will never succeed as an effective Coop/SHO.

A better understanding of the success drivers for Coops/SHOs development needs to be fostered among both partner and associated agencies. A set of guidelines ought to be established, based on demonstrated international experience of developing Coops/SHOs. This should then be applied to all crisis response programmes involving support for self-help ventures, this in turn leading to the establishment and dissemination of best practice relating to the successful experiences of Coops/SHOs in crisis response programmes.

Responding to crisis

When making rapid response assessments, multidisciplinary teams (MDTs) are unlikely to include a specialist in Coops/SHOs, nevertheless at least one team member should be fully aware of the potential to deploy Coops/SHOs in the early stages of crisis response. Approaches designed to facilitate the exchange of practical experience and essential know-how about Coops/SHOs, and their involvement in crisis response programmes, needs to be adopted. People with relevant experience are also available but are not always identified to work in Coops/SHO development projects. Coop Branch already operates an internet based information service providing information about cooperatives, however, a more specialised series of regularly up-dated WebPages, providing information relevant to crisis response situations, could prove to be most useful in rapidly locating the information or expertise needed relative to Coops/SHOs in any given crisis situation.

Sourcing specialist assistance

The core expertise, which exists within Coop Branch, can be substantially supplemented from the large pool of expertise that it is able to access through its extensive network of contacts within agencies supporting Coops/SHOs and mature cooperative and self-help enterprises. The deepening of the relationships between Coop Branch and other ILO Departments, which can be facilitated by the activities of the InFocus Programme on Crisis Response and Reconstruction should in future lead to many more internal and external partnerships being developed in response to crisis situations.

Strategies to ensure that, where appropriate, Coops/SHOs are supported

Strategies to ensure that, where appropriate, Coops/SHOs are supported as part of the overall programmes designed in response to a crisis, now needs to be formulated. The key elements of the strategy and the steps required to gain the benefits of incorporating Coops/SHOs into programmes in response to crisis situations should now be developed along the lines suggested in the Report. Building on the functions of the InFocus Programme on Crisis Response and Reconstruction, there is a requirement for even closer working between the different ILO Departments, involved in crisis response programmes and Coop Branch. This is a process that has already started but now needs to be further developed.

1. Introduction

1.1. Objective of the study

This study has been undertaken for the ILO InFocus Programme (IFP) on Crisis Response and Reconstruction and the Cooperative Branch (COOP Branch). It reviews the role of cooperatives and other self-help organizations (Coops/SHOs) in responding to crisis and reconstruction, with a special emphasis on the employment challenges resulting from four types of crisis covered by the ILO InFocus programme on crisis response ²:

- Difficult social movements and political transition
- Armed conflicts
- Economic and financial downturns
- Natural disasters.

The objective of the study, and of presenting the information provided in the Report, is to help improve ways in which Coops/SHOs may become more relevant and effective within recovery strategies and programmes following crises; and in programmes designed in mitigation of such events. The outcome of the study is set out in this Report, which is essentially a ‘concept paper’ that describes the potential contribution of cooperatives and other similar self-help organizations in such crisis situations. The Report also examines, among other matters, the role of Coops/SHOs in creating (self) employment, providing basic social protection, fostering or restoring social dialogue and democracy, integrating ex-soldiers, displaced persons and refugees, protecting natural resources etc. It is intended that the Report should provide the basis of a guide to those involved in formulating immediate response and recovery strategies, and programmes to mitigate and also deal with the impact of significant crises of all types.

1.2. The ILO response to crisis situations

The ILO is rapidly increasing its involvement in activities responding to crisis situations, in various countries of the world ³. A crisis encompasses many different types of disasters and other events where the functioning of society is seriously disrupted, causing widespread human, material or environmental losses, which exceed the ability of the affected communities to cope using its own resources ⁴. In the work of ILO InFocus Programme on Crisis Response and Reconstruction the potential role of cooperative and other self-help organizations needs to be fully considered when responding to these situations.

Although government (local and/or national) usually bears the brunt of the immediate response, the relevant administration’s capacity even to provide emergency assistance is often doubtful. The limitations of the state may be caused by a simple lack of resources or by limited organizational capacity. In any event, in many countries the state’s role is increasingly limited to, among other things, that of providing the political, legal and administrative framework for the development of private organizations, including Coops/SHOs, which under normal conditions helps to strengthen democracy. If, ‘in times of crisis’ civil society does not to play a significant role in dealing with the underlying problems and the aftermath, then the danger is that fledgling democracies are undermined and a culture of aid-dependency may be created. Therefore, as part of the ILO’s response

to crisis situations if it is able to contribute its experience of Coops/SHOs, this should enhance its overall contribution to co-ordinated efforts involving government, NGOs, UN system partners and other associated agencies.

The traumatic experiences arising from crisis situations frequently act as the catalyst for fundamental change within the affected communities. The response of those involved in dealing with the aftermath of a crisis will rarely find it appropriate to simply try to replace conditions as they were prior to such a crisis. Indeed, many a crisis is created by the existence of arcane social and economic structures. Therefore, the introduction of cooperative and self-help approaches, as part of the reconstruction process, is often essential.

1.3. The framework of the Report

The Report provides some further explanations about the unique characteristics of co-operatives and self-help organisations, also, an overview of the role that can be played by them in crisis response and reconstruction work (section 2.). This is followed by a review of ways that Coops/SHOs are most likely to become involved in crisis response programmes (section 3.). Next, consideration is given to some of the specific issues that need to be addressed when supporting the development of Coops/SHOs organised to meet the needs of vulnerable groups (section 4.). The organisational models, which are most likely to be appropriate in crisis response and reconstruction programmes, are reviewed (section 5.), and the main characteristics of these models are outlined (section 6.). Practical guidance on the successful development of Coops/SHOs is provided (section 7.). Finally, some recommendations designed to improve the ILO's support for Coops/SHOs in crisis response programmes are provided (section 8.).

Brief examples of the different forms of cooperative/self-help enterprise are referred to throughout the Report as an aid to understanding how specific Coops/SHOs may contribute within the framework of response and reconstruction programmes. Annexure A details current ILO publications, which provide relevant additional information about the subject of this Report.

1.4. The nature of cooperative activity

Throughout human history some activities have always been undertaken by groups rather than individuals, simply because this was a better and more economic way of doing things. Cooperation is a method of working together with others having the same or similar needs or problems. It is a method of pooling resources and human endeavour, acting in an organized, disciplined manner. Such activities are usually described as 'informal cooperation'.

More formal types of cooperation, such as the early cooperative societies, came to the fore during the late 19th century, first in Europe and later throughout the world. These developments took place in parallel with the development of joint-stock companies, which evolved as a means of procuring capital for corporate entities. The outcome of the growth of formal, legally recognized, organizations was the creation of many self-controlled and self-patronised business organizations; at the same time various other forms of mutual enterprise* also emerged.

The 'Rochdale' cooperative model was created following many less successful efforts. Since the establishment of the first cooperative store in Rochdale, England, this model and its derivatives have spread worldwide. At about the same time, in Germany, the

‘Raiffeisen’ cooperatives were established and these too spread rapidly, especially in rural areas. It was this model of credit and savings cooperative that was later to inspire the ‘Credit Union’ movement. It is now estimated that at least half the world’s population is in some way involved in or affected by cooperative economic activity. Cooperatives operate successfully in almost every country of the world and range from micro-enterprises, involving a handful of people, to businesses that can count their turnover in multi-millions. In most countries cooperatives are involved in many different kinds of enterprise – most notably in agriculture, fisheries, savings and credit, banking, insurance, retailing, manufacturing, transport, housing and health care.

1.5. Cooperative values

Working together the cooperative way usually means working under a special set of values, norms and rules. Modern cooperatives were invented to enable people to adjust their way of living and working to the requirements of a money and market economy, in order to survive as small actors in a world dominated by capital, markets and competition. This is achieved by co-ordinated effort, by joining forces and by building up countervailing power.

The values underlying cooperation, including: self-help, equality, equity, democracy, social responsibility and caring for others, are expressed in voluntary groups, which are open to all who are facing similar problems and who are ready to share the risks and burdens of the joint operations. These are usually different from traditional value systems based on hierarchical structures, inequality and when solidarity is limited to kinship groups, which are focused on securing subsistence and survival of the group. These modern cooperative values, norms of behaviour and the practical rules of operation based on these values, have to be known and practised if effective cooperative societies are to be established. This only happens when people are taught, understand and accept the modern cooperative values as reasonable, useful and just ⁵.

1.6. Other self-help organizations

The organizational forms used to facilitate cooperation in action are by no means limited to the more rigid structures usually covered by the framework of the currently available legislation in many countries. Cooperation can, in fact, take many forms and is most certainly not confined to those organizations bearing the name “cooperative”.

For various reasons, discussed later, many social and economic development practitioners, who are concerned to improve the well being of disadvantaged communities and to combat social exclusion, have often ignored most formal cooperative structures. Preferring instead to develop alternative approaches and a different vocabulary. This is despite the fact that up until the middle of the 20th century, cooperative models were by far the most successful organizations engaged in lifting people out of poverty. There now exists many other forms of self-help enterprise, although not all SHOs are fully-fledged cooperatives all true cooperatives are SHOs; however, all SHOs depend upon the practice of ‘cooperation’ to make them work.

1.7. Coops/SHOs are businesses

Coops/SHOs are not to be confused with charitable undertakings; they are economic enterprises. They must be run so as to make a profit (some people prefer to use the word ‘surplus’), for the alternative is that they make a loss. Coops/SHOs that make losses are

unsustainable and can only waste whatever savings their members have invested in the enterprise. Therefore, whatever else Coops/SHOs may do they must be run so that they are fully viable, and the people involved in directing and managing the enterprise need adequate business skills to conduct whatever enterprise their Coop/SHO has embarked upon.

1.8. The relevance of Coops/SHOs in times of crisis

Many of today's most significant and economically powerful cooperatives had their origins in times of crisis and their roots in responding to the needs of people living in the harshest of conditions. Despite this fact, it has to be accepted that the gestation period for the establishment of sustainable Coops/SHOs can be relatively lengthy and, as a result unless already well established, they are rarely the most appropriate mechanism to provide emergency humanitarian relief or to solve the most immediate problems arising at the onset of a crisis. However, they are able to operate in unstable situations, often at times when other forms of private business have ceased to fully function.

The most significant contribution that Coops/SHOs will usually be able to make in crisis situations will occur within the framework of rehabilitation initiatives and reconstruction programmes; also, they do have a most important part to play at the pre-crisis stage and in mitigation activities. In particular, Coops/SHOs can have an important role in terms of capacity building among those groups that are most likely to be severely affected by a crisis.

In general, Coops/SHOs in many crisis situations have the capacity to considerably enhance the ability of the affected population and the indirect beneficiaries* to cope with crisis and to prevent or reduce the impact of a crisis. In times of crisis, people will often be overcome by a sense of hopelessness and despair, when they feel totally dependent upon outside assistance and come to rely on outside interventions. The sooner that self-help initiatives can be started the sooner that this sense of helplessness can be combated. The very act of cooperation and the feeling of solidarity that it engenders, together with the replacement of dependency with at least the beginnings of self-reliance, becomes an important part of the recovery process. However, self-help without solidarity among those who share similar hardships rarely bears fruit. Throughout history, both distant and recent, it has always been self-help coupled with mutual aid that has allowed the poor to bring about the really significant advances in living conditions. Cooperative action, in all its forms has been, and still is, one of the most important weapons that can be used in the war against poverty, including poverty that has been exacerbated by a crisis. Later sections of the Report explore the specific opportunities for Coops/SHOs in response to particular forms of crisis.

1.9. The constraint of terminology

Whatever the nature of the crisis, responses can only be effective if due attention is paid to the cultural and political context within which the affected communities exist. The recent history and the reputation of Coops/SHOs in the affected community will often have a bearing upon how any responses involving support for Coops/SHOs will be received. It may be discovered that, because the government has misused cooperative forms of organization or that political groupings or warring factions have been associated with previous Coops/SHOs, such organizations are not readily accepted within some communities. It may be that some of the names used to describe Coops/SHOs have become devalued. In such cases it is important to understand the constraints imposed by the terminology that has been used in the past. In these circumstances new names may need to

be found to describe the new forms of cooperation required to respond to the current crisis. For further points relative to overcoming the preconceptions that may exist about Coops/SHOs in some communities caught-up in a crisis situation see section 2.

1.10. ILO and cooperatives

The ILO recognizes the importance of cooperatives in article 12 of its Constitution, which provides for consultation with cooperators besides employers and workers through their recognized international organizations. At the 3rd Session of the Governing Body in March 1920 a technical service was set up as part of the organization of the ILO. Thus the service is one of the oldest and most firmly established in the ILO. In accordance with these provisions, the ILO has promoted the development of cooperatives, mainly through technical assistance and information, and has advised governments, and workers' and employers' organizations, on their role in this area. Today, the ILO has the largest programme of technical cooperation within the UN system for this purpose.

A number of international labour standards make direct or indirect reference to cooperatives but currently the only comprehensive international standard on cooperatives is Recommendation No. 127. Also of relevance are the Rural Workers' Organizations Convention, 1975 (No. 141), and Recommendation (No. 149); the Employment Policy Recommendation, 1984 (No. 169); and the Indigenous and Tribal Peoples Convention, 1989 (No. 169). These standards give examples of how specific groups may organize, including in the form of a cooperative, and to what ends cooperatives may be used by their members or they emphasize that groups living according to cultural traits, which are not the ones of the majority of society, should be protected when organizing self help associations, including cooperatives.

Recommendation No. 127 on “The Role of Cooperatives in the Economic and Social Development of Developing Countries (1966)”, promulgated by the UN International Labour Organization (ILO), has up until now provided the only UN guidance on cooperatives and international development. However, In March 1999, at its 274th Session, the ILO Governing Body decided to include in the agenda of the 89th (2001) Session of the International Labour Conference the question of the promotion of cooperatives, with a view to adopting a revised standard in the year 2002. As far as developing countries are concerned, Recommendation No. 127 mirrored the development concerns of the 1960s, especially in the approach to the role of governments and cooperatives in the development process. Today, development is not conceived as a process to imitate already industrialised countries, nor are cooperatives seen as tools in the hands of governments. In accordance with universally recognized cooperative principles, they are perceived as a means for their members to achieve their common economic and social goals. While cooperatives have a new role to play both in industrialised countries and in the former communist countries, the focus of Recommendation No. 127 is limited to developing countries; it is intended that any new recommendations shall in future meet the needs of all countries.

2. Cooperation and Self-Help: Background and Perspective

2.1. A historical perspective

Natural and human crises have occurred throughout the world since time immemorial. Communities have been compelled to discover the ways of coping with whatever circumstances they were presented with. However, in more recent times the development of immediate communication methods and fast means of intercontinental travel mean that the rest of the world soon becomes aware of such events and the international community can, relatively quickly, respond. Although the agencies that now have the capacity to respond to such situations are continually learning from their experiences of such crises, and refining their response methodology, they still need to work within a framework that takes full account of prevailing cultural conditions and which makes full use of 'tried and tested' approaches.

The most common result of many crises is to increase the downward pressure on the incomes and livelihoods of the most vulnerable sections of society, resulting in even greater degrees of poverty for people already struggling to survive. The problems of poverty are long-standing; proven solutions based on people cooperating to solve their own problems have been developed and refined throughout the world over a long period of time.

In many respects, the defining period for cooperative solutions to the problems arising from crises was the late 19th and the early 20th century, for it was during this time when the now familiar cooperative models were developed. Although, the aftermath of World War Two (WWII) saw the extensive use of cooperative solutions applied in recovery programmes, both in European and in Asian areas of conflict. For example, in many countries, this involved reintroducing fair systems of distribution through consumers' cooperatives, creating supply, credit and marketing systems through agricultural cooperatives, creating employment and resettling ex-combatants through workers' cooperatives and land settlement cooperatives. The development of the cooperative system of Kibbutz and Moshav models was crucial to the establishment of the State of Israel, which was born out of crisis. Also, following WWII, cooperatives were supported most effectively as 'schools of democracy' in those countries recovering from both the ravages of war and a decade or more of dictatorship.

Cooperatives were again pivotal in the recovery and subsequent spectacular economic growth in South Korea following the cessation of hostilities at the end of the Korean War. In particular, the organization of agriculture and credit on cooperative lines was decisive. The re-housing and resettlement of refugees in the Greek controlled sector of Cyprus has been substantially helped by the activities of cooperative credit and savings societies. And, in more recent times, cooperatives have played a part in reintegrating ex-combatants in Zimbabwe and Mozambique. Also, the peace process in Central America has been facilitated by the growth of cooperatives of a wide variety. More examples and case studies that illustrate how and when Coops/SHOs can be successfully deployed to meet specific crisis situations are provided in later sections of the Report. Also, descriptions are provided of the various Coops/SHO models that are most likely to be relevant in crisis situations.

2.2. Making the best use of available experience

It seems that the incidence of crises in the form of natural disasters, social movements and difficult political transition, sudden financial downturns, and armed conflicts is on the increase. This results in the more frequent demand for response and recovery programmes from the international community. In these circumstances, the relevant experience of Coops/SHOs becomes increasingly valuable. Of course, the world is ever changing and in many respects it has become more difficult to establish and sustain successful Coops/SHOs. This is why it is even more important that the institutional experience of mature Coops/SHOs should be availed when meeting similar challenges in current times of crisis. Although many Coops/SHOs have developed to a point which belies their humble origins, much of the expertise and understanding of the essential organizational concepts remain intact, and it is this knowledge and experience that can be invaluable if tapped into in the cause of international development in general and in particular at times of crisis.

The key lessons from the experience of the development of Coops/SHOs around the world need to be fully understood by those seeking to assist others in finding similar solutions to current problems. The most common errors, in human organizational terms, have been repeated time and again. Many development agencies appear to be constantly “reinventing the wheel”, which is not only a waste of resources but also robs Coops/SHOs of the advantage of achieving success more readily and of lowering their risk of failure. It ought to be accepted that the techniques of supporting Coops/SHOs are almost bound to be “special”, because the very act of providing assistance can undermine the self-help ethos, which is fundamental to their success. The experience gained, and also available from successful Coops/SHOs and through Coop Branch, can provide a source of sound practice. For example, there exists considerable experience within the ILO as to the ways and means of involving Coops/SHOs in creating employment ⁶. Those involved in many Coops/SHO development projects are not always accessing this experience.

2.3. Barriers to cooperative action

In the past, support for cooperative action to alleviate poverty, stimulate economic development and to mitigate the impact of crises, has had a role in many of the programmes of both bilateral and international aid organizations. However, in many instances the anticipated results from such activities have failed to materialize. To those experienced in developing successful Coops/SHOs this has come as no surprise, given that many of these efforts have been directed at supporting what were, in fact, state-directed organizations – bodies that were the very antithesis of genuine self-help ventures and lacking the most fundamental features of successful Coops/SHOs.

The theoretical case for promoting cooperation is most convincing; however, converting theory into practical outcomes has always been problematic. All too often those involved in promoting and fostering this form of activity have not taken full advantage of the wealth of available experience or learned sufficiently from current best practice. Regrettably, in both developing countries and transitional economies, many formal cooperative structures have been integrated into some form of governmental bureaucracy, which needs to be shed before such organizations can become effective.

Frequently state support for Coops/SHOs has often also meant the imposition of state control. So-called ‘cooperatives’ have in some countries been used as a mechanism for achieving political control, especially in rural areas. Mature Coops/SHOs fully understand that they cannot succeed without autonomy and independence. In recent years, as a reaction to the past misuse of the term “cooperative”, there has been a tendency to create organizations employing a nomenclature that seeks to hide the fact that they are based

upon cooperation. Unfortunately, those involved in supporting these renamed organizations often fail to recognize the immense store of experience, built up over more than 150 years, much of which is still of considerable relevance and value. Of course, this accumulated experience needs to be applied within the present world context and to be completely free from any dogmatic or purely philosophical inhibitions.

Governments, often aided and abetted by development agencies, have frequently promoted state-controlled (so-called) cooperatives. The fundamental fact that cooperatives are: essentially a form of organized self-help, private, independent and autonomous organizations, has been habitually ignored. Furthermore, the role of the state with regard to cooperatives has commonly meant that governments have assumed the role of both the creator and liquidator of cooperatives. They have come to believe that they are entitled to significantly interfere in the running of cooperatives (whereas they generally leave other forms of private business free to pursue their own destiny) and they seek to take responsibility for the activities of ‘their’ cooperatives in terms of supervision and liability⁷.

In situation of crisis people simply do not have the time to overcome the often-extensive bureaucratic hurdles to the establishment of formal cooperatives, so alternative forms of organization based on other SHO models are most likely to be employed. However, if these ventures are to become sustainable in the longer term they will often require transforming into a more formalized cooperative, and need to be registered under the relevant legislation. In many countries the weight of cooperative legislation and the associated bureaucracy discourages the establishment of formal cooperatives. This is a matter that needs to be addressed as part of the crisis mitigation process by both ILO and its associates*.

2.4. Traditional forms of cooperation

In many parts of the world, traditional forms of cooperation have existed for many centuries and in many cases continue to the present time. These traditional cooperative practices are often deeply rooted in the local culture. Typical examples include: systems of work sharing (e.g. at harvest times), irrigation/water sharing arrangements, rotating savings and loan clubs (each member pays into a fund regularly and each member takes it in turn to take a lump sum advance), burial societies, etc. Quite often traditional forms of cooperation are informal arrangements not covered by any specific legal framework, which depend upon the existence of cultural practice and peer pressure to sustain the cooperative way of working.

In times of crisis it is sometimes possible to build upon existing traditional forms of cooperation as a way of addressing some of the new problems facing the affected communities. Also, more formal newer forms of cooperation using modern models of Coops/SHOs may be developed in response to a crisis, using the base of the communities’ experience of more traditional forms of cooperation.

2.5. Helping people to help themselves

Is it possible to help people to help themselves, or is the promotion of self-help and external aid incompatible? This is a question that has exercised the minds of many international development specialists over several decades. ILO Recommendation 127 states that: “... it is essential that the management and administration of a cooperative be, from the outset, the responsibility of the members and persons elected by them...” Then again, it is not always appreciated that: most national cooperative systems (or movements) were started by ‘patrons’, that is to say, persons from outside the actual group of

‘beneficiary’ members. The Rochdale Pioneers were unusual in that their leadership came from within the group itself, although they did benefit from the experience of many other groups that had previously attempted to start cooperatives in various parts of the United Kingdom.

In reality, there is a long history of promotion and support for cooperatives in their formative years by people from outside of the cooperative. At various times governments, for example in the USA, Japan, various parts of Europe, and also in many other countries, have adopted policies to promote and foster the development of cooperatives within their borders. Starting in the late 1800s the colonial powers often adopted policies to develop cooperatives as a means of dealing with the social problems affecting the local populations in their colonies (which were in most cases simply taken over by the incoming independent government). In general, with some very notable exceptions, these were rarely successful. This was essentially because the promoting agents were usually bureaucrats rather than inspirational leaders.

Several NGOs have built up a good record in terms of promoting sustainable Coops/SHOs, although some NGOs have a tendency to fall into the same trap as governments and fail to allow ‘their’ Coops/SHOs to become independent and autonomous organizations.

There is plenty of evidence ⁸ to support the view that the creation of Coops/SHOs can be encouraged and enhanced by external promoters (e.g. in the case of Raiffeisen in Germany, Plunkett in Ireland and the Department of Agriculture in the USA). While there are some success stories of externally promoted cooperatives, there are also many examples of state-supported cooperative development schemes that have failed. This leads to the conclusion that when helping people to help themselves, the main question is not ‘if’, but ‘how’ this should be done? Later sections of the Report provide more specific guidance as to the practical approaches called for when promoting and supporting genuine cooperative and self-help ventures without creating dependency.

2.6. International guidance

Experience of supporting the development of cooperative forms of organization is often shared internationally between cooperatives and self-help organizations, and most cooperatives have a long-standing record of collaborating and exchanging experiences. The International Cooperative Alliance has a wealth of know-how that rests with both its member organizations and its staff. In 1995 the Centennial Congress of the International Cooperative Alliance, the organization representing the international cooperative movement, adopted a ‘Statement on Cooperative Identity’, including a revised set of principles. These principles are:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for community.

These new principles, while building on and refining the previously accepted principles, firmly positioned cooperatives as jointly-owned, democratically-controlled enterprises based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. They also reinforce the key ethical practices required for good governance, in particular: honesty, openness, social responsibility and caring for others.

2.7. Recognising when Coops/SHOs are not appropriate

The developmental advantages of Coops/SHOs can be considerable, but care needs to be taken not to advocate their development when they are not an appropriate mechanism. Clearly there are many situations, particularly in the most immediate period following natural disasters and when armed conflict is still in progress, when Coops/SHOs are unlikely to be the most suitable organizational form to become involved; that is unless they are already well established.

The democratic nature of Coops/SHOs often means that the decision-making process can be protracted, which is hardly suitable when a fast response to a fast changing situation is needed. Also, cooperation depends upon the existence of mutual trust; therefore, the beginning of the process of rebuilding trust between different factions needs to have commenced before Coops/SHOs are likely to be able to become viable. Although, it ought to be understood that once the process of healing rifts between communities has started Coops/SHOs have a considerable capacity for accelerating the building of trust between people. This is because of their focus on delivering mutual benefits to their members and their involvement of their members in pragmatic economic activity, which can bring together those having widely different perspectives.

2.8. Overcoming a legacy of misunderstanding

Depending on the immediate past experience that specific communities have had of being involved with Coops/SHOs, it is often necessary to devise methods of promoting cooperative and self-help approaches that take full account of such prior experiences. It is not uncommon to discover that because governments, or other parties involved in armed conflicts or in promoting a specific ideology, have misused Coops/SHOs and as a result the public perception of cooperatives or certain other models of self-help organization are the subject of deeply held distrust. In these circumstances it is important to develop strategies that can overcome such obstacles to the development of Coops/SHOs.

In most instances where such mistrust of certain models of Coops/SHOs occurs, the terminology used to describe cooperative and self-help ventures needs to be adjusted to meet the situation. Often it is possible to relate the newer forms of Coops/SHOs to traditional forms of cooperation that may have existed in the community. In many former communist countries the local language versions of words used to describe

Producer groups in the former Soviet Union

The high degree of state control exercised over cooperatives in the former Soviet Union meant that when genuinely independent free-market agricultural cooperatives were being promoted following the collapse of Communism, it was essential to differentiate these from the old 'Kholhouses'. It was found acceptable to call the new cooperatives 'Producer Groups' and as a result new successful Coops/SHOs were established.

cooperatives were associated with state or party controlled organizations. By relating the newer forms of Coops/SHOs to those that operated successfully in the countries concerned prior to the rise of Communism it was possible to gain acceptance of these forms of

cooperation. Also, once it became clear to the people involved that the new cooperatives were organizational models that worked well within a market economy, and then they were more readily accepted.

2.9. The miss-use of Coops/SHOs

Governments and other agencies have in the past often mis-used Coops/SHOs during times of crisis, with the result that effective developmental institutions have often been destroyed, or at least seriously damaged. Cooperatives ought not to be viewed as an extension of the state machinery, even in times of crisis. Their sovereignty must be equally respected. Coops/SHOs should be regarded in the same way as any independent private investor-controlled enterprise, albeit that they are not primarily concerned with profit maximisation but instead organized for the benefit of their members in their capacity as consumers, workers, producers etc.

Governmental direction leading to bankruptcy

During the time of Sino-Indian border dispute in the early 1960s, Indian consumer cooperatives were directed by governmental authorities to supply goods to refugees who were displaced by this conflict. Several decades later

Experience confirms that negative results can be expected when the persons forming the target group are unable to organize themselves and artificial Coops/SHOs are created. These then rely upon external funds, external know-how, imported staff, external goal setting, and work under external supervision. In these circumstances, self-help motivation and the willingness to mobilise their own resources are weakened, so instead of promoting self-help the outcome can be an even greater dependence on external aid.

2.10. Business skills are essential

Coops/SHOs can be involved in any of a multitude of different economic activities and they can come in all sizes, from the smallest of enterprises to multi-million dollar businesses. In order to be successful, in whatever form, they need to be well-managed and run by people that not only understand how to cooperate but who also have the business skills necessary to conduct such an economic enterprise.

In very small Coops/SHOs, often very basic business skills will be adequate to begin with but as the enterprise grows the skills of the people involved need to grow with the business. Coops/SHOs that grow beyond the capacity of those members who have initially formed it usually employ managers who will provide many of the business skills required. However, it does need to be appreciated that such managers must be trained, not only to extend their business skills but also to develop their understanding of how their business skills need to be applied within the context of a Coop/SHO. Once a Coop/SHO employs a manager, the members' representatives (directors or committee members) needs to quickly learn how to direct the affairs of the Coop/SHO, which requires a different set of skills from those required to carry out the day-to-day business of the Coop/SHO.

Credit union systems

The Credit Union model of credit and savings cooperative has been systemised to the extent that the methods of operating this form of Coop/SHO are readily available from the national member organizations of the World Council of Credit Unions (WOCCU), which are to be found in most countries of the world. This means that successful credit unions can be readily established, in many different situations, all benefiting from well-defined best practice.

Fortunately, systems and methods have been developed for many common types of Coops/SHOs, which can be readily transferred to new enterprises. This allows Coops/SHOs to short-cut the learning process, provided that those involved are trained in the proven system and methods developed by other Coops/SHOs. This is not dissimilar to the concept used by franchise operators, a model that was used by cooperatives long before it became the current worldwide business concept.

2.11. Different forms of cooperation

It is important to recognise that there are essentially two forms of cooperation, although many different types of SHOs are used to achieve the objectives set by their members. These two forms are: socio-economic cooperation and business cooperation, both with the potential to serve the cause of sustainable development. The main features of each form of cooperation are:

- a. **Socio-economic cooperation** - occurs between individuals who have the objective of providing services for themselves. This form of cooperation normally offers life-quality enhancing benefits that can especially serve the disadvantaged. The results of this form of cooperation are usually to promote social cohesion and strengthen the bargaining power of the relatively economically weaker sections of society. Socio-economic cooperation is most valuable when focused on addressing some of the most fundamental symptoms of underdevelopment, for example in breaking the stranglehold of anti-developmental forces – rural elites, moneylenders, middlemen and monopolists. It is often most effective in terms of delivering essential community and social services no longer provided by the state, including health care, education, agricultural extension services and public utilities. However, it should be appreciated that to make it work in poorer communities, high levels of solidarity are required and strong local leadership is critical.
- b. **Business Cooperation** - takes place between businesspersons (entrepreneurs) and small to medium-sized enterprises (SMEs). It is most common between farmers operating above a subsistence level. Business cooperation is used to build the capacity of SMEs (including individually or family-owned farm enterprises), helping them to compete, to sustain profitability and to maintain their independence. The success of SMEs frequently depends upon their ability to work in cooperation with similar enterprises. In order to survive the intense competitiveness of a global marketplace it is essential that SMEs work together through institutions able to address local and export markets so providing the strength to meet the challenge of multinational competitors – often even in their home markets. In the sphere of primary agricultural produce and agro-industrial products this is particularly important, but it can also be significant in terms of creating and/or maintaining local employment, which may otherwise not exist. Many factors may impede social and economic development in poor communities but the absence of sustainable institutions with the capacity to provide both primary production inputs at competitive prices and/or appropriate channels into home and export markets remains a significant obstacle to wealth and employment creation, most notably in rural areas.

2.12. Understanding what makes cooperation work

It is essential that those involved in promoting self-help approaches in any circumstances, including as a response to crisis, fully appreciate that Coops/SHOs need to

be based upon ‘genuine cooperation’ if they are to be successful and sustainable. All too often the basics for effective cooperation are lost sight-of in programmes and projects intended to provide support to cooperative and self-help development.

The factors that cause any form of cooperation to work in practice are fundamental to its successful application. Cooperation is based on reciprocity – that is, ‘give and take’. It can never be all ‘give’ or all ‘take’ on the part of any member, otherwise the result is exploitation instead of cooperation. The key to getting people to work jointly in their best mutual interest is to be found in designing arrangements that encourage and reward cooperative behaviour and at the same time discourages and penalises non-cooperative behaviour. The leadership of a cooperative venture needs to be focused on securing the following behaviour within their Coop/SHO:

- a. Establishing trust and rapport between members, and between members and their cooperative; working to achieve this on a continuing basis.
- b. Being fair, and always perceived as being fair, in all dealings within the cooperative.
- c. Being open and above board in all dealings, always being truthful and transparent, not only with facts but with feelings as well.
- d. Being specific about the cooperative/SHO’s objectives and constantly reminding people of them.
- e. Always remaining focused on what the Coop/SHO wants to achieve.
- f. Staying flexible about the ways in which the objectives may be achieved.
- g. Dealing promptly with any negative feelings that people express about the Coop/SHO’s activities.
- h. Being prepared to use sanctions, but not vindictively, against those who pursue their own interests at the expense of the group.
- i. Those who play by the rules should be seen to benefit from the Coop/SHO’s activities.
- j. Not making it easy to become a ‘free-rider’.
- k. Cooperation must be voluntary, allowing members to join freely and leave freely (but without leaving behind any burdens on the rest of the group).

Whether applied to the smallest group or the largest cooperative enterprise, these are the approaches and actions that make cooperation work; they just become more difficult to apply as larger numbers of people are involved in any single Coop/SHO. So no matter what sort of Coop/SHO is involved, everyone concerned needs to give these matters serious attention and specific individuals given responsibility for ensuring that the patterns of behaviour, as outlined above is, in fact being followed.

2.13. Leadership - the critical factor

Leadership is the process in which an individual influences other group members towards the attainment of group or organizational goals.⁹ The quality of leadership determines the success of all forms of organization, and none more so than Coops/SHOs.

To quote ¹⁰ : “The quality of leadership is one of the most important factors in determining the success and survival of groups and organizations. And, although technology plays an overriding part under some conditions, effective leadership has often compensated for lack of equipment and resources.”

Every cooperative or self-help enterprise needs skilled and dedicated leaders, who will be primarily drawn from its “cardinal stakeholder group” ¹¹ (made up of the individuals that the Coop/SHO exists to serve). This is not to say that leadership should be arbitrarily confined to those drawn from the ranks of members, nor should it be entrusted to a ‘one-man band’ – the kind of charismatic, high-profile leader who often comes to mind when the topic of leadership is discussed. In fact, leadership in Coop/SHOs needs to be exercised at all levels, both by member-leaders and by managers. It is necessary to distinguish between the primary leadership function, which above all else is needed to unite the membership and articulate their needs, and the secondary levels of leadership required to lead those who organize the delivery of a cooperatively provided services. The role of the primary leadership includes translating the members’ needs into the specific benefits implicit in the purpose of Coop/SHOs.

In small Coop/SHOs the primary leadership function is usually combined with a variety of other functions, or alternatively the member-leaders may have a fair degree of involvement in the detailed running of the enterprise. As soon as Coop/SHOs can afford to employ professional managers the primary leadership task is usually separated from other functions. Unfortunately, misunderstanding the nature of democratic control, sometimes member-leaders retain functions that should be handed over to professional managers, resulting in confused roles.

The starting point for any Coop/SHO leader is to know how to inspire confidence, to be able to demonstrate a basic knowledge of the Coops/SHO’s background and functions, fully appreciate the members’ aspirations, and possess the will and capacity to set about meeting them. This involves both a learning process and spending time with as many members as is practicable. All leaders of Coops/SHOs have the additional tasks of fostering cooperative behaviour throughout the organization and sharing a positive vision of the future, because without either the enterprise will never succeed as an effective Coop/SHO.

Developing women leaders

Joint ILO-ICA leadership development programme for women cooperators in Asia was conducted in Kuala Lumpur in 1998. This ICA-ROAP regional workshop, co-sponsored by the COOPNET Programme, identified the need for a training materials on cooperative leadership development for women in the region. A Steering Committee was established, comprising representatives from ICA ROAP and COOPNET, and given the task of seeing through the development of a trainers’ manual. The objective of the manual is to assist trainers in the planning, design and delivery of leadership training for current and potential women leaders who are occupying, or have the potential to occupy, office-bearer positions in primary cooperatives (i.e. elected office bearers as opposed to managers employed by the cooperatives). The manual will be finalized in 2001 (in English). The ICA, cooperative organizations and institutions represented at the Kuala Lumpur workshop will be involved in the validation of the manual, conduct training of trainers programmes and carry out impact assessment and evaluations.*

** The ICA Regional Office for Asia & the Pacific.*

Given the fundamental characteristics of Coop/SHOs, in particular the importance of self-help and their democratic basis, it would seem essential to believe that: “competent leaders are not a product of destiny but can instead be developed, trained and nurtured”; a position advocated in the current literature on business leadership ¹² . Therefore, in terms of crisis mitigation and pre-disaster planning, leadership development for Coop/SHOs can be identified as a critical activity. The special problems of providing leadership for Coop/SHOs organised by vulnerable groups are considered in section 4.

3. Responding to Crisis Situations

3.1. Overview

Obviously, the appropriate response to a crisis situation will be dependent upon the nature and cause of the particular crisis. The appropriateness of responses involving support for Coops/SHOs, and the extent of such support, will also similarly be dependent upon the specifics of the crisis concerned. Those concerned with developing a coordinated response to a crisis should be aware of the forms of cooperation most likely to be relevant in responding to particular forms of crisis. Of course, when designing in detail projects involving support for Coops/SHOs more specialist expert advice will be required. In these circumstances staff from Coop Branch can provide guidance or obtain specialist external consultants by accessing the register of Coops/SHOs consultants.

It can be anticipated that support for Coops/SHOs will have an important place within the framework of rehabilitation initiatives and reconstruction programmes, and they should have a significant part to play in crisis prevention and in mitigation activities. In particular, Coops/SHOs ought to have a most valuable role within capacity building programmes.

3.2. Essential information

At an early stage in the crisis response cycle, if possible as part of the rapid needs assessment, it will be important to discover a number of specific facts about the current situation, so as to quickly develop an overall approach in which Coops/SHOs can usefully contribute. If this essential information can be gathered and supplied to Coop Branch then a Coops/SHOs specialist can be identified with the relevant experience to design appropriate strategies, programmes and projects.

It is to be emphasised that the information required on the status of Coops/SHOs, set out above, is required in addition to the information detailed in 'ILO Rapid Needs Assessment In Crisis and Post Crisis Situations'¹³.

Some of the essential background information required is likely to include:

- a. **The Status of existing Coops/SHOs** – What existing Coops/SHOs operate in the affected area and what is their current capacity to contribute in the crisis response programme?
- b. **The current perception of Coops/SHOs** – is there any history of partisan affiliation, political involvement or state control of Coops/SHOs, if so what will this mean if they are to be advocated as part of the crisis response programme?
- c. **The existence of traditional forms of cooperation** – Are there any existing traditional forms of cooperation taking place among the affected population and could these be relevant to the crisis response programme?
- d. **Identification of immediate opportunities to deploy Coops/SHOs** – Are there any quite obvious applications for either existing or new Coops/SHOs within the crisis response programme and if so, what kind of Coops/SHOs specialists are likely to be required?
- e. **Legal framework** – What is the current legal status of Coops/SHOs and under what laws are they registered? Also, what impediments, if any, does the existing legislation present to the early involvement of Coops/SHOs in the crisis response programme?

3.3. The potential contribution of Coops/SHOs

Coops/SHOs can most frequently have a contribution to make in connection with:

- a. **Developing a capacity for advocacy** – groups of people organized in Coops/SHOs can have a much stronger voice in shaping policy and communicating the concerns of vulnerable communities, especially at the rehabilitation and recovery stage.
- b. **Providing essential services and employment/livelihoods** for crisis-affected groups.
- c. **Strengthening the capacity of communities to cope in times of crisis** – where Coops/SHOs exist they can form a readily available organization to act on behalf of the crisis-affected population.
- d. **Increasing disaster preparedness*** - Coops/SHOs can be involved in forecasting and taking precautionary measures to an imminent threat and by organizing the delivery of timely and effective assistance.
- e. **Reducing the vulnerability**** of those groups of persons and communities with a propensity to experience substantial damage, disruption and casualties as a result of a hazard. Coops/SHOs have the capacity to create the necessary wealth needed to purchase essential resources. (See section 4. where the needs of especially vulnerable groups are considered)

Ghana – grain banks bring food security

The introduction of grain banks in Ghana has allowed small-scale farmers to place some of their harvest into storage. At a later time when prices have risen, they are able to meet the needs of their families and to sell any surplus grain at a higher price than would have been available at the time of harvest. The grain bank is particularly important in times of drought. Similar grain banks are also now operating in neighbouring countries.
- f. **Rehabilitation and reintegration** - Coops/SHOs can enable a crisis-affected population to relatively quickly resume a more or less normal pattern of life by supplying services and employment/livelihoods when investor-controlled (profit-driven) businesses may be unwilling/unable to do so.
- g. **Recovery and reconstruction** - Coops/SHOs can provide the basis of development interventions that do not simply seek to restore the damage or return to the status quo appertaining pre-crisis, but instead address medium- and long-term development needs. This builds the capacity to avert the reoccurrence of crisis and help in reaching higher standards of living.

Labour contracting cooperatives in India

Labour contracting cooperatives are well established in a number of Indian states. In Gujarat there are over 2,400 labour cooperatives many were involved in the construction industry and have played a most useful role in rebuilding following the widespread destruction of property caused by earthquakes.
- h. **Rebuilding communities** – Coops/SHOs can directly assist in the reconstruction process or assist in financing re-housing programmes; they also help to bring together communities that have been torn apart by a crisis.

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- i. **Facilitating essential change** - Changes in fundamental structures are not easily won and usually require the development of organizations that can challenge existing economic power structures. Coops/SHOs often become the only credible organization able to play a serious role in bringing about peaceful change. Strategies that lead to the provision of effective support for Coops/SHOs are required when fundamental change needs to follow a crisis, or avert an impending crisis, caused by social divisions.

Cyprus – financing resettlement

When Greek Cypriots fled from the Turkish occupied area of Cyprus they relied upon their credit cooperatives to finance the building of new housing in the Greek controlled area. The transition of displaced families from refugee camps to their own-housing was carried out relatively quickly on a self-help basis. The credit cooperatives continued to provide credit and savings services and have played an important role in helping displaced persons rebuild their lives also to achieve a relatively high standard of living. In Cyprus, credit cooperatives now account for 34% of the consumer credit and savings market.

Mondragón in Spain

The Basque region of Spain has been a place where separatism has fuelled terrorism and many of the people have felt alienated from the Spanish state. However, cooperatives are building a substantial Basque-owned stake in the Spanish economy. The success of the workers' co-operatives in the Basque region of Spain is legendary, however, their associated consumers' co-operatives are perhaps not yet so well known outside of Spain. The Eroski Group is made up of the consumer co-operatives operating in various parts of Spain and is the leading Spanish food retailing company in terms of turnover. The Eroski Group has recently signed an alliance with Mercat, Unide and Vegonsa to build supermarkets nation-wide, and today it is Spain's leader in supermarkets. This alliance will open over 500 new establishments, with investments of more than 60 billion pesetas over the next five years. This is a leading Spanish food retail group purchasing to the value of 605,000 million pesetas in 1998, with a chain of 47 EROSKI Hypermarkets, 800 CONSUM supermarkets, 2,023 CHARTER self-service stores. It has a workforce of 18,687 people, of which 8,359 are owner-members of the company. In 1998, net profits totalled 8,256 million pesetas. Over the period 1994/1998 investments accounted for 131,343 million pesetas and the creation of 9,180 new jobs. The shift in economic power, which can be created by the development and growth of locally-owned, cooperative enterprises can first improve the economic prospects for people who feel marginalized, and in due course foster their self-confidence and lead to their real engagement in the democratic process. This is a process in which the Mondragón cooperatives have over many years become increasingly involved.

- j. **Peace building** - Coops/SHOs tend to strengthen and solidify peace and reduce the risk of a relapse into conflict. The collective effort and the active participation of people from different factions involved in the act of practical cooperation can help to create more cohesive communities.
- k. **Maintaining contacts in times of conflict** - Coops/SHOs can play a part in the reconciliation process following the cessation of conflicts. It is often to be found that where communities prior to a conflict valued cooperative approaches, they can be relatively quickly resurrected once the conflict is over. It is not uncommon for cooperatives to maintain contacts across divided communities where the people involved continue to subscribe to cooperative values and accept the validity of mutual self-help as the basis of their future well being.

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- l. **Coops/SHOs as schools for democracy** - Fostering or restoring democracy is often an important part of crisis response programmes. Quite apart from the economic benefits Coops/SHOs are able to provide they can also help to develop citizens who are better equipped to play their part in a modern democratic state. In order to make the process of cooperation work the people involved must act together using democratic forms of organization. This experience, in turn, helps people build the political stability essential to sustainable development.

 - m. **Combating xenophobia, also racial, tribal and religious hatred** - The inequitable distribution of resources wealth, ownership, political power, and the basis of privilege, patronage and monopolistic control are usually sustained by various forms of discrimination. Equitable, social and economic civil society organizations, including Coops/SHOs, can help to counter racial, tribal and religious hatred, and the alienation and fear, which is often at the root of overt xenophobia.

The points set out in this above need to be read in conjunction with the following sections:

Section 5., which outlines the most likely interventions in the disaster response cycle* involving Coops/SHOs and details some of the main opportunities for cooperatives and other self-help organizations in crisis situations; section 6., which explains in brief the main Coop/SHO models that are most likely to be relevant in crisis situations; and Section 7., which outlines practical approaches for supporting cooperative and self-help ventures.

3.4. Social movements and political transition

In the last decade the impact of social movements and political transition has been considerable, in many different parts of the world. In the longer-term, the changes realised by such events may, in many cases, be judged as beneficial, by bringing with them increased personal freedom and democratic opportunities. However, often in the short-term the changes have resulted in high levels of unemployment, extremes of poverty (especially among vulnerable groups) and a breakdown of law and order. In other cases social and political change appears to offer the bulk of the affected population very little hope for any improvement in their deteriorating social and economic position. In almost all cases, the affected communities and vulnerable groups have been forced to adopt coping mechanisms in order to subsist, while the more fortunate have been able to find self-help solutions to many of their most immediate problems.

South Africa – cooperative housing schemes

Despite the tremendous political changes that have taken place in South Africa, many families have no disposable income because they need all that they earn to simply survive; in these circumstances they have no funds available to improve their living conditions. Cooperative housing schemes have been introduced that take an integrated approach. In these schemes income generating measure, along with improved health and education facilities are introduced alongside the programme for the construction of new housing. In East London, in partnership with a South African NGO the German Foundation DESWOS, which is supported by German housing cooperatives, is assisting such a programme with finance and technical assistance.

In many cases, part of the response to social movements and political transition has been to support the development of new Coops/SHOs. In particular, there has been an upsurge in credit and savings organizations, agricultural producer-groups and employment-creating ventures. In several countries, most notably in the former Communist states and in

countries undertaking programmes of structural reform, cooperatives that were subjected to considerable state or political direction have needed to be reformed.

Supporting cooperatives in transition in Eastern Europe and Central Asia

Building upon earlier work undertaken by various agencies, much further work is required to assist the transition of consumer cooperatives to serve their members under new market conditions: for example in Russia, Kazakhstan and the Kyrgyz Republic. In particular, there is a need to greatly improve professional management standards, governance systems and active member involvement. At the same time help is required throughout the former Soviet Union to develop new forms of agricultural cooperatives to support private farmers, introduce rural credit unions and support other mutually provided services in rural areas.

In some situations it has been considered necessary to liquidate old-style state-controlled organizations and replace them with new market-orientated cooperatives. The dissolution of such state-dominated cooperatives have, unfortunately, often meant that the assets owned by them have been lost to the communities that they had the capacity to serve. Therefore, whenever practical it is advisable to promote the reform of existing cooperatives in preference to their dissolution although, there will be situations where the time and effort required bringing about reform is judged to be unjustified; in these circumstances the establishment of new Coops/SHOs is the only viable option.

In countries undertaking programmes of structural reform, often in response to a crisis situation, state provided services are usually drastically curtailed or withdrawn completely. Since most governments now embrace market principles as the basis of their economies, direct state intervention as the means of delivering goods and services has been largely discontinued. There has often been an erroneous assumption about the overriding supremacy of the investor model of business and a blind faith in its capacity to serve people's needs. There is, however, a growing recognition that sole reliance upon the market to deliver essential services to more disadvantaged citizens is often unrealistic,

Agricultural Inputs – self-help replacing state control

The withdrawal of the state from the provision of agricultural input supply and marketing services has often created a vacuum that has not yet been filled by alternative market-based structures. Investor-owned firms cannot be expected to provide many of the services most needed by the poor, simply because they do not offer adequate profit opportunities. The self-help provision of such services often becomes the only viable alternative to state provision.

especially if this depends on the emergence of businesses that act primarily in the interest of their investors. Policy-makers are beginning to realise that there is a need to stimulate the creation of free-market institutions that can provide self-help solutions to socio-economic problems. The sustainability of such activities is often undermined by the absence of more permanent formal structures, or by the presence of un-reformed organizations that remain under the control of a powerful bureaucracy.

Assistance is often required by governments seeking to update the public policy framework, including the legislative structure, within which Coops/SHOs are required to function. The ILO COOPREFORM programme is able to provide assistance in this connection. This programme pursues three immediate objectives:

- To assist policy makers in creating a favourable climate for cooperative development
- To assist governments and cooperative movements in formulating a legislative framework that is conducive to the development of autonomous and viable cooperatives

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- To strengthen the capacity of national cooperative organizations in providing technical support services to their members.

3.5. Armed conflicts

The impact of armed conflicts is devastating to all aspects of life in the affected areas and every aspect of normal life can be disrupted. Coops/SHOs will not normally be able to function in conflict areas, although in some conflict affected areas they do continue to operate in a limited way when fighting is sporadic.

In some situations, Coops/SHOs and their members can be found taking an active part in armed conflicts, especially in civil wars. Such involvement of civil society institutions, including Coops/SHOs in armed conflicts, or at least in supporting one particular side in a conflict, will usually be as the result of the deliberate policies for fostering alignment with one or other of the warring parties. Both ruling government and insurgent forces have frequently sought to promote Coops/SHOs as a means of engendering support from the civil population. In these circumstances particular forms of Coop/SHO can be considered by the local populace to be partisan and will therefore be rejected by the opposing side. This can give rise to difficulties in promoting Coops/SHOs in post-conflict situations.

Papua New Guinea – Recovering from ten years of civil war

Following ten years of civil war, until all the refugees have returned to the depopulated villages no clear idea of the scale of the problems be determined. However, work has now started on developing village cooperative micro-finance systems. Often the impact of such high levels of male deaths is too much for the traditional village structures to cope with. In a culture where a woman takes her name from her husband (in a way far more total than the custom in the West), without a name she has no standing in the village (nor a home nor economic rights). There is one village in the hills that is called "the village of widows" as all the men were massacred. One of the women who had enrolled on a cooperative training programme has founded a cooperative for war-widows as a way of overcoming this imbalance; a cooperative can supplement the community's resources when the traditional cooperation of the culture breaks (or is broken) down.

As with other situations where mistrust of certain models of Coops/SHOs occurs, the terminology used to describe cooperative and self-help ventures needs to be adjusted to meet the situation and sometimes linkages to traditional forms of cooperation can be established. The importance of understanding the economics underpinning violence in civil wars is now being recognised¹⁴, therefore the solution to such conflicts is almost certainly going to involve introducing new economic arrangements that are more conducive to sustaining peace. Coops/SHOs can be involved as an important element in the economic reconstruction following the cessation of hostilities, helping to remove some of the root causes of civil conflicts by replacing exploitative economic systems with one that empowers people and promotes fairness and a more equitable distribution of wealth.

Guatemala – cooperatives and peace building

The peace negotiations in Guatemala highlighted the need to resolve the situation of extreme inequality that existed within the country, and in particular the conditions endured by indigenous peoples. Various forms of Coops/SHOs have been supported as part of the process of addressing the underlying issues that were the root causes of conflict. In particular, credit cooperatives and agricultural cooperatives are being developed to help improve the social and economic conditions of less privileged communities.

The UN PRODERE Programme for Displaced Persons, Refugees and Returnees

As part of the PRODERE programme for Central America, from 1990 to 1995, the ILO played a key role in the rebuilding of local economies following a period of civil conflict. Aiming at job creation through the promotion of economic initiatives by the local population, mainly in the form of small enterprises and cooperatives, Local economic Development Agencies (LEDAs) were established in various regions of several of the affected countries. In order to gain the confidence of all parties to the various conflicts, which has been prevalent throughout Central America, it was judged important that concrete economic result needed to be achieved quickly. Following an assessment of each area's potential, in terms of resources and opportunities, strategic plan were developed with the full involvements of all of the key players within the region. The activities undertaken by each LEDA varied to meet local needs and opportunities. However, in most cases the development of Coops/SHOs played a significant part in the process of economic regeneration.

Most of the relevant opportunities for cooperative enterprises arise in post-conflict situations, once that hostilities have ceased and a peace-building process has already commenced. Clearly, any actions that can be taken to promote genuine cooperation and to contribute towards developing a culture of cooperation must be helpful in the process of reconciliation. Scope for the deployment of Coops/SHOs will arise in a wide variety of ways, including:

- Delivering services to refugees, internally displaced persons and returnees
- Resettling ex-combatants
- Supporting vulnerable groups, especially women and those disabled in the conflict
- Creating employment and supporting self-employment
- Rebuilding and reconstruction
- Facilitating reconciliation and peace building.

Peace Building in Palestine

In the second half of 1999 and the beginning of 2000 a number of activities were held in Israel and the Palestinian Authority to develop a consensus around project proposals developed by the ILO Cooperative Branch within the SHIFT framework (Shaping the Future Together: Employment Promotion through Self-Help). As a result, a network of some 20 Israeli and Palestinian partner organizations was established, including cooperative federations, peace movements, training institutions, women's and youth movements, organizations of people with disabilities, ex-prisoner groups and other people-based NGOs. In addition, informal exploratory discussions were held between some of these partner organizations and Israeli and Palestinian governmental structures. It should be borne in mind that the trust and confidence created through this process was a necessary pre-condition for the successful launch of the SHIFT Programme and was achieved against the background of considerable turbulence in the peace process.

In April 2000 some 70 representatives of Palestinian NGOs met in Jerusalem under the SHIFT framework and as a result a portfolio of project proposals to accompany the SHIFT Programme Document was prepared. Palestinian-Israeli teams, and aims to contribute to the socio-economic development of the Palestinian people and to enhance the peace process, through a partnership of Palestinians and Israelis, prepared these project proposals jointly. An informal consultative group was established comprising a small number of representatives of Palestinian and Israeli partner organizations, led by the Cooperative Branch as the responsible technical unit in close collaboration with the ILO Representative in Jerusalem. The objective of this group was to steer the next phase of the SHIFT Programme fund-raising.

3.6. Economic and financial downturns

In cases of financial and economic crises, there are usually massive layoffs of industrial workers and an upsurge in general unemployment and underemployment. The knock-on-effect to all areas of the economy can cause extreme hardship and disproportionately impact upon vulnerable groups. Also, investment in productive assets often dries-up and there is often a flight of external capital and the transfer of private capital out of the country. In the face of such conditions many new openings for cooperative enterprise arise.

The existence of a strong and effective Coop/SHO sector within an economy can be important in terms of lessening the impact of any financial and economic crisis, because the ownership of these enterprises is held within the local community. Also, because the objectives of Coops/SHOs are focused on delivering benefits to their own members the services/benefits provided by them will normally continue to be available. This is not to say that Coops/SHOs will be unaffected by the prevailing general economic conditions, clearly their level of business will be constrained by the impact of the economic conditions upon the incomes of their members. However, Coops/SHOs will not be involved in the general flight of capital and will not seek to relocate outside of the communities that they serve.¹⁵

The extremely valuable contribution that Coops/SHOs can make to the mitigation of financial and economic crises should mean that they ought to be promoted and supported, as independent free-market enterprises, as part of any programme to combat the worst effects of any potential economic downturn.

Coops/SHOs can also play a role in helping to deal with the immediate impact of financial and economic crises. This can range from helping laid-off workers to secure immediate work and income through the means of cooperative action to arranging worker buy-outs for enterprises where the previous owners wish to withdraw. Opportunities for the deployment of Coops/SHOs in such circumstances can also include:

Wales – Tower Colliery

The miners of the colliery at Hirwaun, near Aberdare in Wales, bought the pit, where they were formerly employed, from British Coal, when it was privatised and their pit was scheduled for closure. They used redundancy payments and loans to finance the purchase of the colliery. Since 1994, when the workers purchased the pit, the colliery has gone from strength to strength and now employs 300 people. They have since bought out a coal distribution company, developed a visitor's centre, converted methane gas to electricity and promoted a credit union covering the local area.

- Employment mutuals – to support people moving between jobs or in self-employment
- Workers' cooperatives – providing joint self-employment
- Credit societies and mutual guarantee societies
- Input supply organizations for all types of small enterprise
- Marketing cooperatives for SMEs
- Migrant labour and remittance services

Business support services e.g. taxi operators' cooperatives, joint purchasing for small shopkeepers etc... Employers' associations and trade unions can become involved in supporting Coops/SHOs to help minimise the impact of layoffs when crisis lead to the widespread shedding of labour. In some situations it can be appropriate to facilitate a

workers' buyout. In other cases they can support the development of workers' cooperatives as a way of helping former employees into new employment, or support the establishment of business (common services) cooperatives for former employees who are to become self-employed.

3.7. Natural disasters

Countries throughout the world can at any time be subject to a variety of natural disasters. Many of these are sudden and catastrophic, such as hurricanes, earthquakes and floods, while others are slower in their onset, as in the case of drought and epidemics. The appropriateness of different types of Coops/SHOs as a response to such natural disasters will, of course, vary considerably according to the nature of the event.

Somalia – livestock cooperatives provide disease-free certification

In Somalia, following the widespread incidence of livestock infection, livestock cooperatives have been able provide their members with a veterinary service. The cooperatives have provided the necessary disease-free certification to allow them to trade cattle that would otherwise be unsaleable.

The main role for Coops/SHOs will be found when the rehabilitation and reconstruction process has begun; however, they can play a role in disaster prevention and mitigation. In several countries e.g. in Bangladesh, self-help groups play an important role as two-way information conduits and provide quick transmission of early warnings about natural disasters to their members, and in Belize fishermen's cooperatives provide warnings of the onset of potential extreme weather conditions in coastal areas. This is, of course, over and above the joint effort they make in tackling the immediate aftermath of an actual disaster. In other countries they play an important role in lessening the impact of disasters such as drought, by organizing the trekking of livestock to fresh pasture or storing grain against the possibility of future shortages.

Botswana – livestock cooperatives beat drought conditions

In Botswana, cattle marketing cooperatives arrange for stock to be shipped to one of the country's two abattoirs for slaughter after which individual farmers receive payment for their cattle based on the value of their animal at its dead weight. Prior to the existence of the marketing cooperatives traders would purchase stock direct from farmers at knockdown prices. Often farmers would be in debt to the same traders for consumer goods that they had taken on credit, thus perpetuating a cycle of poverty. In times of drought the situation became intolerable for small-farmers. Once organized into cooperatives the farmers were able arrange to collectively trek their livestock to holding grounds with a borehole so that they could hold onto their cattle until the drought had broken.

Coops/SHOs may also be involved in arranging the training of their members in risk assessment techniques, so that they can help to identify when disasters are likely to occur and assist in taking preventative measures or mitigating action. In emergency situations, food aid may be inevitable, despite its negative effects on the production of, and markets for, local food crops. By channelling supplementary rations through Coops/SHOs the worst effects of such food aid on the local market can often be avoided. Environmental degradation may be taking place, which in turn can become a contributory factor in causing natural disasters. Coops/SHOs can become the means of involving the local community in taking measures to protect their environment. Green belt protection, the conservation of scarce natural resources and the enforcement of sound environmental protection practices, can also be achieved by cooperative action; whereas, if the government simply tries to impose such measures they will very often fail ¹⁶.

3.8. Responding to disaster situations

Coops/SHOs can be found to be relevant at all five stages of the disaster response cycle: disaster preparedness, disaster mitigation and prevention, rescue and relief, rehabilitation/ reconstruction and development. When responding to disaster situations, in particular in complex emergencies, there will be many pressures and obvious priorities, which arise from the most immediate need to save lives, provide food, water and shelter, and bring back some semblance of normality to the lives of the affected population. Speed of response and the rapid mobilisation of the resources required should quite obviously be the focus of attention for those involved. Although in some circumstances it will be possible to call upon the services of existing Coops/SHOs, most of the opportunities to be involved in the crisis response cycle will arise at a later stage, especially in pre-disaster planning, as part of a strategic approach to prevent or to reduce the impact of possible future disasters.

Some rapid impact projects*, designed to address short-term rehabilitation needs and to focus on the most vulnerable areas and groups, may involve Coops/SHOs, especially when they have been involved in the pre-disaster planning process. In disaster prone countries** self-help groups that have been involved in the sharing of information about potential disasters and who have provided early warnings about natural disasters to their members, are likely to be ready to become involved in tackling the immediate aftermath of an actual disaster.

Japan – responding to an earthquake
Following the earthquake in Kobe, Japan, the well established consumer cooperative, which operated throughout the region, played a pivotal role in providing emergency supplies and in helping to rebuild the communities in which it operated.

When preparing strategies to cope with existing damage and designing systems of actions aimed at preventing or mitigating future disasters, the process will commonly provide many openings for the involvement of both existing and new Coops/SHOs. According to the nature of the disaster, specific forms of Coops/SHOs are likely to be most relevant. Section 5 lists those that may be most appropriate in specific circumstances.

3.9. Lessons from the ILO ACOPAM project

The ILO ACOPAM Project was an instrument aimed at poverty alleviation. It set out to give support to grassroots organizations whose activities relate to basic development needs in Africa: food security and self-sufficiency, sustainable management of natural resources, gender issues, access to credit, savings, financial services and social protection. The ACOPAM Programme ended in June 2000 following 21 years of field activities. The programme has involved a total of 188 programme partners in eight countries. During the ACOPAM project's last phase (1996 – 2000) 56,000 jobs were created in five countries. The partner organizations have now established a national network that continues ACOPAM's work.

On the basis of wide field experimental work, conducted in several countries, ACOPAM produced methodologies, training manuals and teaching aids, which were then made available to various partners, including a large network of NGOs. ACOPAM then used the feedback from these field users to continuously improve its training materials. ACOPAM also trained many African trainers to develop a network of national expertise in the related fields. There are five series of valuable ACOPAM publications, which are still available.

The ACOPAM project focussed on promoting and supporting: self-managed irrigation schemes, natural resources management schemes, cereal banks, mutual benefit schemes and activities designed to address gender concerns. For example:

- **Self-managed Irrigation Schemes**

Irrigation is one of the very few reliable ways of intensifying and securing agricultural production in the Sahel region. ACOPAM developed various training instruments designed to give farmers' organizations the skills needed for the efficient management of their irrigation schemes. These trainer manuals contain a first section describing the training programmes and ways in which they can be applied. The second section presents a checklist for each course (objective and estimated length of the course, teaching methods and training materials used) together with a chronological description of the course's stages.

- **Natural Resources Management**

The land-management approach was a rural development strategy aimed at improving local economic development and sustainable natural resources management. ACOPAM established a partnership with the National Land Development Office (ONAT) of Burkina Faso to produce and test some fifteen modules, some of which have been made widely available. Each trainer manual accompanying a module gives instructions on how to adapt the contents to different situations as well as information on the methods and aids to be used.

- **Cereal Banks**

Cereal banks are a decentralised system of food security organized and managed at local level. They are closely tied to local communities and can help to promote popular participation in the development process. Four training manuals addressing the principal aspects of the organization and management of cereal banks have been designed for their members and managers.

- **Mutual benefit schemes**

The managers and promoters of health mutual benefit funds in Africa have long been voicing the need for reference and training material regarding the creation, organization and management of health mutual benefit funds, which are a population's reliable means of access to health care. The joint programme conducted by World Solidarity, the Alliance of Christian Mutual Benefit Societies of Belgium and ACOPAM has published: "Health mutual benefit funds: a practical guide" in an endeavour to meet this need. The guide is to be followed by a trainer manual (to be published in 1997), with eight modules.

- **Gender concerns**

The Gender and development approach is the result of innovation in development strategies and methods with attention being given to the constraints and opportunities in women's participation in the development process as well as to the impact upon their interaction with menfolk. The first document published in this series: "Gender and development: an analysis of the role of women, as experienced in the Sahel region", gives an account of ACOPAM experience as well as of activities designed to improve the situation of women. This document is intended for all those involved in development promotion.

There are clearly many aspects of the ACOPAM project that could be usefully within applied in crisis response programmes.

4. Coops/SHOs and Vulnerable Groups

4.1. Meeting the needs of vulnerable groups

Vulnerable groups in communities affected by a crisis will commonly suffer disproportionate distress. Women, children and young persons, the old and infirm, ethnic minorities and the disabled, will often be found to be the most adversely affected victims of all types of crisis. Coops/SHOs that meet some of the needs of such vulnerable groups can be encouraged and supported as a means of significantly impacting on their economic and social conditions. In some circumstances positive outcomes can be achieved by integrating the special needs of vulnerable groups with those of the general populace, in other words seeking to ‘mainstream’ such groups rather than to isolate them. However, in many cases it will be found to be beneficial to support Coops/SHOs that draw their members only, or primarily from, specific vulnerable groups. Some of the key issues relative to developing Coops/SHOs that can meet the special needs of vulnerable groups are considered in this section.

4.2. Separation or integration?

There are valid arguments both for and against supporting Coops/SHOs that specifically provide for vulnerable groups, as against seeking to involve them in mainstream Coops/SHOs that cater for the needs of the population in general. In the final analysis it will be up to the target population to decide what form of Coops/SHOs best meets their needs and, of course, every situation is at least to some extent unique. However, to the extent that external advice may influence their decisions, the following factors need to be considered:

The main points in favour of having general Coops/SHOs are that –

- Vulnerable groups are not isolated but are associated with the wider community
- Vulnerable groups can benefit from the services that are financed by the better-off
- Vulnerable groups can benefit economically from the scale of operations, including the availability of management and leadership skills, which will often only be available in a larger Coop/SHO drawing its membership from the community as a whole.

The main points in favour of having special Coops/SHOs for vulnerable groups are that –

- The solidarity engendered among the members by them all belonging to a vulnerable group considerably enhances the effectiveness of the Coop/SHO.
- Because leaders need to be drawn from among the members of the vulnerable group, this builds the self-confidence of the group members and their capacity to find self-help solutions to their problems.
- The specific needs of vulnerable groups can be more directly addressed.

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- The danger is avoided of the Coop/SHO becoming dominated by more articulate and economically or politically powerful groups (e.g. by rural elites); with the result that members of vulnerable groups can be excluded from decision-making processes.

4.3. Gender specific Coops/SHOs

In many post conflict and other crisis situations it is clear that there can be many advantages in supporting Coops/SHOs that are specifically designed to meet the needs of women. For example, it is common to find that women's micro-credit organizations achieve far higher levels of debt repayment than those involving men. The need for Coops/SHOs able to more directly focus on the specific needs of women is now much better understood^{17 18} and should result in many more gender specific Coops/SHOs being promoted within the framework of crisis response programmes. Almost any of the models of Coops/SHOs, referred to in sections 5 and 6 of the Report, may be organized specifically for women. In most cases this will require that specifically designed training and leadership development will need to be provided for the women in the target groups.

Bangladesh – women's cooperatives

Bangladesh is frequently subject to crisis caused by several forms natural disasters. In many villages the majority of women are illiterate, many are widows and significant numbers are supporting invalid or non-working husbands. Credit cooperatives are providing small loans to women who have chosen to undertake various income-earning activities. Loan recovery rates rarely fall below 90% and many groups have for the first time been able to establish personal and group savings to provide a small but significant buffer in times of adversity.

Mozambique – agricultural marketing

Following the long years of conflict in Mozambique, women's agricultural cooperatives have been established providing livelihoods for many thousands of the most vulnerable members of the population and helping to improve their lives and of their children.

Namibia – women's marula oil cooperative

In Namibia, following many years of struggle to achieve independence, which involved armed conflict, many communities suffer from the lack of income earning opportunities. In the North Namibian women's marula oil cooperative nearly 1.000 women belonging to nine community groups are extracting marula oil from the kernels of the marula plant. The oil is sold to a company that sells it on the world market as a beauty product. The overall goal of the project is to support the establishment and development of a secondary-type cooperative in the north of Namibia and to create a professional and sustainable marketing system of the members' production (and eventually processing) of marula oil.

4.4. Coops/SHOs for the disabled

In many countries cooperatives have proved to be valuable in meeting the specific needs of the disabled¹⁹. Following armed-conflicts there will generally be a substantial increase in the disabled population, this as a direct result of the conflict, among both combatants and the affected civilian population. In the aftermath of such armed-conflicts it is also tragically to be found that residual landmines add further to the numbers of disabled. In this circumstances post crisis programmes will need to help to address the needs of the disabled, and Coops/SHOs that are able to undertake advocacy functions and to provide livelihoods are often most valuable.

Schemes for the development of sheltered workplaces can often be converted into cooperatives, operated by their disabled members, once that they have become established. In other cases disabled persons with the relevant skills and the capacity to produce goods or to provide services, can be assisted in the formation of new workers' cooperatives. Additionally schemes to provide individual disabled persons with sheltered workspaces and providing common services can be run by Coops/SHOs.

4.5. Minority groups

Often the sense of solidarity generated by having an involvement in a special organization, in the form of a Coop/SHO, can prove to be a source of great strength and a key element in the success of their cooperative enterprise. The experience of the ILO INDISCO programme confirms that specifically targeted support for specialised Coops/SHOs can often be the most appropriate way of alleviating the specific problems of vulnerable groups, especially when they are indigenous or tribal peoples.

Guatemala– cooperative action by minorities

In the municipality of Ixcam indigenous people fled from conflicted areas and lived cooperatively in forest areas, ensuring their survival. Following the cessation of hostilities, they were able to carry on with various agro-economic activities developed jointly, thus improving their capacity to resettle within village communities.

The ILO INDISCO programme

The objective of the INDISCO programme is to contribute to the improvement of socio-economic conditions of indigenous and tribal peoples through demonstrative pilot projects and the dissemination of best practice for policy improvement. Behind this development objective has been the idea of demonstrating viable models of participatory indigenous peoples' development through a selected number of country specific pilot projects. By raising the capacity of indigenous and tribal peoples' Coops/SHOs to plan and manage development activities, these concrete examples have visualized examples of practical partnerships in the field of sustainable development.

Rather than providing blueprints for indigenous peoples and governments, the programme has aimed at supporting the implementation of country specific models and experiences, which could inform more sustainable indigenous people and government programmes. The approach has been one of sensitisation and discussion through concrete experiences, successes and mistakes. INDISCO has, as an ILO programme, a particular advantage to mediate between the grassroots level experiences and the governments' long term planning through its national coordination structures. The core issues identified in the initial phase included threatened subsistence economies, displacement, environmental deterioration, indigenous and tribal women and cooperatives.

Programme activities

- *Strengthening the subsistence base of indigenous and tribal communities through the promotion of cooperatives and other self-help organizations.*
- *Ancestral domain management*
- *Advancement of the status of indigenous and tribal women*
- *Preserving and promoting indigenous knowledge systems and practices*
- *Capacity-building for indigenous and tribal extension workers*
- *Environment and natural resource management*
- *Strengthening of local organizations.*

Recently a joint project has started in India to review coping strategies of tribals with natural disasters and to devise policy recommendations and technical cooperation project proposals.

The ILO seeks to improve working and living conditions through the adoption of international labour conventions and recommendations, setting minimum standards in such fields as human rights, wages, conditions of employment and social security. The ILO has an integrated and active supervisory system to examine each state's compliance with ratified Conventions. This includes Conventions Nos. 107 and 169 on indigenous and tribal peoples, which are the only existing international legal instruments protecting the rights of indigenous and tribal peoples; Convention No. 107 (adopted in 1957) has been ratified by 22 countries. However, due to its interventionist approach, the need for an updated convention was subsequently voiced and this resulted in the adoption of Convention No. 169 in 1989. Convention No. 169 views the preservation of indigenous and tribal peoples' culture and ways of life as imperative and requires that ratifying countries respect this. It further encourages indigenous and tribal peoples and their organizations to participate in the planning and implementation of development projects that affect them.

4.6. Developing leadership from within vulnerable groups

The main constraint to the establishment of Coops/SHOs organized for the benefit of vulnerable groups is frequently the dearth of candidates from the group ready and able to take on immediate leadership roles. This is not surprising, given the fact that most members of such groups will usually be ill-prepared to undertake such roles; often undernourished and in ill health, sometimes lacking in basic literacy and numeracy skills, and commonly without the essential self-confidence or self-esteem. Given these seemingly insurmountable barriers to identifying leaders to undertake the essential leadership functions in Coops/SHOs for vulnerable groups, it could be considered a high-risk strategy to promote Coops/SHOs among such groups. In practice, it seems that because of the tenacity and strength of character required to overcome such obstacles, those leaders that do emerge are frequently of outstanding quality, and demonstrate levels of commitment to their task rarely matched by those leaders serving more advantaged sections of the community. Nevertheless, the lack of adequate leadership in Coops/SHOs for vulnerable groups, especially at the start-up stage, can present a considerable barrier to the development of such enterprises.

Substantial investment in human resource development will normally be required if Coops/SHOs are to genuine self-help organisation when formed by vulnerable groups. At least part of the reason for opting to address crisis related problems by means of cooperative action, should be because of a desire to increase the capacity of the people involved. Therefore, such investment in leadership development must be seen as an essential part of any programme for the support of Coops/SHOs involving vulnerable groups.

India – developing women leaders in dairy cooperatives

Dr Amrita Patel, Managing Director of the Indian National Dairy Development Board, speaking at a conference in Bangalore, on 22 February 1998, described the results achieved from a specific programme designed to develop women leaders.

There were some 70,000 dairy cooperatives, which were part of the Indian dairy cooperative movement. Women were now increasingly taking-on leadership roles at all levels. The women leaders were now generally performing better than their male counterparts. With women proving to be more loyal to their cooperative and the cooperative concept, being more inclined to cooperate with each other – placing common interests and concerns above the superficial differences of religion, caste and political affiliation.

As a result of the leadership development programme, individual women had: gained confidence, commitment and courage, learned how to sustain their enthusiasm, become aware of their capabilities and of the strength that can be achieved by working jointly. Additionally, becoming committed to seeing that their daughters enjoyed the same access to education and healthcare as their sons.

4.7. Trusteeship in Coops/SHOs

Earlier (in Para. 2.5.), the difficulties faced by external promoters of Coops/SHOs have been outlined. Clearly, in the case of promoting cooperation among vulnerable groups this frequently a significant issue. For if no obvious leaders emerge from within the group, then an entirely self-managed Coop/SHO will not be feasible. As a result, external promoters may feel that some form of top-down model will be justified. In effect the promoter finds persons external to the group to provide the leadership functions, who essentially become 'trustees' acting on behalf of the members. Experience tends to confirm that the provision of temporary external leadership can, if correctly arranged, still result in the ultimate development of successful independent Coops/SHOs.

The dangers of providing a group with temporary external leadership may be obvious, in that the self-help ethic is undermined and a culture of dependency is fostered, but all too often adequate safeguards are not designed into the arrangements such as will ensure a transition to full independence for the group. Most commonly those who are intended to act only as temporary leaders continually delay handing-over to leaders from within the group, usually citing the reason that 'their replacements are not yet ready to take up the full responsibilities of leadership'. It is essential that when projects are designed involving trustee leaders that an exit strategy for the trustees is established in advance, a realistic timetable for the handover to internal leaders is also agreed and sufficient investment is made in an agreed programme of leadership development, with the objective of creating an adequate pool of leaders form within the group.

When selecting trustee leaders it is important to avoid placing persons in such a role who are dependent upon remaining in post as their means of livelihood, because it is highly unlikely that they will willingly work themselves out of employment. It is often best to appoint trustee leaders from those who are at least to some degree economically independent, that is to say people who will have no interest in retaining a leadership role on an ongoing basis beyond that which is absolutely necessary.

5. Opportunities for Cooperatives and Other Self-Help Organizations

In crisis situations many different socio-economic activities are required, many of which go far beyond the capacity of investor-controlled businesses to provide and are outside that which governmental agencies can usefully undertake. Coops/SHOs are able to undertake a very diverse range of functions; it is often said that whatever form of economic activity can be imagined then somewhere in the world it will be undertaken by a cooperative (or another form of self-help organization). Coops/SHOs based on differing models of cooperation may also undertake the same type of economic activity. Different methods of cooperation may be used to achieve similar objectives

In this section the main functions that may be undertaken by Coops/SHOs are listed under headings suggesting the basis of the contribution that they can make to specific crisis response programmes. Brief explanations as to the main characteristics of the various different models of Coops/SHOs are referred to in section 6.

5.1. Responding to natural disasters

Coops/SHOs can assist after the occurrence of natural disasters or in the mitigation of their impact.

Objective	Coop/SHO Model
Rebuilding following a disaster.	Construction brigades/cooperatives Housing cooperatives (Self-build) Food for work groups
Financing reconstruction.	Existing mutual/cooperative insurers Building societies
Dealing with disaster aftermath.	Existing funeral service cooperatives *
Emergency food and other supply distribution.	Consumers' cooperatives, Food and nutrition purchasing clubs (Food coops) Agricultural supply cooperatives
Responding to drought situations.	Water users associations Grain banks Livestock associations Livestock marketing cooperatives Consumers' cooperatives Food and nutrition purchasing clubs (Food coops) Agricultural supply cooperatives
Mitigating the effect of floods.	Flood warning groups

***For Example: South Africa – new life for traditional burial societies** *Traditional burial societies, which have for many generations have served the poorer people in South Africa have in recent years faced considerable challenges, including the impact of HIV/AIDS and their effective take-over by private financial interests. A new movement of burial societies is now emerging led by an umbrella organisation - for Tembisan burial societies. The new-style societies emphasise their basic values of cooperation and self-help, and provide a wider range of services to their members. In addition to funeral service benefits, the umbrella organisation helps to promote the education of its members and provides bereavement counselling. African women are playing an increasing role in the revitalised burial societies and in some cases close collaboration with trade unions have helped to considerably improve their prospects for future development.*

5.2. Re-building communities following a crisis

Coops/SHOs can play an important role in re-building communities following a crisis.

Objective	Coop/SHO Model
Re-establishing or improving basic services.	<ul style="list-style-type: none"> • Construction brigades/cooperatives • Electricity and communications supply cooperatives • Multi-purpose community cooperatives • Village improvement societies
Rebuilding or improving homes.	<ul style="list-style-type: none"> • Housing cooperatives (all models) • Construction brigades/cooperatives
Improving links to other areas.	<ul style="list-style-type: none"> • Taxi and transport operators' cooperatives
Improving community health services.	<ul style="list-style-type: none"> • Community health service associations • Cooperative clinics – owned and operated by health professionals or jointly with the community. • Pharmacy service cooperatives * • Pharmacists' cooperatives
Re-establishing or improving educational provision.	<ul style="list-style-type: none"> • School and learning cooperatives

*** For example: Niger – village-level cooperative pharmacies**

In the department of Zinder, Niger, an ILO project has been able improve people's access to primary pharmaceutical products due to lowering prices and the more local location of pharmacies. A mutual assistance scheme meets village demands for pharmaceuticals by bulking requirements and obtaining supplies direct from the Regional Health Department. The cooperative ensures that the service provided by the pharmacy meets the real needs of the community. The full involvement of women in the decision-making and management of these cooperative pharmacies is seen to be an important factor in their success.

5.3. Re-establishing economic activity

Coops/SHOs can be deployed to re-establishing economic activity, including:

Objective	Coop/SHO Model
Providing local employment and self-employment	Coops/SHOs of all type that can provide jobs* Employment mutuals Workers' cooperatives Migrant labour and remittance services See also below 'Providing essential credit facilities and financial services'
Re-activating and supporting agricultural development.	Purchasing groups Agricultural marketing cooperatives** Agricultural produce purchasing cooperatives AI and veterinary services cooperatives Farm input supply cooperatives Farmers' associations Farmers' markets Food processing and packaging cooperatives Forestry cooperatives Grain banks Land settlement associations Livestock associations Livestock marketing cooperatives Machinery rings/cooperatives Multi-purpose agricultural cooperatives Water/irrigation management associations
Developing river, lake and sea fisheries.	Fishermen's cooperatives Fish farming association/cooperatives
Providing livelihoods for vulnerable groups.	Special cooperatives for vulnerable groups (Women, youth, old persons, disabled etc.)
Supporting SMEs and entrepreneurs.	Business marketing and service cooperatives (Shared services)*** Craftsmen and artisans cooperatives Eco-tourism /farm tourism cooperatives Market operator cooperatives Taxi and transport operators' cooperatives See also below 'Providing essential credit facilities and financial services'

For Example:

*** A role for Coops/SHOs within Local Economic Development Agencies (LEDAs)**

ILO's successful programme for the development of LEDAs already includes support to Coops/SHOs in many of the LEDAs assisted by the programme. The opportunity exists to increase the level of support available to local Coops/SHOs by means of making more specialized advice available. The deployment of more Coops/SHOs specialists within LEDAs could be a way of effectively increasing the numbers of Coops/SHOs that could be developed.

****Marketing growers' produce in South Africa**

Producers' organisations have been developed in South Africa, which assist small-scale producers to market their fruit and vegetables through cooperatives using the resources of established exporters, by means of agency agreements, to reach new higher value markets. Some women's groups have negotiated with large supermarkets to sell their locally grown produce.

*****Rearing geese after Chernobyl**

In the aftermath of the disaster caused by the explosion at the nuclear plant in Chernobyl many people in the surrounding villages found it extremely difficult to generate income. A scheme was introduced to encourage the rearing of geese to generate cash income. However, it soon became apparent that without some form of producers' group or cooperative that adequate marketing arrangement for the geese would not be achieved.

5.4. Providing social protection

Coops/SHOs are usually the main alternative to the state provision of social protection.

Objective	Coop/SHO Model
Insuring against sickness, disability, unemployment and other hardships. *	Friendly societies Sickness and accident clubs Insurance mutual/cooperatives** Credit and savings societies Credit Unions

For Example:

***Social protection organizations**

An ILO programme designed to develop strategies and tools to be used against social exclusion and Poverty (STEP Programme) has helped to build-up experience and expertise on mutual, cooperative and self-help solutions, which overcome the lack of social protection. Much of the accumulated experience will be most valuable in responding to many different forms of crisis situations. Many examples of cooperative forms of social protection are outlined in the 'Health Micro-insurance schemes: A Compendium – Strategies and Tools against Social Exclusion and Poverty'.

**** For Example: Mutual insurance in Russia**

The Podderzkha group of mutual insurance companies in Russia are in most cases the only providers of insurance in rural communities, offering cover which provides a buffer against the disasters prevalent in such areas. They are in desperate need of technical assistance to develop the professional competencies of their staff and to establish essential re-insurance arrangements.

5.5. Providing essential credit facilities and financial services

For those who do not already possess significant wealth Coops/SHOs are the most common providers of credit and financial services.

Objective	Coop/SHO Model
Making available accessible credit and savings facilities	Building societies Cooperative banks Agricultural cooperative banks Agricultural credit cooperatives Credit and savings societies* Credit Unions** Mutual guarantee societies
Providing risk insurance cover	Insurance mutuals/cooperatives International reinsurance arrangements Insurance cover via credit unions Crop and livestock insurance mutuals/cooperatives

For Example:

*Bangladesh - the Grameen Bank,

The Grameen bank of Bangladesh operates according to similar principals to those used at the end of the 19th Century by the original German 'Raiffeisen' credit co-operative. In particular, credit is granted against the joint security of a group. Levels of repayment are extremely high at around 90%, which is significantly better than any governmental loan schemes. Each group receives weekly training covering the Grameen Bank's rules and how to keep individual, financial and social discipline. Savings mobilization is linked to the lending policy. The Grameen Bank has grown rapidly in the last decade and now has in the region of two million members of which over 90% are women.

** Credit Unions the fastest growing form of cooperative

Since 1972 worldwide credit union savings and loans have both grown at annual rates of 15 % while assets have grown by 16 % annually. At the end of 1997 the World Council of Credit Unions (WOCCU) alone comprised 34,839 credit unions and 95,926,879 members in 28 African, 11 Asian, 3 Pacific, 13 Caribbean, 16 Central and South American and 5 North American and European countries, with more than 72,5 million members in North America alone. WOCCU also reports that by the end of 1993, 100 % of the Dominican Republic population are members of savings and credit associations affiliated to WOCCU, while the percentage was 44 % in Ireland, 36 % in the United States and 22 % in Canada (The Desjardins Movement, a cooperative people's bank which was started 80 years ago in Quebec to help the French Canadian community economically and socially has meanwhile become one of the world's largest single cooperative movements, reporting over 4 million members).

5.6. Supporting refugees, resettling returnees and reintegrating ex-combatants

The resettlement of displaced persons, for whatever reasons, can often be assisted with the involvement of Coops/SHOs.

Objective	Coop/SHO Model
Supporting refugees.	Refugee associations* Food for work groups
Assisting to resettle returning refugees.	Returnee associations Food for work groups Resettlement co-operatives * Land settlement associations*** Special cooperatives for vulnerable groups (Women, youth, old persons) Workers' cooperatives Craftsmen and artisans cooperatives Fish farming associations/cooperatives Construction brigades/cooperatives Housing cooperatives (Self-build) Credit unions
Reintegrating ex-combatants	Ex-combatants associations Land settlement associations Special cooperatives for disabled Workers' cooperatives Taxi and transport operators' cooperatives Craftsmen and artisans cooperatives Fish farming association/cooperative Construction brigades/cooperatives Housing cooperatives (Self-build) Credit unions

For Example:

***Kurdish refugees**

Kurdish refugees having fled from Iraq into Turkey using a wide range of cooperatives to help ease their plight Cooperatives that provide agricultural credit, housing, and employment have been developed in different areas now inhabited by Kurdish refugees.

****Prior experience in re-settlement programmes**

The ILO has gained considerable experience in large-scale land re-settlement in Egypt, where the COOP Branch has provided training and support for the resettlement of people onto newly re-claimed land. This experience could be usefully applied in other re-settlement situations following various forms of crisis.

*****Lucky hill resettlement cooperative in Jamaica**

Following the end of WWII a group of returning soldiers were granted land to start a group farming enterprise as a means of resettling them back into a peaceful society. This farming cooperative continues right unto the present day, although the original members have been gradually replaced as they became too old for active farm work.

5.7. Pre-crisis planning and crisis mitigation

There is a multitude of ways that Coops/SHOs can be involved in the process of helping to prevent the occurrence of crisis and in mitigating the effects of a crisis.

Objective	Coop/SHO Model
Protecting natural resources and preventing environmental degradation.	Forestry cooperatives* Water/irrigation management associations Village protection/improvement societies** Wildlife protection societies Renewable fuel/energy supplies cooperatives Eco-tourism /farm tourism cooperatives Marketing organisations for organically grown produce***
Providing savings and insurance buffers against crisis events.	Credit and savings societies Credit unions Insurance mutuals/cooperatives International reinsurance arrangements Insurance cover via credit unions Crop and livestock insurance mutuals/cooperatives****
Developing locally owned enterprises as a defence against the flight of capital in the case of financial downturns	All forms of Coops/SHOs, particularly those providing and supporting local employment and SMEs
Lobbying to secure essential changes that can prevent future crises.	Defence and advocacy associations and lobbying via Coops/SHOs. *****
Strengthening the coping capacity of communities	Most forms of Coops/SHOs will strengthen the capacity of communities to cope in times of crisis

For Example:

***The promotion of forest workers' cooperatives**

The main objective of a project to promote the development of forest workers' cooperatives in West Africa is to generate income for the members whilst conducting sustainable forestry. The project will define and validate a framework of strategic orientation and support a programme for the emergence and consolidation of forest cooperatives and re-forestation groups in two or three countries. Inter-cooperation and exchange of experiences between forest cooperatives in the coastal and Sahelian regions will be encouraged and promoted.

****Orissa, India – land and water management**

Multipurpose labour cooperatives in Orissa undertake projects to protect forests, for example from forest fires, and to prevent the degradation of land. The cooperatives fully involve the community in projects to improve natural resource management.

*****Croatia – eco-producers find new markets**

With the assistance of the LEDA, producers' groups organized among food producers able to grow organic foods have been able to find lucrative markets for organic foods in Western Europe. Providing farmers with an income stream following the period of conflict, which destroyed much of the economy that previously provided them with their livelihoods.

†**The Windward Islands - insuring bananas**

Smallholders growing bananas in the Windward Islands regularly suffered devastating losses due to hurricanes destroying their banana crops. A decade ago they were able to establish a mutual insurance arrangement and to lay-off their risks by securing international reinsurance. Within a few years they have been able to build up sufficient reserve funds so as to meet the costs of members' crops that are destroyed by hurricanes.

*******Producer organisations' advocacy role in El Salvador**

Smallholders in El Salvador have been able to successfully lobby their government with the result that the interests of small-farmers are now being seriously considered. Prior to the existence of the producers' groups and their involvement in advocacy, only the interests of large-scale farmers were considered.

6. Coops/SHOs Models that are most likely to be relevant in Crisis Situations

6.1. Organizational models of cooperative and self-help enterprise

This section briefly explains how the main models of cooperation operate with the objective of assisting those involved in preparing crisis response programmes and projects. Also, to identify the most suitable model of cooperation that would be appropriate in any given set of circumstances. The different models of Coops/SHOs can be identified by three main criteria, namely:

- a. The stakeholder group from whom its owner-members are drawn e.g. consumers, producers, workers, a specific community, a specific group of entrepreneurs, etc.
- b. The main activity it undertakes e.g. retailing, produce marketing, insurance, credit and savings, housing services, health services, etc.
- c. The method of conducting the business of the enterprise e.g. trading only for cash, or bulking orders on behalf of members, or only granting credit once members have become regular savers, or taking only a commission on products/produce marketed, etc.

Different ways of doing business

A group of farmers could, for example, organize to provide themselves with farm inputs either by – operating a farm supply depot and holding stock (an agricultural requisite supply cooperative), negotiating with suppliers and not holding any stocks (a purchasing group), providing farm inputs as part of a loan to be recovered once the crop is harvested (an agricultural credit cooperative).

The economic activities or, in other words, the functions undertaken by Coop/SHO, can be conducted for the primary benefit of different stakeholder groups. The stakeholder group that forms the membership of the Coop/SHO are those who will expect to receive the main benefits from their cooperative enterprise. Different Coops/SHOs can undertake the same economic activity for the benefit of different stakeholder groups. Therefore, one of the first points to be established when considering what model of cooperation is required is: who are to be the main beneficiaries from the activities of the Coop/SHO? This is not always obvious, because most Coops/SHOs will also provide benefits to a range of other stakeholders, in addition to those persons that make up the membership and who are the owners of the enterprise. This can be illustrated by the fact that a worker-owned enterprise will supply goods or services that will benefit those that are the customers of business, whereas a consumer-owned enterprise will usually also provide the benefits of employment to its employees.

The same business but with different owners

Several different types of Coops/SHOs are to be found operating retail shops. Coops/SHOs owned and controlled by members who are the customers or 'consumers' of the retail shop are the most common. However, retail shops are also operated by: worker-owned Coops/SHOs, community owned Coops/SHOs, producer-owned Coops/SHOs (e.g. farmers or craftsmen/women) and by cooperatives of entrepreneurs/shop-owners.

The legal form that will be used by any group of people setting up a Coop/SHO will much depend upon the legislation that is available in the country concerned. Also, the terminology used to describe the model of organization used will be dependent on the legislation and the historical context, which will have shaped the group's attitudes towards Coops/SHOs. The choice of Coop/SHO model to be deployed will be also be influenced by the knowledge/experience that the group involved possesses about different models, or by the advice that may be available to them from any promoting body. Most groups setting up a Coop/SHO will select a model that has been successfully used by other groups that they have had contact with. It is most likely that groups will follow the example of those groups that their leaders have visited and learned from. In particular, where they have seen a model working in practice under conditions that are similar to their own.

6.2. Models of cooperative and self-help enterprise in the context of crisis response

Some of the main models of Coops/SHOs, especially those that are most likely to be appropriate in the context of crisis response situations, are considered below and their main characteristics outlined:

6.2.1. Reconstruction and rehabilitation organizations

Coop/SHO Model	Key Characteristics
Construction brigade/cooperative (Labour contracting coops)	Individual construction workers organized into a brigade or cooperative to undertake major construction tasks. The cooperative may also provide training for young workers/new entrants to construction trades. Often it may be linked to a vocational training institution.
Housing cooperative (Ownership model)	Members jointly own housing, which it jointly manages, often used to secure housing finance by joint guarantees from banks and other credit agencies.
Housing cooperative (Tenant management model)	Housing, often owned by government or local authorities, managed by residents. The cooperative may collect rents, provide common services and undertake repairs. In some cases it will help to provide employment and child-minding facilities etc.
Housing cooperative (Self-build)	The cooperative jointly secures building land, finance and supplies construction materials. Also, may provide construction advice and employ some technical specialists to assist members with their building project. After the completion of the housing the cooperative may change its function to that of providing common services.
Refugee and or returnee (and or ex-combatants) association	The association organizes refugee (or demobilisation) camp services, and seeks to provide income-earning employment. The same or a separate association may provide services to help re-settle refugees/ex-combatants when they are able to return home.

6.2.2. Community benefit organizations

Coop/SHO Model	Key Characteristics
Community health service association	Members can include healthcare professionals, local residents and supporting agencies. Income to cover the cost of health services is collected by means of regular payments from members.
Cooperative clinic – owned and operated by health professionals or jointly with the community	Similar to associations (above) but usually less dependent on outside subsidies.
Electricity and communications supply cooperative	Jointly owned equipment operated by the cooperative to provide electricity and/or communications services that are used by members on a fee-paying basis.
Flood warning group	Self-help groups supply members' with a two-way information service that provides for the quick transmission of early warnings about natural disasters to their members.
Food for work group	The group organizes the required labour and the distribution of food to those who have undertaken the work.
Multi-purpose community cooperative	The cooperative draws its members from all parts of the community, including consumers, workers and local organizations. The services provided will depend on the requirements of the community but can include, village shops, health services, schools, local transport and income earning opportunities.
School and learning cooperative	Members of the community, often in collaboration with other bodies, provide educational services for their members and their families.
Transport services cooperative	Transport is provided by the cooperative to member-users, often on the basis of a contract with individual vehicle owners.
Village improvement society	The society will have members from all parts of the community and will undertake projects, which improve village life and the living environment.
Water users' association	The association organizes and maintains the local water supply.
Wildlife protection society	The society organizes the management of wildlife and usually contracts with governmental conservation agencies to protect wildlife in the interest of the community and the nation.

6.2.3. Consumers' and service providing organizations

Coop/SHO Model	Key Characteristics
Consumers' cooperative	The cooperative operates retail shops (also often working with other cooperatives to provide their own wholesaling) and other services required by their consumer members.
Defence and advocacy association	The association can provide legal advice to its members; it may be an organization jointly owned by local people or legal/other professionals. The functions of providing defence against exploitation or attack, from any source, may also be one of the activities that benefit members of other forms of Coop/SHO.
Food and nutrition purchasing club (Food coops)	Members bulk their purchasing power to obtain lower-cost nutritional food. Sometimes they adopt a 'box system', whereby they obtain a selection of foods determined by the food coop organizer.
Funeral service cooperative	The cooperative undertakes the funeral arrangements for the member. Sometimes this is a separate organization or club into which the member subscribes on a regular basis. In other cases funerals are only one of the services provided by a consumers' cooperative.
Pharmacy services cooperative	Operated as a consumers' cooperative, sometimes as an adjunct to a cooperatively organized clinic or health centre.
Renewable fuel/energy supplies cooperative	Many different types of cooperative, especially agricultural supplies cooperatives and consumers' cooperatives provide members with renewable fuel/energy supplies.

6.2.4. Agricultural producers' and fishermen's organizations

Coop/SHO Model	Key Characteristics
Agricultural cooperative bank	A bank usually jointly owned by a number of other agricultural cooperatives or credit societies, which will lend mainly to farmers, either through its member organizations or direct to farmers.
Agricultural credit cooperative	Provides seasonal farming credit, can be based on limited or unlimited liability but usually involves collective guarantees for loans from banks or credit agencies.
Agricultural marketing cooperative – agency model	Markets produce on behalf of members but ownership remains with the individual member until their produce is sold.

Coop/SHO Model	Key Characteristics
Agricultural produce purchasing cooperative	The cooperative takes ownership of produce when it is purchased from members, often linked to processing/packaging to add-value.
AI and veterinary services cooperative	Collective purchasing of AI and veterinary services, the cooperative may employ its own staff or contract for services.
Crop and livestock insurance mutual/cooperative	Mutual cover for risks to crops and/or livestock usually requires laying-off risks by reinsurance.
Farm input supply cooperative	The cooperative normally operates depots that carry stocks of farm inputs for sale to members as required by them.
Farmers' association	An association of agricultural producers that will often focus on advocacy and representation on behalf of producers but may also become involved in providing economic services to members.
Farmers' market	The association or cooperative operates a market where farmers or their family members sell their own produce direct to the public.
Fishermen's cooperative	The cooperative will normally provide its individual members with fishing equipment and market their catch.
Fish farming association/cooperative	Provides fish to stock fish ponds and feeds etc. to members and may also market fish on behalf of members.
Food processing and packaging cooperative	Purchases produce, usually at near market prices, to be processed or packed at jointly- owned facilities.
Forestry cooperative	Markets forestry products on behalf of members, may also provide forestry management service to members.
Grain bank or cereal bank	Members place grain in collectively owned storage, which can be taken for their own consumption when needed or sold when prices have risen to higher levels than at harvest time.
Land settlement association	Provides joint services, such as input supply, machinery and produce marketing, to individual farmers, usually renting or owning contiguous plots of land.
Livestock association	Individually owned livestock jointly managed by the association, this may involve trekking to new pasture, holding grounds and arranging veterinary services.
Livestock marketing cooperative	May involve the cooperative in providing members with any of the services as above (by an association) but will also include marketing on behalf of the individual member, in most cases the farmer will be paid on the dead weight of their animal.
Machinery ring/cooperative	Individual owners of farm machinery, who may be contractors or individual farmers, selling machinery

Coop/SHO Model	Key Characteristics
	services to farmers. The cooperative provides a booking service and collects a small fee, from both the machine-owner and the farmer using the service, to cover costs.
Multi-purpose agricultural cooperative	The cooperative provides a wide range of services to its members, which can include any number or all of the services offered by the different forms of cooperative described in this table.
Purchasing group	Joint purchasing of agricultural inputs, by means of bulking orders and negotiating a price with the supplier, the group holds no stocks of supplies.
Water/irrigation management association	The association jointly manages water supplies, often, sharing out the available resource, maintaining pumps and other equipment and providing irrigation services.

6.2.5. *Financial services, risk management and social protection organizations*

Coop/SHO Model	Key Characteristics
Building society	The society collects savings from members on a regular basis and makes loans to members to purchase housing or the materials to build homes.
Cooperative bank	Cooperative banks are usually owned by groups of primary level cooperatives of various types, (see agricultural cooperative banks above) they take deposits from and make loans mainly to cooperatives, also in some cases direct to individual cooperative members.
Credit and savings society	A society of persons who make regular savings and in due course can qualify to take out loans. There are several different forms of credit and savings societies, which are popular in different parts of the world many are based on the Raiffeisen system developed in Germany in the 19 th century.
Credit Union	Internationally, the fastest growing form of credit and savings cooperative. Based on strict adherence to self-help principles, requiring members to save before they borrow, and to use loans only for sensible purposes.
Friendly society	The society collects regular payments from its members and makes payments to members in times of sickness, unemployment or other hardships.
Insurance mutual/cooperative	Members pay regular insurance premiums to the insurance mutual/cooperative in return they

Coop/SHO Model	Key Characteristics
	receive payments in the event of risks covered by their policies; members may also receive bonuses as a form of profit-share.
International reinsurance	Most insurance mutual/cooperatives (as do most investor-owned insurance companies) spread the risks that they cover by reinsurance. Internationally much of this reinsurance is arranged by the International Cooperative and Mutual Insurance Federation (ICMIF).
Sickness and accident club	Similar to a Friendly Society (see above)

See also above 'mutual guarantee society'

6.2.6. *Employment and entrepreneurs' organizations*

Coop/SHO Model	Key Characteristics
Business marketing and service cooperative (Shared services)	Shopkeepers or other business jointly purchase supplies for their businesses, and or jointly market their individual products.
Craftsmen and artisans cooperatives	Jointly purchase supplies required for their trade, and or jointly market the individual products of craftsmen or artisans. Can also provide other services such as managed workspace and accountancy.
Eco-tourism /farm tourism cooperative	Jointly market accommodation and other tourist services and maintain main tourist assets/attractions so as to sustain tourism in the area.
Employment mutual	The mutual helps to find employment for its members and to support them when they are seeking work. The members may also be self-employed persons who benefit from the mutual marketing of their services to individuals or firms that can make use of their services.
Market operator cooperative	A market operated jointly on behalf of vendors and/or individual crafts persons or small-scale producers.
Migrant labour and remittance service cooperative	Arrange to safely remit to their families income earned by migrant labour, this is often a service provided by a credit union.
Mutual guarantee society	Jointly provides security to secure business loans from banks and other credit agencies.
Pharmacists' cooperative	The members of the cooperative are pharmacists who purchase drugs and other goods jointly; some times they also provide cover when the pharmacist is absent. The most successful also manufacture drugs under their own label.
Special cooperatives for vulnerable	Members will be drawn from specified

Coop/SHO Model	Key Characteristics
groups (Women, youth, old persons, disabled etc)	vulnerable groups, providing access to needed services, providing employment opportunities, credit for productive purposes etc.
Taxi and transport operators' cooperative	Provides central services, such as despatching and negotiates contracts with hotels and airports etc. on behalf of individual car or other vehicle owners.
Workers' cooperative	Any form of business activity can be undertaken by a worker-owned cooperative, where the workers employed in the cooperative are also its owners. Most commonly involved in providing services of all types.

7. Practical Approaches for Supporting Cooperative and Other Self-Help Ventures

7.1. Key lessons from past experiences

In an age when there is a surfeit of current information, one of the greatest mistakes that can be made is to forget the practical lessons that have been learned over time. Nowhere is this danger more apparent than in the field of international development. The latest theory of development, offering some seemingly “new” approaches, can be tempting to policymakers seeking a solution to long-standing problems. However, experience tells us that very often it is the ‘tried and tested’ approaches to removing the underlying causes of poverty, including those which are exacerbated by a crisis, which are most likely to bring the positive results desired. Coops/SHOs fall into this category of ‘tried and tested’ organizations, provided that they are developed making full use of the substantial body of experience that is available and that ‘best practice’ is followed. Some of the key lessons gained from the past experience of cooperative and self-help development practitioners are considered in this section, with a view to providing practical guidance to those who in future shall become involved in supporting Coops/SHOs.

7.1.1. Guidelines for those helping to design programmes and projects

The establishment of a set of guidelines, based on the international experience of developing Coops/SHOs, which can be applied to projects and programmes involving the provision of support to co-operative and other self-help ventures. Such guidelines should become an important tool for substantially increasing the positive results from such activities and reducing the risk of failure. Activities involving support to Coops/SHOs can be assessed against such a set of guidelines that, if carefully complied with, will help to ensure that such projects have positive outcomes and a much greater chance of success.

The following notes are intended to provide guidance as to the practical approaches called for when helping to design programmes and projects for promoting and supporting genuine cooperative and self-help ventures, without creating dependency:

- a. A demonstrated willingness to cooperate on the part of would-be participants is essential. Projects need to be based upon the participants’ ability to cooperate – purely “top-down” projects should not be supported. Projects should be based on the felt needs of the participants, who must be fully involved at the project design stage. Care needs to be taken not to become involved in projects based primarily upon the agenda of the donor or implementing agency.
- b. Financial commitment on the part of the participants needs to be demonstrated. Any financial assistance provided ought to be matched in cash or kind, at least to an extent that signifies real commitment on the part of the participants. Any financial or material assistance should always be accompanied by appropriate human resource development. Assets should not be provided that cannot be replaced out of income when this becomes necessary. Schemes that simply provide credit or handouts cannot be counted as self-help initiatives.
- c. Human resource development is a priority. The focus of assistance to Coops/SHOs will in most cases be focused mainly on developing human resources. It should also be recognized that sound systems of governance are

fundamental to the success of Coops/SHOs, and solid investment in developing the leadership capacity of members' representatives is essential. It should be appreciated that training has to be provided for three distinct client groups, namely: ordinary members and members' representatives/leaders, as well as for managers and employees.

- d. Training provided to managers and employees must include elements that will result in their fully understanding the purpose and objectives of their Coop/SHO. This should be balanced by training provided to those members' representatives charged with providing leadership to the organization (otherwise the power and influence of managers and staff can soon expand their influence to a point at which the members' control is effectively usurped). Training should be provided primarily by means of coaching, on-the-spot programmes and study/ visits – it can be most damaging to the development of Coops/SHOs to remove their key leaders and managers for long-term training, unless adequate replacements are available. Local leaders sent on long-term training programmes often do not return to their former base organizations.
- e. Academic institutions should be discouraged from seeking to fill places on their long-term courses by means of recruiting students from Coops/SHOs, unless the full nature of the training is carefully tailored to the needs of Coops/SHOs.
- f. The leadership in Coops/SHOs usually benefits substantially from having access to the first-hand experience of similar ventures and short, intensive, well-designed study/visit programmes combined with tutorial inputs. Study programmes to successful ventures in the leader's own country or region are often the most valuable. These activities will frequently have much more positive impact than programmes relying solely upon more formal training courses.
- g. A withdrawal strategy, based on achieving sustainability needs to be built into projects at the design stage. This should include provision for the transfer from more direct forms of technical assistance to a resource for readily available advice and guidance on a continuing basis. Such ongoing advice will, in most cases, be best provided by partnership arrangements with established Coops/SHO or their related bodies.
- h. Managers should always report to elected member representatives. Any management personnel provided to support Coops/SHOs should be primarily answerable to the members' leaders and should not be "seconded" from government. Any subsidised management should be provided on a planned decreasing basis, so that viability can be achieved within an agreed time frame.
- i. Impact at the primary (grassroots) level should be measurable. Proposals for support to secondary or tertiary-level Coops/SHOs should be approached with care, so as to avoid the premature development of such organizations that can add unnecessary costs and bureaucracy to the primary level Coops/SHOs and may result in loss of capacity to respond to the needs of the base communities. Nevertheless, projects for expanding the scale of operations can be important in terms of exercising increased economic power on behalf of the disadvantaged. It is important that secondary and tertiary organizations are driven by the real needs of their grassroots membership and do, in fact, enhance the benefits delivered at the primary level. Secondary cooperative organizations can, however, play an important role in terms of supporting primary level

Coops/SHOs. Also, in helping to develop best practice – setting and maintaining standards and acting as an intermediary with government so as to secure a positive public policy framework.

- j. Relevant experience of Coops/SHOs is a prerequisite for technical assistance personnel and organizations prior to undertaking projects designed to support the development of Coops/SHOs. Projects for the development of Coops/SHOs are often doomed to failure where those involved assume that approaches appropriate to investor-controlled enterprises can be directly transferred into Coops/SHOs.
- k. Those implementing projects also need to be aware of, and have access to, the wealth of prior experience that is available. Generally speaking, such expertise is not to be found in traditional commercial consultancy firms. A way of dealing with projects for the support of Coops/SHOs needs to be established in which the first point of reference when seeking to support such projects is to those organizations with direct experience and links to Coops/SHO structures.
- l. Coops/SHOs, in both developing and donor countries exist to serve their own members. While most do accept a wider responsibility within the community, they should not be expected to provide free services. When Coops/SHOs from donor countries do provide advice, training or other supporting services, the full cost needs to be covered; that is unless specific funds have been voted for such purposes by their members.

7.1.2. The ‘drivers’ required for successful Coop/SHO development

It is important to be aware that historically many of the most successful Coop/SHO enterprises were born directly out of adverse economic conditions, and it could be said that their leaders were often driven by extreme conditions to overcome the formidable obstacles facing the development of their enterprise. However, the periods of most significant growth and multiplication of Coops/SHOs usually takes place once certain specified conditions are in place. Programmes that are designed to help develop Coops/SHOs need also to be concerned with helping to ensure that relevant drivers are in place that can provide a positive framework for Coops/SHOs. These conditions, or drivers, can be identified as follows:

- a. **Accessible information about cooperative and self-help forms of enterprise.** It is essential to have information accessed through a well-known initial point of contact. This enables the wider public to obtain initial information about how Coops/SHOs forms of organization can be deployed to address current problems and opportunities. Such information should also be made available to those advisors and professions, e.g. accountants, development specialists, businesses advisers and lawyers that may become involved in advising cooperative enterprises. Information points need to provide the route for users to benefit from the more specific drivers identified below.
- b. **The existence of networks.** Networks can provide a source of examples of best practice that are able to support the transfer of practical experience between Coops/SHOs This includes the opportunity to make exchange visits, so as to study relevant existing Coop/SHO ventures.

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- c. **The availability of competent mentors** . People are required to act as mentors: people able to provide sound advice and guidance to Coops/SHOs ventures without seeking to exercise control over the enterprise. The source of such mentors can vary from an individual patron to well organized specialist support agencies. However, it is important to appreciate that those institutions that are focused on supporting investor-controlled businesses are rarely the source of such mentoring. Conventional bankers, business development agencies or traditional business schools, seldom play any significant role in developing Coops/SHOs. The availability of specially tailored development and training programmes that integrate business management fully with the governance requirements of Coops/SHOs is a related aspect of stimulating the growth of strong cooperatives enterprises.
 - d. **Access to sympathetic sources of finance**. Once Coops/SHOs become well established they can often readily access traditional sources of business finance. However, in the early stages their setting-up and development is frequently inhibited by the absence of adequate finance. A key factor at the formative stages of a Coop's/SHO's development is often the ability to access finance. In the best examples of the successful growth of Coops/SHOs it will usually be found that a specialist banking institution has been established (e.g. the now very substantial agricultural cooperative banking systems in Germany, France and the Netherlands; the Mondragón cooperatives in Spain, etc.). Alternatively, specialist financial intermediaries are established which can facilitate access to finance for cooperatives (e.g. in the USA: the National Cooperative Bank, as well as some similar regional institutions). Scope exists for many new forms of finance to be deployed by both new and well-established Coops/SHOs.
 - e. **Coop/SHO clusters** . The formation of networks and the availability of competent mentors frequently result in the development of clusters of successful Coop/SHO enterprises. The clustering of Coops/SHOs within a given geographical area can provide reinforcing evidence of the success of Coop/SHO models of enterprise. This, in turn, fuels the strengthening of confidence in such models, which results in an increased access to networks and mentoring support, as well as sympathetic financing and the managerial talent that is attracted by the opportunity to participate in successful enterprises.
 - f. **Providing a positive public policy framework**. Most of the above-mentioned drivers can be initiated at a local or regional level. However, any significant development of Coop/SHO enterprise will normally also require the existence of a positive framework in terms of national public policy. The most important requirement is for the special needs of Coops/SHOs to be recognised by those policy-makers and bureaucrats who, all too, frequently cause untold damage to the prospects of the development such enterprises by constantly seeking to make Coops/SHOs fit into a pre-determined policy framework, which is often inappropriate. Government will normally require assistance in creating the positive policy framework required, which involves: appropriate cooperative legislation, a fair taxation system, a recognition of the nature of Coops/SHOs when preparing other policies (for example competition rules), the development of financial institutions able to support Coops/SHOs and the proper treatment of Coops/SHOs within the education system.

7.1.3. Avoiding unrealistic expectations and idealistic approaches

It is important when promoting Coops/SHOs not to create unrealistic expectations among the target population. Self-help is never the easy option and can require considerable sacrifices on the part of those who are to be the members of the Coop/SHO, if it is to become successful and result in providing the benefits envisaged. There is no place for any idealised notions of cooperation and its possible impact upon the beneficiaries of projects involving support for Coops/SHOs. At the same time the leaders of Coops/SHOs will need to have a clear vision of what it is they believe can be achieved by a successful enterprise. Those supporting Coops/SHOs above all else need to have realistic expectations of what may be achieved by Coops/SHOs, and communicate these clearly to the potential membership. It is better that the members' expectations are exceeded than that they become disillusioned because the promised benefits from cooperation fail to be delivered.

East Timor – re-establishing economic activity
An ILO project has been involved with assessing small business and cooperative development needs and preparing a submission for an longer eighteen-month programme. A training of trainers course in small business and cooperative development has been undertaken. Cooperatives are particularly suited for East Timor and fortunately the authorities recognise this. Some Indonesian cooperatives remain (especially in the coffee industry) and are being helped by NCBA (the US based National Cooperative Business Association) and also by USAID and AAusAID (the Australian Government's Aid Agency).

7.2. Sources of assistance

COPAC is the organization that brings together international bodies, both non-governmental and members of the UN family, which seeks to co-ordinate activities designed to promote and assist the development of cooperatives. In 1999, COPAC has contributed to the UN Secretary-General's report to the UN General Assembly, focusing on the area of cooperative legislation and on producing draft guidelines aimed at creating a supportive environment for the development of cooperatives. ILO's Coop Branch provides the link to COPAC and has access to the network of organizations representing Coops/SHOs. (See Website: www.copacgva.org)

Cooperatives, and other self-help organizations, in many industrialised countries have established specific development units in their structures to assist cooperatives in the developing countries. For example, the Rabobank Foundation (the development arm of the cooperative bank of the Netherlands), Canadian Cooperative Association (CCA), KF Project Centre (Sweden), German Cooperative and Raiffeissen Federation, Credit Mutuel (France), Legacoop (Italy) and Central Union of Agricultural Cooperatives (Japan) are among the builders of this new and participatory movement to movement development approach. There are also many other agencies that have built up solid experience of supporting Coops/SHOs, it will be important for solid links to be further developed so that partnership arrangements can be used to make available the required expertise in Coops/SHOs to be deployed within crisis response programmes.

7.3. International solidarity

Internationally, cooperatives and other forms of self-help organizations can often benefit from their international linkages following the onset of a crisis. The members of similar organizations in other countries will often be willing to provide direct assistance to

Coops/SHOs in times of crisis. This can take the form of financial assistance or the provision of technical assistance. This possibility of securing this unique form of help for Coops/SHOs should be borne in mind when developing crisis response activities. Recent appeals, which have resulted in a significant response from the international cooperative community include:

1998: The Kenya Bombing, 1998: Hurricane Mitch - Central America, 2001 Gujarat earthquake.

For Example:

El Salvador – earthquake relief

The US National Cooperative Business Association (NCBA) teamed-up with the Canadian Cooperative Federation (CDF) to help victims of the recent earthquake. Working with local cooperatives and using funds raised from US and Canadian cooperatives, temporary housing, using a wood frame and plastic sheeting are being provide in Cooperativa de Normandia in Juquillisco, Usulután and in SanFaustino, Usulután. Funds have also been provided to purchase medical and other relief supplies; additional follow-up assistance is also planned.

Support for earthquake damaged cooperatives in Gujarat, India

Support for earthquake damaged cooperatives in Gujarat, India - £70,000 has been donated to UNICEF (United Nations Children's Fund) by British cooperative societies to help restore education following the devastating earthquake in India in January this year. Facilitated by the UK Cooperative Bank's record of charity work, UNICEF was the chosen route for the donation to earthquake recovery. The money provided will be spent on various projects in the region, all chosen by UNICEF to give the maximum opportunity to children to restart their education. Many of these will be in rural areas where access to education has always relied on local teachers and small community schools. By investing in this network, UNICEF and the UK Cooperative Movement want to help rebuild the local community.

See also: <http://www.coop.org/ica/e-news/enews-01-01-appeal.html>

'Fairtrade' links producers' cooperatives with consumers' cooperatives

In a link-up with 'Traidcraft' a UK based charity, UK consumers' cooperatives are able to help small-scale growers from poorer regions of the world to take greater ownership of their livelihoods. Focusing on smallholders and disadvantaged or marginalized groups, fair-trade arrangements seek to improve their quality of living and their participation in decision-making. Membership of their cooperative guarantees the farmers a fair price for their produce and additional funds are generated that helps to boost productivity by improving production techniques. The fair-trade produce is sold through the consumers' cooperatives' 1,800 Coop stores throughout the UK.

International cooperative and mutual insurance The International Cooperative and Mutual Insurance Federation (ICMIF), which has its headquarters in the UK, provides a practical example of how cooperative and mutual organizations can work together on a global basis, and by doing so enhance the services and benefits that accrue to their members. It now has over 100 member-organizations in 57 countries. ICMIF members in turn have more than one hundred million customers and a combined turnover estimated to be over 166 billion US Dollars. Since 1963 ICMIF has regularly provided assistance to fledgling cooperative insurance organizations in developing countries and provides vital reinsurance services for its members.

7.4. Developing sound and productive relationships with non-governmental organisations

The principle of working in partnership with non-governmental organizations (NGOs) is already well recognised by ILO, and will frequently be the main means of delivering support to Coops/SHOs, particularly in crisis situations. However, when identifying partners to become involved in programmes and projects concerned with developing Coops/SHOs it is vital that they have solid experience in the field and specific knowledge of the Coop/SHO models required. In many cases assistance may need to be provided to partner NGOs, by way of training their personnel or providing supplementary specialists, in order that they will be in a position to deliver the right quality of assistance needed by the target population.

Both government agencies and NGOs have a tendency to promote groups and cooperatives in order to assist disadvantaged people, which is a social objective; the people themselves (the members), however, may wish only to increase their incomes, without any broader social objectives²⁰. It is essential that the needs of the group involved in the Coop/SHO (the beneficiaries) be seen to be paramount rather than the achievement of the NGOs own objectives.

7.5. Measuring results

The design of programmes and projects to support Coops/SHOs development must follow sound development approaches and good practice. Even though the timeframe of crisis response activities may be truncated because of the need to provide emergency action, it remains essential that the target groups are fully involved in the process of developing projects, also, those objectives are clearly established, indicators* are agreed in advance so as to allow for the measuring actual results against expected results and that proper arrangements are made for evaluation.

8. Strategies and Actions to Support Coops/SHOs in Crisis Response Programmes

8.1. Strategic considerations

The ILO 's increasing capability in the field of response to crisis situations, has made use of its specialized experience within its core fields of expertise. In order to expand this capacity further, even more of the ILO's specialized capability needs to be tapped. The core expertise in the field of expertise about Coops/SHOs exists within Coop Branch. This can be substantially supplemented from the large pool of expertise that it is able to access through its extensive network of contacts within national and international agencies supporting Coops/SHOs and from mature cooperative and self-help enterprises. The further deepening of the relationships between Coop Branch and other ILO Departments, which can be facilitated by the activities of the InFocus Programme on Crisis Response and Reconstruction, should lead to many more internal and external partnerships being developed in response to crisis situations.

In order to ensure that cooperative and self-help approaches are properly considered and applied within the context of crisis response and reconstruction programmes, the introduction of some additional strategies are recommended. The new strategies advocated are in support of the some of the key objectives of the ILO IFP/Crisis Programme on Crisis Response and Reconstruction. In particular, to: help to develop a coherent framework and comprehensive capacity to respond to different crises situations, to promote the socio-economic reintegration and poverty alleviation of crisis-affected groups, and to help build the capacity of ILO constituents and ILO structures to play a greater role in preventing and tackling the adverse consequences of crises.

8.1.1. Strategy requirements

The key elements of the overall strategy designed to result in the full benefits of incorporating Coops/SHOs into programmes in response to crisis situations, should include measures to:

- a. Ensure that cooperative and other self-help solutions become a considered option in all crisis response programmes, based on the assumption that such approaches are most likely to be sustainable and less likely to result in the creation of aid dependency.
- b. Introduce continuing arrangements to ensure that those working for and on behalf of ILO, both at policy and implementation levels, fully comprehend the potential benefits of self-help solutions - how cooperation can best be achieved using Coops/SHOs, and the modalities required for their successful functioning.
- c. Strengthen the capacity of the Coop Branch to play a more significant role in crisis response programmes.
- d. Promote a better understanding, leading to their wider adoption, of the 'success drivers' (as outlined in section 7.) required for cooperative and self-help development, and that this approach is also fostered among partner and associated agencies.

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- e. Establish, and widely disseminate, ‘best practice’ relating to the successful experiences of Coops/SHOs in crisis response programmes; so that such experience may be applied both within existing programmes and to the identification and design of future programmes.
 - f. More strongly support efforts to obtain such new legislation as is often needed to provide a positive legal framework for cooperative and self-help enterprises. In many countries new laws, which provide the conditions under which cooperative action can flourish are yet to be enacted. (The Coop Branch already works in association with other agencies to help introduce new legislation as part of a more appropriate public policy framework but many more such projects are needed building on the work already undertaken by the ILO Coop Branch, COOP REFORM programme).

8.1.2. Recommended steps to implement the proposed strategies

The focus of the following recommended activities, which are designed to implement the strategies outlined above, is to facilitate the achievement of the IFP/Crisis objectives. These are to be achieved by means of: promoting knowledge development and the tools of development, encouraging the capacity development of ILO and its constituents, furthering advocacy and resource mobilisation, and improving the results from rapid needs assessments and the follow-up programmes. In all cases, linking these activities to the steps that can be taken to improve the contribution that can be made by Coops/SHOs.

The aim of these activities is to ensure that, where appropriate, Coops/SHOs are supported as part of the overall programmes designed in response to a crisis. The following steps are recommended:

- a. As soon as is practicable, a guide be published on the role of cooperatives and self-help organisations in crisis response and reconstruction; this to be part of the series issued by IFP/Crisis.
- b. Coop Branch should establish a set of guidelines, based on demonstrated international experience of developing Coops/SHOs (along the lines set out in section 7.), which can be applied to all crisis response programmes that involve support for cooperative and self-help ventures. Such guidelines should be an important tool for substantially increasing the positive results from Coops/SHOs and in reducing the risk of their failure.
- c. When making rapid needs assessments in crisis contexts, at least one member of the team should be fully aware of the potential to deploy Coops/SHOs in the early stages of crisis response. (Reference to supporting cooperatives and self-help organizations in general, is not particularly helpful usually very much more specific guidance will be needed.)
- d. As a follow-up to the rapid needs assessment the MDT should deploy appropriate specialists in Coops/SHOs. If in the initial stages the MDT can identify the ways that Coops/SHOs could best contribute then this would considerably improve the prospects for the targeted population from benefiting from cooperative action.
- e. When undertaking rapid needs assessments, specific information about the conditions that may significantly influence the prospects for the development of Coops/SHOs need to be obtained (these are detailed in section 3., as are

some of the issues relevant to the deployment of specialists in Coops/SHOs as a follow-up to the activities of MDTs).

- f. A series or regular workshops be organized to prepare those ILO staff who can expect to become involved in crisis response and reconstruction programmes, the content of these workshops to include the tools and techniques required to achieve the successful development of Coops/SHOs and a greater understanding of the ‘success drivers’ required for cooperative and self-help development. Appropriate staff from ILO associates may also be invited to participate in such workshops.
- g. Any necessary additional resources should be allocated so as to ensure that the Coop Branch register of Coop/SHO specialists is maintained and expanded. This register to contain details of those specialists having specific experience that will be relevant in crisis response and reconstruction programmes.
- h. The institutional memory of the Coop Branch be considerably enhanced by the more detailed documentation of its experience of Coop/SHO development in the context of crisis response, the systematic feeding in of field experiences and the facilitation of the exchange of experiences of staff, both between each other, and between its partners and associates. New arrangements also to be made to codify ‘best practice’ and to achieving its wide dissemination (including by use of the proposed new website elaborated below).
- i. A project be developed to promote the early adoption of such new legislation as is needed to provide a positive legal framework for cooperative and self-help enterprises in countries not yet having such legislation in place, as part of crisis pre-planning and mitigation activities.
- j. Introduce a plan aimed at securing resource mobilisation for projects and programmes designed to strengthen the capacity of the Coop Branch to contribute to crisis response and reconstruction programmes, including for those activities outlined above. In particular, targeting existing donors and partners as well as new ones.

8.2. Other actions required

In addition the recommendations, set out in 8.1, above the following issues should also be addressed and action taken along the lines of those suggested below:

8.2.1. Mobilising those able to help

ILO should examine further ways of actively promoting the exchange of experience of Coops/SHOs, both between those in developing and transitionaleconomies and those within the mature Coops/SHOs both within developing, transitional and industrialised countries. This will require some financial support for the maintenance of an appropriate clearinghouse and the development of a network ‘hub’ to provide an access point for available information and experience. This is likely to include setting up a “hub” website to serve as a point of entry for a much wider range of information, distributing publications, signposting contacts for relevant specific information and expertise, and possibly publishing a series of basic “how to do it” guides setting out practical guidance on how to run specific forms of Coops/SHOs.

8.2.2. Promoting the exchange of relevant experience about Coops/SHOs

Approaches designed to facilitate the exchange of practical experience and essential know-how about Coops/SHOs and their involvement in crisis response programmes, need to be adopted. Many different agencies are active in projects involving self-help approaches, but little exchange of experience appears to take place. Only very limited use is made of the specialized experience and information resources that could be available to support such projects. Information about Coops/SHOs and guidance on making cooperation work in practice already exists in the form of case studies, constitutions, rules, members' agreements, operating systems, benchmarking criteria, and established models of best practice, but these need to be much more widely accessible.

Field workers should be encouraged to channel their experiences through a clearinghouse that can serve the network of people working in the field of Coops/SHOs, at all levels. People with relevant experience are also available but are not always identified to work in Coops/SHO development projects. It is often easier to access those with only an academic knowledge of Coops/SHOs rather than tapping into the solid practical experience that can be accessed through mature Coops/SHOs and specialized support organizations working in this field. Steps need to be taken to establish the ways and means of mobilising the available expertise. This could include linking together the register of consultants held by Coop Branch and other registers of specialists maintained to support ILO InFocus programmes and projects.

8.2.3. A crisis response website for Coops/SHOs

The Cooperative Branch already operates an internet based information service providing information about cooperatives - COOPNET (see website: <http://www.coopnetupdate.org/>), however, a more specialised series of regularly up-dated WebPages providing information relevant to crisis response situations could prove to be most useful. The most important factor will be to rapidly locate the information or expertise needed relative to Coops/SHOs in any given crisis situation. The Committee for the Promotion and Advancement of Cooperatives (COPAC) could be approached with a view to their undertaking this function. Because COPAC brings together a range of international bodies involved in supporting cooperative ventures, their participation in providing such a web-based information service would seem to be essential.

Making available 'off-the-shelf' models of constitutions, model rules, members' agreements and readymade systems for specific models of Coops/SHOs (all of which can be easily adapted to locally prevailing conditions) could prove to be invaluable in times of crisis. All of these aids to the development of successful cooperative enterprises could be quickly accessed via such a web site.

8.2.4. New arrangements to foster inter-departmental working in crisis situations

The work already undertaken by the InFocus Programme on Crisis Response and Reconstruction has started a process of building closer working relationships between the different ILO Departments that are involved in crisis response activities. This approach now needs to be expanded, to ensure that all those throughout the ILO, who are involved in supporting Coops/SHOs, under whatever nomenclature, contribute fully to the ILO's collective institutional capacity in this field.

Additional arrangements to foster inter-departmental working in crisis situations may be considered, for example: any departments requiring support for activities, which are best carried out by a Coop/SHO specialist, would liaise directly with Coop Branch so making use of a specialized register of consultants, those specialists in particular models of Coops/SHOs, could be added to an expanded common database/register. The practice of internal sub-contracting in the field of Coops/SHOs could be adopted as the normal way of working, rather than different Departments needing to develop specialist expertise in this field. This approach should result in building ILO's capacity to render more effective support to crisis response programmes and projects, as well as strengthening its more general capacity in this field.

8.2.5. Social and labour policy

When seeking to promote social and labour policies that can lead to the adoption and implementation of internationally accepted standards, civil society organizations need to be come involved in a continuing dialogue. Under crisis conditions there is frequently an extreme shortage of functioning civil society organizations and formal business structures are also usually extremely weak. Coops/SHOs, often as some of the earliest organizations providing a representative structure, can become valuable partners in the process of social dialogue, which is required. Without the structures that Coops/SHOs can provide the informal sector will usually remain outside of the framework that is necessary to ensure that many social and labour standards are adopted. In general, because Coops/SHOs are rooted in the communities that they serve, they are ready to accept higher social and labour standards. Therefore, Coops/SHOs should be identified and encouraged to become involved in the process of social dialogue whenever possible.

8.2.6. The Role of ILO constituents

There is a need to even more actively encourage the closer involvement with ILO constituents and international and national civil society agencies, which are able to provide support and expertise. The local ILO constituents will, of course, need to be involved in the crisis response process. Governments, and their role in supporting Coops/SHOs have already been referred to earlier. However, there will in many cases be considerable opportunities for employers associations and trade unions to become directly involved in supporting the development of Coops/SHOs. For example, the introduction of workplace credit unions can provide the 'savings buffer' that is essential in almost any crisis situation. Similarly, they can provide their support for many other forms of Coops/SHOs, including consumers' cooperatives, friendly societies, social protection insurance, etc.

8.2.7. Supporting entrepreneurship

Those concerned with the development and support of individual entrepreneurship do not always readily associate Coops/SHOs with their work. In practice, Coops/SHOs are frequently able to provide the mechanisms that permit SMEs to succeed in the face of exceedingly difficult conditions. Most programmes and projects in support of SMEs will need to include elements that encourage various forms of business cooperation including shared service cooperatives. It is recommended that a greater emphasis be place upon the provision of support for cooperation between SMEs in future crisis response programmes, as a means of providing stronger support for self-employment and the creation of livelihoods.

8.3. Conclusions

The importance of cooperative and self-help approaches being applied as part of the response to many crises, including formulating immediate response and recovery strategies, and programmes to mitigate and also deal with the impact of significant crises of all types, has been highlighted throughout this Report. However, it is perhaps worth reiterating that it needs to be recognized that the strong degree of social cohesion that often exists in communities affected by many forms of crises can provide a unique opportunity to develop Coops/SHOs, which can make a substantial positive impact on the overall social and economic situation of the communities concerned. Also, it is apparent that deep-seated cultural change only occurs when people believe that their existing social structures are in crisis. Therefore, in the interest of securing real progress in addressing the underlying causes of underdevelopment and poverty, and often also the root causes of many crises, that the opportunities presented by the need to respond to a specific crisis are not lost. The challenge of grasping many more of the opportunities to address the fundamental socio-economic causes of much human suffering should now be accepted. As part of the overall strategy to confront these opportunities to achieve positive development outcomes in the wake of a crisis, or in mitigation of an impending crisis, the deployment of cooperative and self-help organisations needs to become fully integrated into crisis response programmes.

Building on the existing functions of the InFocus Programme on Crisis Response and Reconstruction, and by developing an even closer working relationship between the different ILO Departments involved in crisis response programmes and Coop Branch, a far greater role for Coops/SHOs should in future be envisaged. This will only occur provided that the potential for cooperative and self-help action to make a more substantial contribution in the context of crisis response is more widely appreciated, and provided that the capacity of the ILO to support the development of cooperation is strengthened by the measures outlined in this Report.

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