



# Labour Migration Highlights No. 2

## Labour migration and cooperatives

### Cooperatives offer migrant workers options for better lives

Cooperative enterprises have improved the lives of women and men migrant workers and their families for decades. Migrants find income and jobs, access affordable goods and services, and find empowerment through cooperative enterprises, participating in the cooperative movement. Moreover, cooperative enterprises are facilitating economic, social and cultural integration or re-integration of migrant workers in both destination and home countries.

### Migrant workers on the rise

Each year, millions of women and men leave their homes and cross national borders seeking decent work and better opportunities for themselves and their families. Of the world's 232 million migrants, approximately half are economically active and, if their family members are included, they make up almost 90 per cent of the total international migrant population.<sup>1</sup> Women now represent 48 per cent of the international migrant population, and more and more women are migrating independently as the primary wage-earner for their families or households.

As a result of demographic imbalances, socio-economic inequalities within and between countries, and the internationalization of labour markets, the number of migrant workers is expected to continue to grow, impacting all countries. In fact, migration between developing countries — “South-South migration” — is now as significant as traditional South-North migration.<sup>2</sup> Migrants are replenishing economies with much-needed skills, labour and innovation, and contributing to sustainable development in both home and host countries. Migrants can contribute to job creation and poverty reduction, render traditional sectors such as agriculture and services economically viable, foster entrepreneurship, support social security and welfare schemes, satisfy the demand for skills in emerging high-tech industries and promote urban renewal.<sup>3</sup> Available evidence suggests that when ILO standards on wages and equal treatment are applied, migrant workers do *not* displace local workers, nor do they increase the crime rate, or exploit public welfare systems.<sup>4</sup> However, many migrant workers suffer poor working and living conditions, including low wages, unsafe working environments, lack of social protection, denial of freedom of association and other labour rights, and face discrimination and xenophobia.

### The cooperative option

Cooperatives put people at the heart of their business. Because they are owned and democratically controlled by their members, the decisions taken by cooperatives balance profitability with the needs of their members and the wider interests of the community.

#### *What is a cooperative?*

According to the ILO Promotion of Cooperatives Recommendation, 2002 (No.193), a cooperative is an autonomous association of persons, united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise [Article 1(2)].

Cooperatives exist in all sectors of economic and social activities and are found in almost all countries of the world. They bring together over one billion people as members.

Found in various forms, serving many different needs, resilient to crises and thriving within diverse societies, the cooperative business model can provide a wide range of opportunities to address the economic, social and cultural needs of migrant workers and returning migrant women and men as well as their family members. Today, cooperatives operate across the world in nearly all sectors of the economy, providing accessible and affordable products and services to their members and the communities in which they operate. They can be large or small, but as a whole are significant contributors to national economies and to achieving social development goals.

**Over one billion people around the world are members of cooperatives,**<sup>5</sup> including migrants and their families. Whether women and men migrants join existing cooperatives, or create cooperatives exclusively of migrants, they take part in an enterprise that caters to economic, social and cultural needs. They participate in democratic decision-making and have an equal voice. They can also benefit from education and training as cooperative members and/or employees, improving their business and leadership skills. These inclusive aspects of cooperatives can lead to self-empowerment and social inclusion. Studies note that migrants often associate the cooperative model with their own ideals of mutual self-help and as a means to create a particular kind of society based on positive, cooperative, and supportive values.<sup>6</sup>

Cooperatives offer migrant workers a means to improve their lives. **The ILO's Migrant Workers Recommendation, 1975 (No. 151)**, implicitly acknowledges the capacity of cooperatives to contribute to migrant workers' enjoyment of equality of opportunity and treatment as well as overall well-being by supporting migrants' "rights to full membership in any form of co-operative".<sup>7</sup>

## Employment opportunities

With over 100 million jobs provided through cooperatives worldwide,<sup>8</sup> their role as employers is significant. Like other forms of enterprise, they include migrant workers in their workforces. Many provide integration programmes for migrant workers, including language and skills training; for example in Italy, the tourism cooperative, **Viaggi Solidari**, has trained migrant workers in major cities to be tour guides, leading to some joining the cooperative as member-employees.<sup>9</sup> In the United Kingdom, **The Co-operative**, the largest farming business in the United Kingdom, runs special training programmes for seasonal farm workers that include English-language training and follow-up in relation to their social integration that has resulted in a number of seasonal migrant workers being promoted to line supervisors and managers.<sup>10</sup>

Migrants can create their own enterprises through cooperatives in their host countries, but also upon return to their home countries. Some choose to form worker cooperatives. In this form of cooperative, members are both workers and owners of their enterprises determining the goods or services of the enterprise. As worker-owners, members can create jobs on their own terms where they have a say in the workplace and the terms and conditions of work.

A recent study on immigrant cooperatives in Canada showed that migrants tended to form cooperatives predominantly in cleaning, moving or haulage, food catering and restaurants, education, research, arts and music, and textiles and fashion.<sup>11</sup>

Returning migrants who share a similar background and experiences are also forming cooperatives. With some accumulated savings, they choose to create their own business in their home countries, starting workers' cooperatives. In Indonesia, a group of return migrant workers, consisting mainly of women, established a savings and credit cooperative to provide services for former Indonesian migrant workers and their families, including business management and start-up training.

### *Migrant mine workers' cooperatives*

The Bella Rica Cooperative in Ecuador formalized artisanal and small-scale gold mine workers. The miners' main objectives in forming the cooperative were to formalize their work and obtain rights to the minerals mined. The cooperative consists of 141 members grouped into 56 mining societies. One of the many achievements is formalizing migrant temporary workers and offering more stable contracts to those interested in staying.\*

\* UNEP: *Analysis of formalization approaches in the artisanal and small-scale gold mining sector based on experiences in Ecuador, Mongolia, Peru, Tanzania and Uganda. Ecuador Case Study* (2012), p. 22. See also <http://www.communitymining.org/index.php/en/ecuador>.

The membership of the cooperative, which consists of workers who could not access services from conventional banks, has reached 29 members covering 100 migrant families who hold assets of US\$ 13,000 (as of 2009).<sup>12</sup>

## Remittances, investment and enterprise development

Migrant workers contribute to the economies of their host countries, but they also boost the economies of their countries of origin by sending remittances (US\$ 401 billion to developing countries in 2012<sup>13</sup>), bringing critical skills back with them and engaging with diaspora communities.

**Savings and credit cooperatives (SACCOs) provide migrant workers safe and affordable financial services**, including money transfers, to their home countries for remittances. These remittances provide crucial financial support for millions of people around the world with 80 to 90 per cent being spent on basic necessities such as food, clothing, shelter, health care and education. About 30 to 40 per cent of remittances are sent to rural areas, where financial cooperatives are significant players in remittance transfers.<sup>14</sup> The financial cooperative network is the second largest banking network,<sup>15</sup> and the services they offer also reach unbanked and underserved populations, providing access to a range of financial products and services including savings, credit and insurance. Remittances make credit available at the local level, which in turn creates growth opportunities in local communities.

Some remittances are used directly by migrants' families in their home country to start or finance small enterprises, including cooperatives. One of the largest cooperatives in the Philippines is the **Sorosoro Ibaba Development Cooperative (SIDC)**, a multi-purpose cooperative engaged in manufacturing, agri-based production and marketing, services and consumer retailing. Filipino migrant workers can save and invest with the cooperative, which in turn supports agricultural, aquaculture and sustainable tourism activities in rural areas, thus contributing to local economic development.<sup>16</sup>

### What is IRNET?

The International Remittances Network (IRnet) was developed in response to credit union members and potential members' demand for money transfer services and to counter the exorbitant fees being charged to use these services. IRnet is not limited to credit union-to-credit union transfers. People have the option of making a transfer from a credit union to a credit union, from a credit union to a non-credit union (for example, to a retail outlet providing money transfers), or from a non-credit union to a credit union. The Network currently provides service to countries in Africa, Asia, Australia, Europe and Latin America. It is operated by the World Council of Credit Unions (WOCCU).\*

\* International Remittances Network (IRnet®); see [www.woccu.org/financialinclusion/remittances](http://www.woccu.org/financialinclusion/remittances).

## Offering migrants a tailored service

Migrant workers also benefit from a wide range of services offered by cooperatives specifically suited to their needs. Cooperatives have sought to offer accessible and appropriate services to migrants and encourage their membership. Financial services, including tailored insurance products, are significant growth areas; for example, El Salvador's cooperative insurance company, **Seguros Futuro**, recently launched an insurance product for migrants covering repatriation costs and year-long remittances in case of death.<sup>17</sup>

In the United States, several domestic workers' cooperatives — such as **Si Se Puede!, Amigos, and Mujeres Unidas** — whose membership consists predominantly of migrant women from Central and South America, provide worker-members and prospective employers job-matching or recruitment services while protecting their members' rights. This effectively removes the workers' dependence on private recruitment agencies that may charge excessive processing fees or expose them to exploitative terms and conditions of work.<sup>18</sup>

Social service providers, government authorities, associations and others are also using the cooperative model to provide essential services to migrants. These cooperatives often provide language training, certification of skills, educational support, child care and general support services to facilitate migrant workers' integration in their countries of destination. Examples include the **Ethnic Child Care, Family and Community Services Cooperative in Australia** and the **BeyondCare** child-care cooperative in New York.<sup>19</sup>

## The challenges going forward

Cooperatives are already serving the needs of migrants around the world, but the potential of this model to improve the lives of the ever increasing number of people who are migrating is under-utilized and continues to be hampered by a lack of knowledge and understanding of the cooperative business model and how cooperatives can respond to the specific needs of migrants. Policy and legislation continue to limit the formation and growth of cooperative enterprises, especially in areas such as insurance and other social service provisions. In some destination countries, the continued limitations on the rights of migrant workers to form their own businesses can have an impact on their ability to join and form cooperatives. Existing migrant education programmes for departing and returning workers, entrepreneurship education and business support services also neglect the cooperative option. Cooperatives face other challenges; even when the cooperative form of business is introduced to potential members, their promoters often underestimate the need for capacity building, business management skills, and specific training in cooperative governance. In spite of these challenges, cooperatives are already responding to the basic and unique needs of migrant workers and their families. Current trends indicate that international migration will continue to increase and migrants' needs evolve. In providing support services and opportunities for migrant workers while they work abroad as well as when they return, cooperatives or the cooperative model of enterprise can contribute to the protection, empowerment and development of migrant workers, their families and local communities.

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<sup>1</sup> ILO: *International Labour Migration: A rights-based approach* (2010).

<sup>2</sup> ILO: *World of Work Report 2014: Developing with jobs* (Geneva, 2014), Chapter 9, pp. 181-200.

<sup>3</sup> ILO: *International Labour Migration: A rights-based approach* (2010).

<sup>4</sup> See, for example, David Coats: *Migration Myths: Employment, Wages and Labour Market Performance* (The Work Foundation, 2008).

<sup>5</sup> See, for example, <http://www.worldwatch.org/membership-co-operative-businesses-reaches-1-billion-0>.

<sup>6</sup> See, for example, Canadian Worker Co-operative Federation: *Strategies for Developing Immigrant Worker Co-ops* (2009).

<sup>7</sup> ILO: *Migrant Workers Recommendation, 1975 (No. 151)*, Paragraph 2(h).

<sup>8</sup> ILO Cooperatives Unit, <http://www.ilo.org/empent/units/cooperatives/lang--en/index.htm>.

<sup>9</sup> Viaggi Solidari. See <http://www.viaggisolidari.it/>.

<sup>10</sup> See profile of The Co-operative Farms, Business in the Community, *Best Practice Case Studies for Employment Migrant Workers*, <http://www.veoliaenvironmentalservices.co.uk/>.

<sup>11</sup> Canadian Cooperative Association: *Ethno-cultural and Immigrant Cooperatives* (2011).

<sup>12</sup> ILO: "Migrant workers' cooperatives as a crisis response", 4 July 2009, available at [http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_110094/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_110094/lang--en/index.htm).

<sup>13</sup> World Bank: *Migration and Development Brief 20* (2013), <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1288990760745/MigrationDevelopmentBrief20.pdf>.

<sup>14</sup> CGAP/World Bank: *Financial Access 2010: The State of Financial Inclusion through the Crisis* (2011).

<sup>15</sup> *ibid.*

<sup>16</sup> Sorosoro Ibaba Development Cooperative (SIDC); see: <http://www.sidc-coop.com/images/documents/SIDCIB.pdf>.

<sup>17</sup> Seguros Futuro; see [http://www.segurosfuturo.com/servicios\\_seguros\\_repatriacion.asp](http://www.segurosfuturo.com/servicios_seguros_repatriacion.asp).

<sup>18</sup> ILO: *Global Mapping of Domestic Worker Social and Solidarity Economy Organizations* (2013), unpublished.

<sup>19</sup> More information at <http://www.eccfcsc.org> and <http://www.beyondcare.coop>.