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Statement submitted by International Cooperative Alliance, a non-governmental organization in consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 30 and 31 of Economic and Social Council resolution 1996/31.

Statement

The International Cooperative Alliance is an association that represents cooperatives in 100 countries and close to a billion citizens globally.

It believes that in seeking to stimulate employment and eradicate poverty, it is vital that cooperatives and values-based business models are used as an integral part of any development planning process. Cooperatives (or “coops” as they are often called) are autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Coops are generally divided in two ways — by type and by sector: consumption and production being the two main types. Each type may have subcategories and some may contain elements of both. However, regardless of their form, their seven core principles remain the same: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; inclusion of education, training and information; cooperation among cooperatives; and, finally, concern for community.

Dating back to the 1800s, this value-based business model has demonstrated time and again its ability to generate badly needed jobs, whether it is in rural or urban settings, and an ability to weather the vicissitudes of financial instability in countries, as well as provide financial underpinnings in areas that other financial institutions reject as unviable. Credit unions, savings and credit cooperatives or cooperative banks often are the only entities willing and able to serve in extremely poor areas or those with unrest. Often loans made by cooperative banks have been the lifeline for small businesses to begin or advance. Agricultural cooperatives have enabled beleaguered farmers to gain a badly needed position in markets so that they can sell their products, obtain equipment and compete. Alone, a poor farmer may have little hope, but together with other farmers of similar needs their strength in numbers as part of a cooperative enables them to have a future.

The cooperative model is so important, in terms of its values and successes, that the General Assembly has designated the current year as the International Year of Cooperatives. It is fitting that as the year advances, it also includes key Economic and Social Council discussions on job stimulation. The International Year of Cooperatives and the Council agenda share many of the same priorities. In fact, it was the Secretary-General, who noted, on the occasion of the adoption of the resolution creating the International Year, that cooperatives were a reminder to the international community that it was possible to pursue both economic viability and social responsibility.

As indicated in paragraph 20 of the report of the Secretary-General (A/64/132), on cooperatives in social development, agricultural cooperatives help in marketing agricultural products and in improving farmers’ access to markets, and an estimated 50 per cent of global agricultural output is marketed through cooperatives. For instance, while 57 per cent of those over 10 years of age in Mozambique work in agriculture and livestock production, there are few medium-sized farms. Ninety-nine per cent of the country’s holdings are small ones. Since 2002, the percentage of farms over three hectares has actually decreased. Working through the National Cooperative Business Association/Cooperative League of the United States of America, which builds and strengthens cooperatives and other forms of private,

group-based enterprises by providing technical assistance and training, Mozambique at the present has 20 selected small farmers. It assists in increasing their production to become successful medium-sized farms with the objective of developing a solid programme for further agricultural development.

In Timor-Leste, a 17-year-old project was started to improve four value chains: coffee, spices, beef and timber. By 2002, the National Cooperative Business Association/Cooperative League of the United States of America had helped to form the cooperative Café Timor to improve coffee procurement and other aspects of coffee production. By 2005, Starbucks had begun to buy all of Café Timor coffee. As a result of this relationship, Café Timor became the largest supplier of fair trade coffee in the world. Moreover, there are now at least nine community health-care clinics in Timor-Leste because of the Café Timor programme's success. The Government does not fund any of these but they team up with the Government to deliver public health programmes and educational information, such as on tuberculosis.

In his report, the Secretary-General also comments on the area of finance in the developing world, stating that globally, financial cooperatives of all types serve an estimated 857 million people or 13 per cent of the world population (para. 31), and "Financial cooperatives are the largest providers of microfinance services to the poor" (para. 33).

Coops are also often instruments of peace as well as prosperity. For example, an Afghan cooperative for sustainable skin-care products provides an economic alternative to the opium trade, and men and women of various tribes and ethnic groups work together on an equal basis. In Iraq's Abu Ghraib region, a coop is helping farmers to make strides after years of war. In South Africa, a rural area has a telecommunications system, owing to the establishment of a cooperative — a priority for that country once apartheid ended.

With this as a background, the organization respectfully submits that in deliberating on how to advance sustainability objectives and stimulate employment, greater consideration be given to the cooperative model. Moreover, it states its strong support for a regulatory, legislative and political atmosphere that nurtures the creation and advancement of the cooperative model.

By its resolution 64/136, the General Assembly, in making 2012 the International Year of Cooperatives, drew the attention of Member States to the recommendations contained in the report of the Secretary-General for further action to promote the growth of cooperatives as business and social enterprises that can contribute to sustainable development, eradication of poverty, and livelihoods in various economic sectors in urban and rural areas and provide support for the creation of cooperatives in new and emerging areas.

Hence, as leaders in the Economic and Social Council sessions shape the final ministerial declaration, the outcome in support of cooperative enterprises should be integrated into the guidance ultimately provided by Member nations.