



**Fourth item on the agenda:
Promotion of cooperatives
(second discussion)**

**Report of the Committee on the
Promotion of Cooperatives**

1. The Committee on the Promotion of Cooperatives was set up by the International Labour Conference at its first sitting on 5 June 2002. The Committee was originally composed of 184 members (82 Government members, 40 Employer members and 62 Worker members). To achieve equality of voting strength each Government member having the right to vote was allotted 1,240 votes, each Employer member 2,511 votes, and each Worker member 1,620 votes. The composition of the Committee was modified several times during the session and the number of votes attributed to each member was adjusted accordingly.¹
2. The Committee elected its Officers as follows:
 - Chairperson:* Mr. M. Pliszkiwicz (Government member, Poland).
 - Vice-Chairpersons:* Mr. A. Tan (Employer member, Philippines) and Mr. E. Patel (Worker member, South Africa).
 - Reporter:* Ms. T. Raivio (Government member, Finland).

¹ The modifications were as follows:

- (a) 6 June: 188 members (82 Governments entitled to vote with 63 votes each, 41 Employer members with 126 votes each and 63 Worker members with 82 votes each);
- (b) 7 June: 158 members (83 Governments entitled to vote with 1,302 votes each, 42 Employer members with 2,573 votes each and 31 Worker members with 3,486 votes each);
- (c) 8 June: 152 members (86 Governments entitled to vote with 483 votes each, 42 Employer members with 989 votes each and 23 Worker members with 1,806 votes each);
- (d) 10 June: 139 members (86 Governments entitled to vote with 84 votes each, 28 Employer members with 258 votes each and 24 Worker members with 301 votes each);
- (e) 11 June: 124 members (87 Governments entitled to vote with 50 votes each, 25 Employer members with 174 votes each and 10 Worker members with 435 votes each);
- (f) 12 June: 122 members (87 Governments entitled to vote with 230 votes each, 23 Employer members with 870 votes each and 10 Worker members with 2,001 votes each);
- (g) 13 June: 118 members (87 Governments entitled to vote with 60 votes each, 20 Employer members with 261 votes each and 9 Worker members with 580 votes each).

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3. At its 13th sitting, the Committee appointed a Drafting Committee composed of the following members: Mr. J. Wolas (Government member, France), Mr. V. Van Vuuren (Employer member, South Africa), Mr. E. Patel (Worker member, South Africa) and the Reporter of the Committee, Ms. T. Raivio (Government member, Finland).
 4. The Committee had before it [Reports IV\(2A\)](#) and [IV\(2B\)](#) prepared by the Office for a second discussion of the fourth item on the agenda: “Promotion of cooperatives”.
 5. The Committee held 14 sittings.

Introduction

6. In his opening remarks, the Chairperson reminded the Committee that the Governing Body had decided in March 1999 to put the issue of promotion of cooperatives on the agenda of the Conference in 2001, with the intention that a revised instrument be adopted in 2002. This was necessary since the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127) had become outdated. Today’s world was characterized by globalization, economic liberalization, democratization and the decentralization of government power. Cooperatives not only had to adapt to this new environment, but should also ensure that it benefited their members. They should be able to play their proper role in economic development, poverty alleviation and social inclusion. The text agreed upon a year earlier constituted the basis for the Committee’s discussions. It was the Committee’s duty to improve the text in such a way that it would become a useful instrument for governments, employers, workers and cooperatives themselves. He trusted that he could count on the cooperation of the Committee members to prepare a good draft Recommendation for adoption by the Conference.
7. The representative of the Secretary-General reminded the Committee that cooperatives had an important role in facilitating job creation, economic growth and social development. Cooperatives employed more than 100 million people and had more than 800 million individual members worldwide. Cooperatives traditionally operated in agriculture, finance, trade, health care, housing and insurance, but had recently also ventured into new fields of activity, such as information and communication technology, tourism and culture. In both industrialized and developing countries, cooperatives were important providers of social and community services. The distinguishing characteristic of cooperatives was that they combined the need for profitability with the wider interests of the community.
8. Since the first modern cooperative was set up in 1844 by textile industry workers in Rochdale (United Kingdom), workers all over the world had used cooperatives as a means to gain access to essential economic and social services through self-help, in such areas as savings and credit, housing and consumer goods retailing. At the same time, cooperatives were often members of employers’ organizations.
9. Cooperatives gave poorer segments of the population a voice by pooling their resources; creating economic opportunities for people with skills but little or no capital; and providing protection by organizing mutual help. Cooperatives were also effective in upgrading marginal, unprotected work in the informal economy, and integrating unprotected workers into mainstream economic life, including in rural areas.
10. The ILO’s Global Employment Agenda pointed to the urgent need to generate decent jobs for some 160 million unemployed persons, as well as to improve the income of the working poor. Any attempt to meet the employment and poverty challenge needed to

include a strong job creation component and enhanced levels of productivity in agriculture. This was an area of proven strength of cooperatives.

11. Cooperatives were further meeting the opportunities and challenges created by globalization in a number of areas using, on the one hand, their distinctive identity and local ownership structure as a competitive advantage and, on the other hand, establishing transnational cooperatives. A development facilitated by the formulation of regional guidelines for cooperative legislation by entities such as the European Union, the Commonwealth of Independent States and the Organization for the Harmonization of Business Law in Africa.
12. The representative of the Secretary-General went on to summarize the work carried out since the Committee had met a year earlier. This had included an internal review by the Office of the Proposed Conclusions which had led to minor editorial changes. The proposed Recommendation had been published as [Report IV\(1\)](#), of the present Conference, and commented on by 56 member States (published as [Report IV\(2A\)](#)). Forty-four member States indicated that they had consulted with the respective employers' and workers' organizations. These replies constituted the basis for the revision of the proposed Recommendation before the Committee in [Report IV\(2B\)](#).
13. The Committee's task was to finalize a new instrument on the promotion of cooperatives. It was the understanding of the Office, and a number of constituents, that this new instrument would replace the existing Co-operatives (Developing Countries) Recommendation, 1966 (No. 127). This would be in line with received decisions of the Governing Body based on recommendations made by the Working Party on Policy regarding the Revision of Standards. A final provision to that effect (Paragraph 18) had therefore been added to the proposed text. It was expected that the new instrument would be universal in scope, based upon the universally recognized principles of cooperation, would anchor cooperatives firmly in the private sector, while reaffirming their identity as democratic, member-based organizations; and would provide the ground for a sound partnership between the social partners and the cooperative movement.

General discussion

14. The Employer Vice-Chairperson considered that the Committee had a difficult task ahead of it since, in order to obtain full tripartite support, it had to make sure that the proposed Recommendation reflected current realities, was unambiguous and did not contain any superfluous references. His comments and interventions during the Committee's discussions would be based on five "guiding lights". First, the instrument should be universal to ensure its widest possible acceptance. Second, it should contain simple language and its intentions should be clear. Third, it should not become a charter of workers' rights and international labour standards, since the body of existing ILO Conventions and Recommendations already applied to workers in cooperatives. Fourth, it should not accord any special privileges to cooperatives, but rather promote a level playing field where cooperatives and other forms of business could compete on equal terms. Fifth, it should promote the role of cooperatives in job creation and sustainable development. The last two points had recently been made in a United Nations General Assembly Resolution on the role of cooperatives in social development.
15. The Employer Vice-Chairperson felt that the proposed Preamble contained too many references to Conventions and Recommendations. This had also been reflected in the comments on [Report IV\(1\)](#) by, among others, the Governments of Kuwait and the United States and by the employers' organizations of Argentina, Canada, Japan, Norway

and Switzerland. He considered that the proposed references to globalization, to the ILO Declaration on Fundamental Principles and Rights at Work, to the Declaration of Philadelphia and to the decent work concept were superfluous. In any case, if a reference to globalization were to be included, it should mention the opportunities that globalization offered, not just the possible negative aspects. In summary, the Preamble should only provide the context, similar to the Preamble of the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127), and refer to the role of cooperatives in employment promotion.

16. Regarding the section on Scope, definition and objectives, the Employer Vice-Chairperson referred to the comments his group had received from a number of Employers' organizations and agreed that the proposed Recommendation needed to apply to all types of cooperatives. He felt that it should be possible to reach a consensus on this point, although the references to decent work and to the social responsibilities of cooperatives could create confusion and should be avoided, as should the use of flowery adjectives.
17. Concerning the section on Policy framework and role of governments, the Employer Vice-Chairperson repeated that cooperatives should not receive preferential treatment. References to international labour standards and to the ILO Declaration on Fundamental Principles and Rights at Work were out of place. He also objected to the reference to "social audit" since it was confusing and sounded like social engineering. This was not the business of the Committee, which had to agree on a draft text that facilitated the promotion of cooperatives as mutually beneficial self-help business enterprises. It was worth remembering that the autonomy of cooperatives should not be compromised. The references to support services were also too detailed, particularly the ones concerning finance.
18. The Employer Vice-Chairperson expressed the view that the proposed text of the section on the Role of employers' and workers' organizations and cooperative organizations, and relationships between them was generally acceptable. This was in any case a matter for the respective organizations to deal with. Concerning the section on International cooperation, he indicated that regional guidelines and legislation might be difficult to establish since they were subject to statutory and constitutional limitations. He concluded, by calling on the Committee to agree in a cooperative way, on a simple draft instrument, to encourage the establishment of cooperatives that provide jobs and economic stability to people and nations.
19. The Worker Vice-Chairperson started out by reminding the Committee that cooperatives employed some 100 million workers worldwide (compared to some 86 million workers employed by multinational enterprises) and had nearly 800 million members. He described the task before the Committee by deconstructing the sentence: "The ILO hosts a second discussion to develop a Recommendation on the promotion of cooperatives.". The sentence contained the words "second discussion". These indicated that the Committee did not start with a blank page. The Committee had invested two weeks of valuable time and energy into a discussion on the topic a year earlier. Significant progress had been made and in many areas agreement reached. The second discussion should therefore not be a rerun of the first discussion; rather, it should try to refine, strengthen and improve the proposed Recommendation. The consensus reached a year earlier had been noted and recognized by all three groups, as reflected in the Employer Vice-Chairperson's conclusions in the Conference plenary. He quoted from the Provisional Record of the 89th Session of the International Labour Conference (2001) the following statement by the Employer Vice-Chairperson: "The Proposed Conclusions ... reflect a consensus of the social partners built on a firm resolve, realism, and reasonableness in crafting a suitable Recommendation in replacement of Recommendation No. 127." In his reply to the 89th International Labour

Conference debate, the ILO's Director-General had stated that the work of the Committee on the Promotion of Cooperatives had provided a clear example of the scope for policy integration, in support of the Decent Work Agenda, and that its discussions had stressed the potential of cooperatives to create decent jobs and alleviate poverty.

20. The reference to the "ILO" in the sentence mentioned earlier meant that the proposed instrument should fully reflect the ILO's specific and unique mandate. It should represent another small step towards social justice; in this case, social justice for all people associated with cooperatives. Failure to do so would put into question the purpose of the whole exercise.
21. The sentence also contained the word "cooperatives". The draft instrument needed to address the three components of cooperatives: the enterprise, its members and its workers. On the enterprise aspect, it should deal with issues such as legal and tax policies, accounting and audit regulations. On members, it should contain guidance on issues such as the cooperative values, including autonomy and independence, democratic member control, member economic participation, voluntary and open membership, etc. On workers, it should address such issues as decent work, international labour standards and the ILO Declaration on Fundamental Principles and Rights at Work. The instrument would be unbalanced and inappropriate if it did not address all three components.
22. The next word the Worker Vice-Chairperson analysed was "Recommendation". He reminded the Committee that it was discussing the adoption of a Recommendation, not a Convention. A Recommendation was not open for ratification by member States. The obligation to the ILO resulting from a Recommendation was for member States to report on the law and practice concerning the matters dealt with in the Recommendation.
23. The last word analysed by the Worker Vice-Chairperson was "promotion", which, according to the Oxford dictionary was defined as "advance, prefer, help forward, encourage and support". The draft instrument should therefore contain provisions for support measures. This did not imply that support measures should be developed exclusively for cooperatives. In fact, public policies already provided special support measures for a wide range of institutions in society. Small businesses were a good example. The Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) listed in detail a number of support measures for small and medium-sized enterprises; in particular it promoted special treatment for vulnerable entrepreneurs. The proposed text was fully consistent with the manner in which the ILO had addressed the issue of special support measures and services in the past.
24. The Worker Vice-Chairperson was surprised by the criticism expressed by the Employer Vice-Chairperson concerning the references to ILO Conventions in the Preamble since the Employers had supported the adoption of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), the Preamble of which in fact contained references to more ILO Conventions than the Preamble in the proposed Recommendation now under discussion. On the question of length of the proposed instrument he pointed out that Recommendation No. 189 contained about 1,000 words more than the proposed Recommendation. He reminded the Committee that the ILO had a special Tripartite Declaration dealing with multinational enterprises and social policy which covered in considerable detail such issues as employment, industrial relations, and health and safety. The proposed Recommendation was significantly shorter even though cooperatives employed many more workers than multinational enterprises.
25. The Worker Vice-Chairperson considered the proposed Recommendation an improvement over the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127). It was

universal, applicable to both developing and industrialized countries. It reflected both the constraints and opportunities of globalization. It addressed the key issues of gender equality and the ILO's focus on decent work. It updated earlier definitions with the best elements of the definition adopted by the cooperative movement itself. It defined clear roles for governments, employers' and workers' organizations and for cooperative organizations. It addressed the issue of autonomy and independence and provided for appropriate support measures. It acknowledged the importance of human resource development of members, workers and managers. It confirmed the need to ensure that ILO's core labour standards be applied to all workers in cooperatives and noted the role cooperatives could play in respect of the informal economy. Finally, it addressed international cooperation issues in a concrete and practical manner. In spite of all this, the proposed text was not perfect and could be significantly improved. His group would submit amendments accordingly, taking into account the comments made by workers' organizations and cooperatives, as well as those by governments and employers' organizations.

- 26.** The Worker Vice-Chairperson pointed out that his group had two options. One was to attempt to rewrite the text to have it fully reflect only the concerns of workers' organizations. The other was to try to "polish" the existing text. Since this was a second discussion, and in order to be constructive, his group had opted for the second option. If, however, the discussions in the Committee would lead to significant changes to the very principles in the proposed Recommendation, his group would have to reconsider its position. He would therefore listen carefully to the opening statements of the other members of the Committee to see which approach they believed to be the most appropriate.
- 27.** In reaction to the opening statement by the Worker Vice-Chairperson, the Employer Vice-Chairperson stated that he could not accept the analysis of the words "second discussion" since implicitly it called into question the need for a second discussion. The text under consideration was a proposed Recommendation. It reflected a number of adjustments, including by the Office, as compared to the Proposed Conclusions adopted by the Committee a year earlier. Of course, considerable consensus had been reached at that time and he felt that his statement in this regard had been quoted out of context. He had the impression that the Workers' group were rushing to reach an agreement but he felt that governments should have an opportunity to suggest adjustments since it was mainly governments who would have to give effect to the proposed Recommendation.
- 28.** Even though a Recommendation was not as binding as a Convention, the long lists in the proposed text were inappropriate, especially since enumeration, in a way, implied exclusion. He felt that a "cleaner" instrument was necessary which should not repeat earlier mistakes. He pointed out that the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) treated all enterprises equally and did not contain a reference to the special character of cooperatives.
- 29.** In his reaction, the Worker Vice-Chairperson reminded the Committee that the Employer members had agreed to a significant enumeration of measures in the text of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189). He proposed to continue with the tradition since he considered that enumeration did not constitute a trivialization of instruments. To support his statement he quoted from the ILO Constitution. Although the Employer Vice-Chairperson's statement during the plenary discussion of the Proposed Conclusions by the Conference the previous year had indeed been longer, he felt that the important part was the sentence: "Only then did we start to move inexorably towards formulating the Proposed Conclusions, which governments, workers and employers can support in their entirety.". He reminded the Committee that a

year earlier, the Workers' group had proposed more references to decent work but had withdrawn their respective amendments following discussions with the European Union and other Government members. Thus, the Proposed Conclusions adopted in 2001 were already a compromise. He suggested to continue this year's discussion in the same spirit of compromise. The proposed text was not sacrosanct. The question was what type of adjustment was required? Did the Committee want to start from scratch or did it want to build on the foundations laid last year?

- 30.** The Government member of New Zealand supported the proposed Recommendation since it recognized cooperatives as an important business model which could constitute a bridge between subsistence activities and the market economy. His Government would like to see the ILO and its constituents work to raise awareness of cooperatives as a potential model to contribute to economic and social well-being through the generation of sustainable employment. A revised Recommendation should be practical and incorporate universally accepted core principles. It should focus on results and be broadly applicable. The proposed Recommendation met this test. He also agreed that it only needed to be polished but not rewritten.
- 31.** The Government member of Egypt outlined the importance of cooperatives in her country where cooperatives had some ten million members. Her Government had put in place the necessary policies and regulations. While expressing broad agreement with the proposed Recommendation, she felt that some parts needed adjustment, particularly the one concerning capital. The issue of child labour also needed to be addressed.
- 32.** The Government member of Brazil referred to the importance attached to cooperatives particularly in terms of employment creation. Her Government had also taken measures to identify fraudulent labour cooperatives and was preparing legislation to extend social protection to workers in cooperatives.
- 33.** The Government member of the United Kingdom welcomed the proposed Recommendation. She pointed out that the United Kingdom's largest farmer was a cooperative and described the success of "football supporter mutuals" which had enabled fans to increase their influence in the running of their club. Her Government had been introducing measures in a number of areas relevant to the proposed Recommendation, based on the provision of a level playing field for different forms of enterprises. The proposed Recommendation should be "appropriate, proportionate and balanced". Agreement on this would help reduce the length of the Committee's debate.
- 34.** The Government member of Canada looked forward to the adoption of a truly meaningful, simple and focused Recommendation, which would provide a policy reference instrument for all ILO constituents. He expressed general support for the proposed text but felt that some streamlining was necessary. In particular, the definition of cooperatives in the proposed Recommendation should be the one adopted by the International Co-operative Alliance in 1995.
- 35.** The Government member of Nigeria informed the Committee that his Government was taking the necessary steps to adopt appropriate legislation and had already strengthened cooperative education, training and research institutions while consultations were taking place on cooperative policy.
- 36.** The Government member of the Syrian Arab Republic was sure that a compromise could be reached on the proposed Recommendation. He agreed that the emphasis should be on the promotion of the cooperatives.

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37. The Government member of Namibia drew attention to the need to maintain the reference to special provisions for disadvantaged groups.
38. The Government member of Costa Rica considered the proposed Recommendation a good basis for discussion. In his country more than one-third of the population was either a member or a worker in cooperatives. Since cooperatives were essential for development, his Government had established the Cooperative Development Institute to support cooperatives, without affecting their autonomy.
39. The Government member of Kenya described the evolution of the cooperative movement in her country since independence. Kenya currently had 10,000 registered cooperatives, with a membership of almost five million people, contributing 45 per cent of national gross domestic product, creating direct employment for 300,000 people and indirect employment for more than two million people in agriculture. The Government's current cooperative policy was to provide an enabling environment and encourage a spirit of self-help, rather than one of government intervention. She supported the proposed Recommendation since it would help to promote and strengthen the identity of cooperatives based upon cooperative values and principles.
40. The Government member of the United States indicated that her Government appreciated the importance of promoting cooperatives worldwide. In her country cooperatives played an important and successful role in different sectors of the economy. They had excelled in agriculture, with a turnover of US\$120.7 billion in 2000. Marketing cooperatives were very important for products such as milk, grain and cotton. Turning to the proposed Recommendation, she noted that cooperatives were autonomous businesses whose success or failure depended on their members' ability to run a business. She also noted that in order to maintain a level playing field, governments should create an enabling environment, just as they did for other enterprises. The instrument should focus on the promotion of cooperatives and contain only provisions specifically relevant to cooperatives. The proposed Recommendation would replace [Recommendation No. 127](#), which was a well drafted, cooperative-focused instrument. The experience gained since 1966 should be used to create an improved instrument that would truly promote cooperatives.
41. The Government member of the Islamic Republic of Iran noted that in his country special importance was attached to the promotion of cooperatives. A ministry dedicated to the promotion of cooperatives and cooperative legislation were in place. The 50,000 cooperatives in his country had a membership totalling 25 per cent of the population. Women constituted over 14 per cent of the total membership and there were more than 7,000 women's cooperatives. Among cooperative institutions in the country, were a cooperative centre for higher education, a cooperative chamber, a cooperative fund and a cooperative journal. Cooperatives needed support and incentives from local and international organizations to help them improve management and enable them to reduce poverty and unemployment.
42. The Government member of Israel noted that cooperatives had been central to the genesis and development of his country. He reminded the Committee that one-third of the human race was reached by cooperatives in all types of countries and sectors. Paradoxically, cooperatives could be players in the global economy and have a local identity at the same time. Similarly, while operating as enterprises in the free market, they constituted the "people's corner" in this market and enabled people to become masters of their own lives. Cooperatives had been, and would continue to be, highly relevant for sustainable human development, democracy, decentralization and the provision of social services. The proposed Recommendation should contain a comprehensive definition of cooperatives so that it would be recognized as valid by cooperatives themselves. While brevity was

desirable, clarity was more important. It was also important to ensure the autonomy of cooperatives and to promote an enabling environment. A level playing field was not in contradiction with support measures in specific instances.

43. The Government member of Panama described the role that cooperatives played in the development of his country. Cooperatives had helped provide employment, reduce poverty and curb rural-urban migration – a problem common to many developing countries. His Government supported cooperative development. It was revising its cooperative legislation to make it more responsive to present day realities and to provide a more conducive environment. Thirty per cent of management positions in cooperatives in his country were held by women. He considered that the proposed Recommendation only needed to be polished.
44. The Government member of the Dominican Republic noted the importance of reaching a consensus on the proposed Recommendation, since it would help to promote cooperatives as an important model for economic, social and cultural development. In his country, cooperatives played an important role in rural development and had helped to increase agricultural exports considerably. A consensus on the proposed Recommendation could only be reached through a frank discussion. The proposed Recommendation should be flexible. This was more important than aiming at brevity.
45. The Government member of El Salvador indicated that in her country cooperatives were considered an important development alternative. Her Government had recently increased the budget of the Institute for the Development of Cooperatives, the only public cooperative institution to have obtained ISO 9002 certification. Cooperatives facilitated not only gender equality but also gender equity since they treated their members and workers with dignity. In her country, cooperatives for the disabled were particularly important as a result of the great number of persons that had become disabled during the period of civil strife. It did not matter how many words the proposed Recommendation contained. The important thing was that it would exist.
46. The Government member of Benin agreed with previous speakers that cooperatives could play an important role in economic development. His Government was in the process of updating its cooperative legislation. The Proposed Conclusions adopted a year earlier had already proved to be very useful in this context. He was planning to submit an amendment to clarify that cooperatives and regular private enterprises, rather than competing, complemented each other.
47. The Government member of Mexico also recognized the important role of cooperatives. His Government was undertaking wide-ranging consultations to determine whether changes were necessary in its cooperative policy and legislation to further promote and consolidate the cooperative sector. Concerning the proposed Recommendation he would propose amendments to change the Spanish translation of “decent work” to bring it in line with the ILO’s strategic objectives: to introduce the concept “sustainable”; to include references to honesty, transparency, responsibility and social vocation; to clarify the text on cooperative management; to emphasize the importance of the role of cooperatives in employment creation, in economic and social development and in respect of the environment; to add a qualification pointing out that special support measures should be temporary in nature; to clarify the origin of cooperative finance; to emphasize competitiveness as a primary requisite for the success of cooperatives; and to encourage special support to cooperatives constituted by vulnerable groups. He was concerned about the apparent expectation that workers in cooperatives should become trade union members since this was not directly related to the subject of the proposed Recommendation.

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- 48.** The Government member of South Africa expressed broad agreement with the proposed Recommendation. He considered, however, that the definition of cooperatives adopted by the ICA and its Statement on the Co-operative Identity (1995) should be included. His Government believed that “shared service” cooperatives could play an important role in his country and had asked the ILO for assistance in this respect. Cooperative banking was of increasing importance to provide the poor with access to funding and legislation and had been adopted to facilitate this. The establishment of consumer and workers’ cooperatives was another priority.
- 49.** The Government member of India pointed out that his country had adopted its first cooperative act almost a century ago. Since then the cooperative movement had made significant strides in many sectors of the economy including agricultural credit, milk collection and marketing of dairy products, sugar production and distribution of fertilizers. His country had a national policy on cooperatives with a clear-cut strategy for sustained development and growth of healthy and self-reliant cooperatives. Under this policy, cooperatives were provided with special support and assistance to ensure that they could operate as autonomous, self-reliant and democratically managed institutions. It was perhaps too early for the sector to be left alone on a level playing field. The proposed Recommendation was generally balanced and it should be possible to reach consensus regarding the issues on which views still diverged and to adopt an international standard that could be easily implemented by all member States.
- 50.** The Government member of Trinidad and Tobago, speaking on behalf of the Government members of the Bahamas, Barbados, Suriname and Trinidad and Tobago (all member countries of the Caribbean Common Market, CARICOM), indicated support for the proposed Recommendation. Cooperatives were important in all Caribbean countries, particularly in agriculture and finance. Many businesses financed by cooperatives were located in the informal economy. Such businesses would otherwise have been unable to secure finance but instead eventually moved up to become part of the formal economy.
- 51.** The Government member of Poland indicated that cooperatives should provide decent work. Governments should not hesitate to adopt special measures to create the conditions under which cooperatives could develop but at the same time they should not interfere in the internal affairs of cooperatives.
- 52.** The Government member of Mozambique pointed out that cooperatives and similar organizations had been very important in the course of her country’s history. She described in detail a number of different traditional mutual support organizations, as well as the evolution of the cooperative movement, since independence. Her Government was in the process of revising its cooperative legislation. The proposed Recommendation would be of great use in this process.
- 53.** The Government member of Indonesia noted that in his country cooperatives played an important role in economic development, even in times of crises. There were some 100,000 cooperatives with more than 26 million members. The 13,000 workers’ cooperatives played an important role in providing their members with services in such areas as housing and health. Cooperative legislation was being revised to ensure a level playing field. He supported the inclusion of the ICA Statement on the Co-operative Identity in the proposed Recommendation.
- 54.** The President of the ICA considered the proposed Recommendation to be very important. Cooperatives were a different type of business enterprise because they put people first. Based on self-help and self-responsibility, they were member-owned and controlled. They needed to be as competitive and efficient in their business operations as other enterprises in

the market place. Yet, they were not driven by profit but rather by the needs of their members or workers and their communities. Cooperatives were not instruments of public policy. Governments needed to establish a supportive environment in which cooperatives could develop and grow and thus improve the lives of people everywhere.

- 55.** The ICA hoped that the new instrument would provide a long-term policy reference framework for ILO member States; that it would be global in nature and scope; that it would have the flexibility necessary to address the needs of all types of cooperatives in all sectors of activity; and that it would focus on ensuring that enabling conditions existed for cooperatives to function and thrive.
- 56.** The ICA, representing 230 member organizations in nearly 100 countries, considered that the internationally recognized definition of cooperatives as well as the text of its Statement on the Co-operative Identity should be included in the instrument. This would provide a more comprehensive understanding of cooperatives. The statement had been agreed upon by cooperatives from a wide range of traditions and sectors, each having special needs and priorities. It was a universal statement that reflected the diversity of the movement while pinpointing the essence of the cooperative enterprise.
- 57.** The ICA considered that the proposed Recommendation still required some streamlining and that without the inclusion of the universal definition, values and principles, it would not be effective in the promotion of cooperatives. The new instrument should be as cooperative-specific as possible. Issues not directly related to the promotion of cooperatives did not need to be included.
- 58.** Cooperatives should not receive special favours because of their form but rather because of their functions, just like other enterprises. Equal treatment should be understood in the same way that gender equality is understood, that is, in order to provide equal opportunities, special measures might be needed to provide real equality of opportunities. Finally, the instrument should ensure that cooperatives not be limited to specific groups of people or sectors of the economy.
- 59.** The Government member of Venezuela noted the important role of cooperatives and similar organizations in reducing social exclusion by broadening popular participation in economic activities. Cooperatives helped to boost employment and to improve the situation of workers in the informal economy. He looked forward to the adoption of a new instrument.
- 60.** Reacting to the interventions by Government members, the Employer Vice-Chairperson noted that many of the interventions had confirmed the importance of cooperatives. He referred particularly to the interventions by the Government members of Brazil, Egypt, El Salvador, the Islamic Republic of Iran, Israel, Kenya, Panama and the United States. He had also appreciated the concern of the Government member of Mexico regarding the reference to freedom of association. He agreed with the Government members of New Zealand and the United Kingdom that the instrument should be balanced, practical, unambiguous and based on core values. He also agreed with the Government member of Canada that some streamlining was necessary, in a spirit of compromise, to produce a better text. He reminded the Committee of the observation by the Government member of Israel that brevity was a virtue.
- 61.** In his reaction, the Worker Vice-Chairperson indicated that the interventions by the Government members had given depth to the discussion. They had stressed the importance of cooperatives in a number of areas. He noted that some member States were already taking action on the basis of the Proposed Conclusions adopted a year earlier. Only a few

Government members seemed to have concerns about the text of the proposed Recommendation. Referring to the call by the Government member of the United States for a level playing field, he pointed out that the impact of agricultural subsidies in industrialized countries, in effect, skewed the level playing field against agricultural cooperatives in developing countries. Clearly, equal treatment was not applied consistently all the time and cooperatives were not simply another form of private enterprise. While he agreed that they needed to be run in a business-like fashion their special character should be recognized. He concluded that the vast majority of Government members (notably: Brazil, Canada, the Dominican Republic, Egypt, Indonesia, Kenya, Mexico, Namibia, New Zealand, Panama, Poland, Sierra Leone, South Africa, Trinidad and Tobago and the United Kingdom) seemed to prefer to follow the option of polishing the proposed Recommendation.

62. Concluding the general discussion, the Chairperson indicated that there seemed to be a consensus that an instrument was necessary, that it should be results-oriented and that many members had promised to work together to achieve this in a spirit of fair play. Unlike a football match this was a win-win situation.

Consideration of the proposed Recommendation concerning the promotion of cooperatives

63. Before opening the discussion on the Preamble the Chairperson asked the Legal Adviser to introduce a corrigendum that the Office wanted to make to the text of the proposed Recommendation. Firstly, the Legal Adviser explained how the text of the proposed Recommendation had been arrived at. The Legal Adviser indicated that the Office had the obligation to prepare a draft proposed Recommendation on the basis of an internal review of the Proposed Conclusions adopted during the first discussion. This review often resulted in some editorial changes which were then reflected in the so-called “brown” report. This report was circulated to member States, asking them at the same time whether they considered that any further changes were necessary. On the basis of the replies received, the Office, pursuant to article 39, paragraph 7 of the Standing Orders, prepared the so-called “blue” report. The latter also reflected any further editorial changes the Office considered necessary to ensure legal coherence with respect to comments received. Such changes were clearly explained in the report. This time, however, in the drafting of clause 8(2)(b) in [Report IV\(2B\)](#) the Office had misinterpreted the intent of the Committee. He apologized for this on behalf of the Office. A corrigendum was then distributed which re-established the text of the “brown” report for this clause as the one that should be considered by the Committee.
64. The Legal Adviser further explained that it would be preferable to avoid amendments which included the words “and/or” since this formulation was linguistically and legally ambiguous. To avoid subsequent problems in the Drafting Committee, the Committee itself should ensure that the text it adopted was clear.

Preamble

D.31

65. The Employer Vice-Chairperson introduced an amendment to add two paragraphs, one recognizing the importance of cooperatives in job creation, in mobilizing resources, generating investment and their contribution to the economy and the other to reflect the concept of “level playing field”. The amendment had been inspired by a number of

Government interventions during the general discussion and would ensure that the Preamble provided the necessary context and focus.

- 66.** The Worker Vice-Chairperson agreed that this was an appropriate place to polish the proposed Recommendation. While supporting the first paragraph of the amendment, he could not accept the second since it did not relate to the promotion of cooperatives nor did it recognize their special character. He pointed out that the issue of “level playing field” came up later in the text anyway. He also reminded the Committee that during the general discussion, most Government members had indicated their support for special measures to promote cooperatives. He therefore urged the withdrawal of the second paragraph from the amendment.
- 67.** The Government member of Costa Rica appreciated the effort the Employers’ group had made to focus the Preamble more on cooperatives. He supported the first paragraph of the amendment but could not support the second.
- 68.** In the same vein, the Government member of India considered that it was too early for cooperatives to be exposed to free market conditions. He pointed out that the “white revolution” in his country had been possible only because of special measures to support milk and dairy cooperatives. The Government member of Uruguay introduced a subamendment as a compromise solution, deleting the second paragraph of the Employer members’ amendment and adding another paragraph which was similar to an amendment submitted by a number of other Government members concerning the participatory aspect of cooperatives. The Government members of El Salvador, South Africa and Suriname also supported the first paragraph of the amendment but could not support the second paragraph. The Worker Vice-Chairperson supported the subamendment submitted by the Government member of Uruguay. The Employer Vice-Chairperson then withdrew the second paragraph of the amendment.
- 69.** The amendment, as subamended, was then adopted.

D.22

- 70.** An amendment submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay, had become superfluous as a result of the adoption of the previous amendment and was therefore not discussed.

D.2 and D.30

- 71.** Two amendments, one submitted by the Employer members and the other submitted by the Government member of Mexico, seconded by the Government member of Guatemala, proposing to modify the third paragraph, were considered together. Following a brief discussion, agreement was reached to subamend the amendments, proposing to add the word “challenges” after the word “problems”.

- 72.** The subamendment was then adopted.

D.38

- 73.** The Government member of South Africa introduced an amendment, submitted by the Government members of Kenya, Lesotho, Nigeria and South Africa, to add a reference to solidarity and a more equitable distribution of the benefits of globalization. The Employer Vice-Chairperson had some difficulty with the concept of solidarity and could therefore

not support the amendment. The Worker Vice-Chairperson recognized that effectively the African continent had been a loser in the process of globalization and trade liberalization. He reminded the Committee that the ILO had recently established the World Commission on Social Dimension of Globalization. He supported the amendment. The Government members of Brazil, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Israel, Mexico, Suriname and Sweden all supported the amendment. The Government member of Mexico suggested that in the Spanish version, the word “*enérgicas*” should be replaced by “*efectivas*”.

74. The amendment was then adopted.

D.33

75. The Worker Vice-Chairperson introduced an amendment to correct an obvious mistake in the fourth paragraph.

76. The amendment was immediately adopted.

D.28

77. The Employer Vice-Chairperson introduced an amendment to eliminate references to a number of ILO Conventions and Recommendations from the fifth paragraph. Since there was already a reference to the ILO Declaration on Fundamental Principles and Rights at Work, the core labour standards were covered anyway. There was also the issue of deciding on the relevance of individual ILO Conventions and Recommendations, since listing some, implied excluding others. He suggested that it was more appropriate to have only a general reference to ILO Conventions and Recommendations. The Worker Vice-Chairperson recalled that the specific references had been included a year earlier since they added value. The references were similar to those included in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189). Judgement calls were always necessary to determine relevance. In short, he did not support the amendment.

78. The Government member of the United States supported the amendment since it was consistent with the position of her Government, expressed a year earlier, that ILO Conventions and Recommendations were not specific to cooperatives and that the references would place an unnecessary burden on the instrument, drawing attention away from the substantive provisions. She considered that the inclusion of specific references in ILO instruments was not general practice. The Government members of Benin, Botswana, Congo, Costa Rica, Mexico, Poland, South Africa, Suriname, the Syrian Arab Republic and Turkey did not support the amendment. The Employer Vice-Chairperson clarified that the amendment had been proposed to introduce more flexibility in the instrument. He then asked for a vote by show of hands. The Worker Vice-Chairperson, referring to the intervention by the Government member of the United States, pointed out, to avoid confusion, that inclusion of specific references to ILO Conventions and Recommendations was standard practice and he listed all those mentioned in [Recommendation No. 189](#). Similar references could be found in [Recommendations Nos. 187 and 183](#). The Government member of the United States, giving as example the fact that Recommendation No. 189 did not contain a reference to the worst forms of child labour since the relevant Convention had not yet been adopted at the time, indicated that inclusion of specific references increased the likelihood that an instrument would soon look out of date.

79. The Employer Vice-Chairperson asked for a vote on the amendment. After a brief explanation on the voting procedures by the Secretariat, a vote was taken with the following result: 77,221 votes in favour and 179,676 against.

80. As a result, the amendment was not adopted.

D.42

81. The Government member of Canada introduced an amendment, submitted by the Government members of Canada, Finland, France, Japan, the Netherlands, Spain, Sweden, Turkey and the United Kingdom, to delete from the fifth paragraph references to the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; and the Discrimination (Employment and Occupation) Convention, 1958. He explained that the subjects of these Conventions were already covered by the ILO Declaration on Fundamental Principles and Rights at Work. It was not logical to list only three of the eight core Conventions on which the ILO Declaration on Fundamental Principles and Rights at Work was based. The purpose of the amendment was therefore to streamline the text. This was also the reason for a minor editorial change at the beginning of the paragraph, to replace the words “Noting the rights and principles” with the words “Moreover, noting the provision”.

82. The Employer Vice-Chairperson supported the amendment, although he regretted that it did not go as far as the earlier one that had been submitted by the Employer members.

83. The Worker Vice-Chairperson understood the motivation that had led to the submission of the amendment. In fact, the Worker members had the same concern, i.e. to make the text consistent. They had therefore submitted another amendment, adding the five missing core Conventions. It was important to list the core Conventions individually since there had been instances of enterprises, which called themselves cooperatives, that had violated basic principles and rights. He recalled that following the adoption of the ILO Declaration on Fundamental Principles and Rights at Work in 1998, the ILO had started a very successful campaign for the ratification of the core Conventions by more member States. He did not support the proposed change at the beginning of the paragraph either since it weakened the proposed Recommendation. In this context, he referred to the Preamble of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), which had much stronger language. He preferred to retain the language of the proposed Recommendation since this reflected the compromise reached a year earlier.

84. The Government members of Ireland and the United States supported the amendment since they considered that the earlier reference to the ILO Declaration on Fundamental Principles and Rights at Work was sufficient. The Government members of Benin, Brazil, Costa Rica and Poland did not support the amendment. The Government member of Canada clarified that the intention of the amendment was to ensure that the proposed Recommendation would be relevant to all parties. He reminded the Committee that not all member States had ratified the core Conventions but that they were all obliged to uphold the provisions of the ILO Declaration on Fundamental Principles and Rights at Work. The Worker Vice-Chairperson did not accept the argument that not all member States had ratified the core Conventions since this was also true for the other Conventions listed. He pointed out that the proposed Recommendation did not ask member States to endorse the listed Conventions.

85. Following an informal vote, the Government member of Canada withdrew the amendment.

D.29

86. The Employer Vice-Chairperson introduced an amendment to replace the words “rights and principles” in the fifth paragraph with the word “provisions”. The words “rights and principles” had a legal connotation while the word “provisions” was unambiguous. The Worker Vice-Chairperson was surprised that the amendment had not been withdrawn since it was similar to the first part of the previous amendment which had not been adopted. The wording of the proposed Recommendation was neutral and was the result of a compromise reached a year earlier. He could therefore not support the amendment. The Government members of Brazil, the Dominican Republic, Poland and Suriname did not support the amendment.

87. The Employer Vice-Chairperson then withdrew the amendment.

D.23, D.32 and D.37

88. Three similar amendments were discussed together. Submitted respectively by the Government member of New Zealand, by the Worker members and by the Government members of Kenya, Lesotho, Mozambique and South Africa, they proposed to add to the fifth paragraph references to the Forced Labour Convention, 1930, the Equal Remuneration Convention, 1951; the Abolition of Forced Labour Convention, 1957; the Minimum Age Convention, 1973; and the Worst Forms of Child Labour Convention, 1999. The Worker Vice-Chairperson explained that it would only be logical to include a reference to all eight core Conventions. The Employer Vice-Chairperson felt that, since the eight core Conventions were the basis of the ILO Declaration on Fundamental Principles and Rights at Work, their inclusion was unnecessary and would make the list too long. He reminded the Committee that, in his opening statement, he had pointed out that including references to some Conventions and Recommendations automatically meant the exclusion of others. The Government members of Benin, Brazil, El Salvador, Finland, Israel and Kenya considered that it would indeed be logical to include references to all core Conventions and therefore supported the amendments.

89. A combination of the amendments was then adopted.

D.26, D.27 and D.3

90. The Employer Vice-Chairperson withdrew two amendments, to delete, respectively, the sixth and seventh paragraphs. An amendment submitted by the Government member of Mexico to modify the text of the seventh paragraph was not seconded.

I. Scope, definition and objectives

Paragraph 1

91. Paragraph 1 was adopted without discussion.

Paragraph 2

D.41 and D.20

92. Two almost identical amendments concerning the definition of cooperatives were considered together. One had been submitted by the Government members of Canada, Finland, France, Japan, the Netherlands, Spain, Sweden, Turkey and the United Kingdom, and the other by the Government members of Brazil, Costa Rica, the Dominican Republic,

Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay. The Government member of Canada explained that the purpose of the amendments was to include the ICA definition in the proposed Recommendation. The Government member of Poland outlined four important reasons to include the ICA definition. First, it was the outcome of the evolution of the Rochdale principles. Second, it was appreciated and accepted by all cooperatives around the world and could be used to distinguish “false” cooperatives. Third, it was already used by other international organizations and many governments had included it in their national legislation. Fourth, it was not logical to adopt a new definition since this would create confusion. The Employer and Worker Vice-Chairpersons both supported the amendment.

93. A combination of the two amendments was then adopted.

D.19, D.35 and D.4

94. Three other amendments concerning the definition of cooperatives, submitted respectively by the Government members of Costa Rica and Uruguay, by the Worker members and by the Government member of Mexico, were then withdrawn.

95. Paragraph 2, as amended, was adopted

Paragraph 3

D.5

96. The Government member of Mexico introduced an amendment, seconded by the Government member of Guatemala, to insert the word “viable” before the word “promotion”. The Employer and Worker Vice-Chairpersons did not support the amendment since they considered that this was not the right place for a reference to sustainable development.

97. The amendment was then withdrawn.

D.40, D.17 and D.18

98. Three similar amendments elaborating on the cooperative values listed in subparagraph (a) were discussed together. The amendments had been submitted, respectively, by the Government members of Canada, Finland, France, Japan, the Netherlands, Spain, Sweden, Turkey and the United Kingdom, by the Government members of the Dominican Republic and Israel, and by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay. The Government member of Canada, introducing the first amendment, explained that the purpose was to include elements from the ICA Statement on the Co-operative Identity, to ensure consistency between the cooperative values listed in the proposed Recommendation and in the ICA Statement on the Co-operative Identity. The Government member of Israel, introducing the second amendment, agreed that this was important, given the significance of the ICA Statement on the Co-operative Identity. He saw no substantive difference between the three amendments. The Government member of Costa Rica, introducing the third amendment, added that the consultations with national cooperative organizations over the last twelve months had shown that they attached great importance to a complete listing of cooperative values. The Employer and Worker Vice-Chairpersons supported the amendments. The Worker Vice-Chairperson added that the addition was also significant to distinguish cooperatives from other types of enterprises.

99. A combination of the three amendments was then adopted.

D.6 and D.16

100. Two other amendments on subparagraph (a) were withdrawn.

D.12 and D.39

101. At the request of the Chairperson, the Legal Adviser, referring to the next amendment to be discussed, indicated that its drafting form posed some difficulties and would not be easy to integrate into the proposed Recommendation. If the Committee decided to adopt it, it would need to change the form. He wondered whether inclusion of the amendment would not make the text too heavy, but of course the decision was up to the Committee. With respect to the subsequent amendment, he indicated that, normally, ILO instruments avoided mentioning decisions or instruments of other organizations. It was not advisable to include such references since other organizations may change the decisions or the instruments referred to. But, as he had stated earlier, it was the Committee that had to decide on these matters. Following some discussion of the Legal Adviser's observation, it was decided to continue with the discussion of the amendments.

102. The two amendments referred to by the Legal Adviser were discussed together since they both dealt with the cooperative principles in the ICA Statement on the Co-operative Identity. The first had been submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay. The second amendment had been submitted by the Government members of Canada, Finland, France, Japan, the Netherlands, Spain, Sweden, Turkey, the United Kingdom and the United States. Introducing the first amendment, the Government member of Costa Rica noted that the instrument should be useful to both constituents and cooperatives. Like the inclusion of references to ILO Conventions and Recommendations in the Preamble to illustrate labour principles, it was necessary to include here an illustration of cooperative principles. These would be easily recognized by cooperatives and would ensure that the text appealed to readers. If they were not included, the text would be just another piece of paper. The Government member of Canada, introducing the second amendment, agreed that readers of the instrument should understand the essence of cooperative principles but, in order to avoid a long list, the second amendment proposed to include only a reference to the ICA Statement on the Co-operative Identity.

103. The Employer Vice-Chairperson acknowledged the observations by the Legal Adviser. The proposed Recommendation should be both brief and comprehensive. He recalled that the adoption of an instrument was in fact a legislative process. The first amendment contained operational guidelines that should more appropriately be contained in a handbook. He could therefore not support the first amendment but was willing to accept the second since it met the test of brevity and comprehensiveness. The Worker Vice-Chairperson supported the first amendment since he considered that it was necessary to include the text underlying the cooperative principles since, otherwise, the principles alone could become an empty shell. He agreed with the Legal Adviser that the drafting should be adjusted to have it conform to the usual format. It was also important to use the actual words of the ICA Statement on the Co-operative Identity rather than just a reference, since in this way the Committee and, later on, member States, would take ownership of them.

104. The Chairperson expressed concern about the fact that the instrument could become repetitive if the text underlying the principles would be included since most of the issues were also dealt with elsewhere in the text. The Government member of Israel noted that,

even though brevity was a virtue, in this case it needed to be sacrificed, since the proposed Recommendation lacked explication and as a result, the principles could be misunderstood. Inclusion of the full text of the first amendment was also important because of the universality of the principles which applied to all types of countries and all types of cooperatives and had already been adopted by other international bodies. The inclusion would prevent abuse and distortion since “false” cooperatives were a real problem. The Government members of Argentina, Brazil, the Dominican Republic, Guatemala, Namibia, Poland and Uruguay, all spoke in favour of the first amendment. The Government member of Benin supported the second amendment, since all those concerned were already familiar with the ICA Statement on the Co-operative Identity, and a simple reference was therefore sufficient.

- 105.** The Government member of France raised a legal issue, pointing out that the definition of the ICA Statement on the Co-operative Identity was based on one vote per member whereas the recently adopted European Cooperative Statute allowed for more than one vote. The Government member of the United States agreed with the Legal Adviser that the first amendment presented drafting problems. She also agreed with the Government member of France that it might present legal problems, and with the Chairperson that many of its elements were already mentioned elsewhere in the text. The Worker Vice-Chairperson reminded the Committee that it had discussed the contents of the first amendment a year earlier. It had then decided to include only the headings of the cooperative principles. He was not worried about the issue of repetition since this could be handled by the Drafting Committee. In a spirit of compromise, he submitted a subamendment to include the contents of the first amendment as an annex, while including most of the text of the second amendment in the body of the proposed Recommendation. The Government member of the United States considered that the Committee had never examined the principles in detail. Giving a few examples of repetition and possible contradiction, she indicated that the matter could not be left to the Drafting Committee.
- 106.** The Government member of Canada explained that the purpose of the second amendment had been to maintain some distance between the instruments and the ICA Statement on the Co-operative Identity. He therefore continued to prefer the second amendment as originally submitted. The Employer Vice-Chairperson also preferred the second amendment as submitted. The Government members of Brazil, Costa Rica, Israel and Nigeria supported the subamendment. The Government member of the United States considered that if there were to be an annex, it should be clearly identified as a reference to the ICA Statement on the Co-operative Identity and could not be considered as the Committee’s words. The Worker Vice-Chairperson considered that the instrument should take ownership of the principles and the annex could therefore not be just a reference. Rather, it should be considered a clarification of the text. He modified his subamendment to avoid confusion. The Government member of the United States insisted that the annex should be no more than a reference to the ICA Statement on the Co-operative Identity. The Government members of Costa Rica, Nigeria and Poland supported the revised subamendment. The Employer Vice-Chairperson shared the concern of the Government member of the United States. An annex could not be considered part and parcel of an instrument. He further argued that the Committee could not fully endorse the annex without examining its contents in detail. He gave the example of the reference to discrimination which did not refer to all forms of discrimination.
- 107.** Following some further discussion, an agreement was reached on the text of another subamendment which combined text proposed by the Government member of Canada and the Worker Vice-Chairperson. The latter supported the subamendment provided that it was understood that the annex would constitute the context for interpretation of the cooperative principles listed in the subparagraph.

108. The amendment, as subamended, was then adopted.

D.1

109. An amendment submitted by the Government member of Islamic Republic of Iran had become redundant as a result of the adoption of the previous amendment.

110. Paragraph 3, as amended, was adopted.

Paragraph 4

D.15

111. The Government member of Uruguay introduced an amendment submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay. The purpose of the amendment was to ensure that the proposed text covered both cooperatives and their members. The Employer and Worker Vice-Chairpersons supported the amendment.

112. The amendment was then adopted.

D.25

113. The Employer Vice-Chairperson withdrew an amendment to delete the word “decent” from clause (a). He explained that his group still objected to the use of the term since there was no clear definition. But since earlier references to the term had been retained, his group had decided to withdraw the amendment.

D.7 and D.21

114. Two amendments submitted by the Government member of Mexico were not seconded and therefore not discussed.

D.8

115. The Worker Vice-Chairperson seconded an amendment submitted by the Government member of Mexico to add the words “as well as its advantages and benefits” to clause (b) after the word “movement”. He felt that the amendment polished the text by emphasizing the advantages and benefits of cooperatives. The Employer Vice-Chairperson did not support the amendment since it was not necessarily clear what the advantages and benefits were. The Government member of Suriname did not support the amendment. The Government members of Benin, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Kenya, Mozambique, South Africa and the Syrian Arab Republic all supported the amendment.

116. The Employer Vice-Chairperson withdrew his opposition in view of the large number of governments which had expressed support for the amendment.

117. The amendment was then adopted.

D.36

118. The Government member of the United States introduced an amendment, submitted by the Government members of Canada, Spain, the United Kingdom and the United States, to add a new clause referring to the business potential of cooperatives. She pointed out that

cooperatives had first of all to succeed as a business. The Employer Vice-Chairperson considered that the amendment added real value and therefore supported it. The Worker Vice-Chairperson also supported the amendment even though he felt that this potential had already been recognized elsewhere in the text.

119. The amendment was then adopted.

D.9

120. The Government member of Mexico introduced an amendment which was seconded by the Employer Vice-Chairperson to include a reference in clause (c) for the need to promote and strengthen the competitiveness of cooperatives. Introducing the amendment, the Government member of Mexico explained that in a free market economy it was necessary for cooperatives to be competitive. The Employer Vice-Chairperson agreed with this view. The Worker Vice-Chairperson was not opposed to the amendment but introduced a subamendment to improve the wording.

121. The amendment, as subamended, was then adopted.

D.10

122. An amendment submitted by the Government member of Mexico was not seconded and therefore not discussed.

D.14

123. The Government member of Israel introduced an amendment submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland, South Africa and Uruguay. The amendment proposed to introduce the following clause: “Contribute to sustainable human development.”. He explained that it was important to include this since cooperatives made a significant contribution to sustainable human development. The Employer and Worker Vice-Chairpersons both supported the amendment.

124. The amendment was then adopted.

D.13

125. The Worker Vice-Chairperson, introducing an amendment submitted by the Worker members, immediately subamended the amendment to take into account the earlier observation by the Legal Adviser that the use of “and/or” was inappropriate and to add the words “which includes cooperatives”. The purpose of the amendment was to highlight the role of cooperatives in the social economy. Including the word “social” would reflect that the objectives, goals and values of cooperatives were different from those of other types of enterprises. The Employer Vice-Chairperson considered that the words “social sector of the economy” had an ideological underpinning and that the concept was not clear. He reminded the Committee that the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) recognized that cooperatives were business enterprises. It did not refer to them as being part of the “social sector of the economy”. He introduced a subamendment to delete the word “social”. The Worker Vice-Chairperson agreed that cooperatives were business enterprises but they were clearly distinct from public and private enterprises. The purpose of the amendment was to make this clear in the text. The Employer Vice-Chairperson then submitted another subamendment to replace the word “social” by “business”. The Worker Vice-Chairperson could not support this since it changed the entire meaning of the amendment.

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- 126.** A long discussion ensued during which the Government members of Costa Rica, the Dominican Republic, Israel and Uruguay elaborated on what they considered the term “social economy” to mean and how this should be reflected in the text. The Government member of the Netherlands indicated that in his country the term was meaningless, while in France it was regularly used in official documents and meetings. The Government member of France added that the previous Government had even created a State Secretariat for the “Social Economy and Solidarity”. At the same time, however, many cooperative enterprises played an important, purely economic role, particularly in agriculture, food and banking. To avoid confusion he proposed a subamendment.
- 127.** The Worker Vice-Chairperson quoted a dictionary definition of the word “social” describing different forms of organization. It was clear from this definition that organizations of this kind existed all over the world and together constituted the “social economy”, even when not all countries used the term. Consequently, the Worker members could not support the latest subamendment by the Employer Vice-Chairperson. The Government member of Canada noted that the confusion seemed due to different definitions being used in different countries. He pointed out that an amendment submitted by a number of countries, including his own, for consideration under Paragraph 6 tried to overcome this confusion.
- 128.** The Employer Vice-Chairperson suggested that it might be more appropriate to withdraw the amendment and consider only the amendment just referred to by the Government member of Canada. Cooperatives were not the only form of business that attended to social needs. He still considered the concepts “social sector” and “social economy” unclear. ILO instruments should avoid the use of terms that were not universally accepted. The Worker Vice-Chairperson noted that employers regularly described the main purpose of private business as profit maximization, even when providing social services. The “social economy”, on the other hand, had as its explicit aim, specified social outcomes. He quoted from the definition of “social enterprise” used in the United Kingdom, which included cooperatives, to show that the use of the concept “social economy” was not limited to southern European countries. ILO instruments often used terms that with time became universal, and in this case it was important to recognize that the “social economy” existed everywhere.
- 129.** The Government member of the Netherlands drew attention to the fact that in his country cooperatives were mainly large enterprises and gave examples from the agricultural and banking sectors. He wondered whether the “social sector” was in fact a reality or just a fashionable term. The Government members of Benin, France and Sweden, even though the concept existed in their countries, did not support the amendment and considered the proposed reference in Paragraph 6 sufficient. The Government members of Argentina, Brazil, Lesotho, South Africa and the Syrian Arab Republic expressed support for the amendment. The Government member of the United States felt that the amendment did not add anything to the text since basically most cooperatives were businesses benefiting their members.
- 130.** Following an interruption to give the members of the Committee the opportunity to reach an informal agreement, the Worker Vice-Chairperson introduced a new subamendment. He indicated that agreement had been reached to discuss this subamendment together with the amendment under Paragraph 6 referred to earlier by the Government member of Canada. The Employer Vice-Chairperson supported the subamendment.
- 131.** The amendment, as last subamended, was then adopted.
- 132.** Paragraph 4, as amended, was adopted.

Paragraph 6

D.47

133. The Chairperson then proceeded, as requested by the Worker Vice-Chairperson, to open the discussion on the amendment relating to Paragraph 6, submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States. The amendment proposed to add at the beginning of the paragraph the words “A balanced society necessitates the existence of strong public, private, cooperative and other non-governmental sectors. It is in this context that (...)”. The Worker Vice-Chairperson proposed a subamendment to reflect the outcome of the informal discussions that had taken place just before. The Government member of Canada reminded the Committee that compromises were necessary to reach consensus on a text that would be meaningful to all member States. He was willing to accept the wording proposed by the Worker members, provided it was understood that the purpose of the amendment was to reflect in the proposed Recommendation a context which stressed that a balanced society needed strong, private, public, cooperative and other social and non-governmental sectors. The concept of “social economy” was not understood in all countries. Nor did all countries consider cooperatives part of the “social economy” even if they applied the concept. The cooperative sector, the social sector and the third sector were different but overlapping concepts. In his own country, 15 huge cooperatives were part of Canada’s top 500 companies. They considered themselves part of the private sector.

134. The Employer Vice-Chairperson wanted to put on record that he was still concerned about the formulation since the social and non-governmental sectors did not constitute a clearly defined whole. In addition, the formulation seemed grammatically incorrect. The Worker Vice-Chairperson, recognizing the statement by Canada, referred to the fact that his group had a different interpretation, as indicated earlier. For the Worker members the cooperatives were part of the social economy. He noted that the proposed subamendment permitted that interpretation, and pointed to the use of the singular ‘sector’ in the text. He noted that wide agreement had been reached on the formulation, which would now become part of the proposed Recommendation.

135. The amendment, as subamended, was then adopted.

Paragraph 5

D.24

136. The Employer Vice-Chairperson asked the Chairperson to give the floor to another Employer member of the Committee to introduce an amendment to modify the paragraph by replacing the word “special” with the word “other” and delete a reference to disadvantaged groups. The Employer member explained that the intent of the amendment was to ensure universal relevance of the proposed Recommendation and that the paragraph should be read in conjunction with the previous paragraph. Use of the word “special” could give the impression that the measures listed in the previous paragraph were not special. Singling out disadvantaged groups at this point in the text was inappropriate since the paragraph should refer to measures in general.

137. The Worker Vice-Chairperson felt that the text in the proposed Recommendation was adequate but the context could perhaps be elaborated. The word “special” meant that some countries could take such measures while others could not. The paragraph did not say that special measures were necessary for all cooperatives. He reminded the Committee that this

paragraph was still under the heading “I. Scope, definition and objectives”, whereas Paragraphs 6 to 9 came under “II. Policy framework and role of governments”. The crucial clause was 7(3). It applied to the whole text and gave wide latitude to different situations in different countries. It contained two hurdles. One was the words “where appropriate” and the other the word “could” when giving examples of possible support measures. The text of the proposed Recommendation had already been weakened as compared to what the Worker members had proposed a year earlier. The amendment risked further diluting the meaning of the proposed Recommendation so as to make it eventually meaningless. He reminded the Committee that the definition of “promotion” in the Oxford Dictionary of the English language which he had quoted earlier included references to support and special measures.

138. The Employer member felt that the intent of both groups was the same and that it was rather a matter of interpretation. The intent of the amendment was to avoid a possible slant towards developing countries. The word “other” was more neutral and would be more easily accepted in industrialized and transition countries. It was also more consistent with the text of Paragraphs 6 to 9. The Worker Vice-Chairperson indicated that the words “disadvantaged groups” did not just refer to developing countries but could also refer to the long-term unemployed and the disabled in all countries. The European Union foresaw special advantages for such groups. The Employer member insisted that it would be preferable not to single out any groups since otherwise a complete listing would have to be included. The Government members of Benin, Brazil, Cameroon, Costa Rica and the United States preferred the original text of the proposed Recommendation.

139. The Employer Vice-Chairperson then withdrew the amendment.

D.11

140. An amendment submitted by the Government member of Mexico was not seconded and therefore not discussed.

D.34

141. The Worker Vice-Chairperson introduced an amendment to insert the word “strongly” after the words “should be” at the end of the paragraph. This would enhance the text and was logical in the context of the paragraphs that followed. The Employer Vice-Chairperson felt that the use of this type of adverb did not polish the text but rather diluted it. He reminded the Committee that similar comments by a number of governments had been reflected in [Report IV\(2A\)](#). The Government member of Benin considered that the promotion of cooperatives demanded faith, determination and conviction, but that adding the word “strongly” was too militant. In any case, he trusted that all members of the Committee had this matter at heart. He suggested that the Worker members withdraw the amendment.

142. The Worker Vice-Chairperson accepted the suggestion to withdraw the amendment on the understanding that the sentiment expressed by the Government member of Benin would indeed be the intent of those who would have to implement the proposed Recommendation.

143. Paragraph 5 was adopted.

II. Policy framework and role of governments

Paragraph 6

D.90

144. The Worker Vice-Chairperson introduced an amendment to replace in the first line the words “define and apply” with the word “provide”. This had been the word used in the Proposed Conclusions and was more neutral. The Employer Vice-Chairperson supported the amendment for reasons of brevity.

145. The amendment was then adopted.

D.66

146. Since the matter of treatment of cooperatives relative to other enterprises was dealt with in clause 7(3), the Government member of Israel withdrew an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa.

D.89, D.65 and D.48

147. The Chairperson proposed to consider three amendments together which all had the intention of introducing the concept of “affordable” in clause (a). The amendments had been submitted respectively by the Worker members, by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa and by the Government member of Mexico. Introducing the amendment by his group, the Worker Vice-Chairperson explained that it was important that registration of cooperatives was not only rapid, simple and efficient, but should also be affordable. The Employer Vice-Chairperson agreed.

148. The three amendments together were then adopted on the understanding that the Drafting Committee would decide on the appropriate wording.

D.64 and D.88

149. The Chairperson proposed to consider together two similar amendments proposing the introduction of a new clause referring to fiscal measures and public policies concerning cooperative reserves and solidarity funds. The amendments had been submitted, respectively, by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa and by the Worker members. The Government member of Israel, introducing the first amendment, explained that it was important for cooperatives to create reserves so that they could compete effectively in a free market economy. Existing cooperative structures often made this difficult and governments should pay attention to this issue. The Worker Vice-Chairperson, introducing the second amendment, proposed a subamendment to add the word “ensure” at the beginning of the text. Indivisible reserves were a distinctive element of cooperatives. They should be recognized as such and should be encouraged, as was already the case in a number of European Union countries. He was willing to withdraw the second amendment if this helped in reaching a consensus.

150. The Employer Vice-Chairperson considered that the issue had already been referred to in the ICA Statement on the Co-operative Identity which was now an annex to the proposed Recommendation. There was therefore no need to refer to it here. The Government

member of Costa Rica repeated the arguments in favour given by the Government member of Israel. The Government members of Argentina, Cameroon, the Dominican Republic, Guinea, Namibia and the Syrian Arab Republic supported the amendments. The Government member of Mexico pointed out that the matter was already dealt with in subparagraph 7(3) and there was therefore no need to refer to it here. The Government member of France did not support the amendments since he considered this a matter that should be dealt with anyway in the drafting of cooperative legislation. He submitted a subamendment to improve the text accordingly. The Government member of Canada proposed to delete the reference to the indivisibility of cooperative reserves since some countries, including his own, had permitted division. He proposed a subamendment accordingly. Following some further discussion, the Government members of Canada and France agreed to combine their subamendments.

- 151.** The Worker Vice-Chairperson introduced a further subamendment to retain the reference to indivisibility since it was important for cooperatives to maintain at least part of their indivisible reserves. This would reduce the temptation to dissolve the cooperative and distribute the reserves among the members. The Employer Vice-Chairperson supported the combined subamendments, but not the one by the Worker members. The Government members of Benin, El Salvador and Uruguay supported the combined subamendment, while the Government members of Israel and Nigeria supported the one proposed by the Worker members. The Government member of the United Kingdom submitted another subamendment to improve the wording, retaining the reference to indivisibility.
- 152.** The Worker Vice-Chairperson supported this subamendment while indicating that his group had been about to submit another subamendment which would have referred to policies to stimulate measures to encourage investment and allow for indivisible reserves. The Employer Vice-Chairperson still preferred the combined subamendment by the Government members of Canada and France. The Government member of Israel introduced a subamendment to change the word “would” to “could” in relation to the inclusion of measures concerning indivisible reserves and solidarity funds of cooperatives. The Employer and Worker Vice-Chairpersons both supported the last subamendment.
- 153.** The first amendment, as last subamended, was then adopted.
- 154.** The Employer Vice-Chairperson indicated that he would appreciate it if the Legal Adviser could address the Committee at the end of its deliberations, to reply to two questions raised by some of the members of his group. The first question was whether part of a document which the Committee had agreed not to include in the body of the proposed Recommendation itself could be annexed as a reference after it had been reintroduced and adopted as an amendment. The second question was, if the reply to the first question were positive, whether such a decision by the Committee constituted in law an abandonment of the annex because it had lost its nature since another part of the document had been incorporated in the text itself.

D.98 and D.46

- 155.** The Chairperson proposed to consider two similar amendments concerning clause (b) together. The Employer Vice-Chairperson withdrew the first amendment in favour of the second. The Government member of Canada introduced the second amendment which had been submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States. The purpose of the amendment was to replace the words “no less favourable than” with the words “equivalent to”. He indicated that the proposed Recommendation should meet the needs of all countries. The Government members which had submitted the

amendment could not accept preferential treatment of cooperatives simply because of their structure. Preferential treatment should be accorded on the basis of what certain types of enterprises did in support of certain policy objectives. An argument could be made, for instance, for special measures in favour of cooperatives providing electricity in rural areas. He pointed out that [Report IV\(2A\)](#) showed that most governments preferred equal treatment of cooperatives. The Employer Vice-Chairperson strongly supported the amendment.

- 156.** The Worker Vice-Chairperson indicated that a number of subsequent amendments addressed the same issue, i.e. what type of treatment to accord to cooperatives. He reminded the Committee that the words “no less favourable than” had originally been suggested by the Office in the Proposed Conclusions. He further recalled that it had decided to include the words “special measures should be encouraged” in Paragraph 5. The purpose of Paragraphs 6 to 9 was to give operational effect to Paragraph 5. It was crucial to recall that the title of the proposed Recommendation referred to cooperatives only, not to any other type of enterprise. The acceptance of the words “equivalent to” in subparagraph 7(3) would pose a dilemma for governments since it would imply that all types of enterprises should benefit from special measures if they addressed employment concerns or the needs of disadvantaged groups or regions. Any enterprise could argue that its activities resulted in the creation of employment, and consequently demand the same treatment as a cooperative specially organized to create jobs. Hence, the text proposed by the amendment would render the reference to special measures meaningless. Moreover, the existing text did not prevent governments from introducing special measures for other types of enterprises. He recalled that the words “no less favourable than” had been supported by the Committee a year earlier and that the Worker members of the Committee had already compromised on the text of clause 7(3) by accepting the insertion of the words “where appropriate”. He therefore encouraged the Committee not to change the text of the proposed Recommendation. He also indicated that should the translation of the term “no less favourable than” present some difficulties, these could be resolved by the Drafting Committee.
- 157.** The Employer Vice-Chairperson considered that cooperatives could not be discussed in isolation since they were basically business enterprises. This had been recognized in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 ([No. 189](#)). In some cases, special measures could even force large cooperatives operating successfully as business enterprises to change their organizational structure. He asked the Chairperson to interrupt the discussion so that the members of the Committee could have informal discussions on this important issue and try to arrive at a compromise acceptable to all. When the discussion resumed, an Employer member indicated that a compromise had been reached on the similar amendments referred to by the Worker Vice-Chairperson. He suggested that they be discussed together. He then submitted a subamendment to add the words “, and in accordance with national laws and practice,” in clause (b) after the word “autonomy”. The Worker member indicated his support for the subamendment but pointed out that the reference should be to “national law and practice”. This was accepted by the Employer Vice-Chairperson.
- 158.** The second amendment, as subamended, was then adopted.

Paragraph 7

D.99

- 159.** The same Employer member introduced an amendment to insert a similar reference in subparagraph (2). He immediately proposed a subamendment, as agreed during the informal consultations. The Worker Vice-Chairperson supported the subamendment.
- 160.** The amendment, as subamended, was then adopted.

D.43

- 161.** A similar amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, had become superfluous as a result of the adoption of the previous amendment, and was therefore not discussed.

Paragraph 6

D.63

- 162.** An amendment concerning clause (b) submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, had become redundant following the adoption of amendment D.46. It was therefore not discussed.

D.45

- 163.** The Government member of Canada introduced an amendment which had been submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States. The amendment proposed to replace clause (c) with the text: “facilitate the membership of cooperatives to cooperative structures that respond to the needs of their members;”. He explained that the purpose of the amendment was to promote the affiliation of cooperatives to higher level cooperative organizations and structures such as federations. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson supported the amendment but pointed out that the text was somewhat ambiguous concerning the word “members”. He trusted, however, that this could be resolved by the Drafting Committee. The Government member of Canada proposed a subamendment to clarify the text. He withdrew the subamendment when the Worker Vice-Chairperson noted that the wording was still unclear.
- 164.** The amendment was then adopted.

D.44

- 165.** The Government member of Canada introduced an amendment which had been submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States. The purpose of the amendment was to insert a reference to the fact that cooperatives were autonomous and self-managed enterprises. This would strengthen the text. The Employer Vice-Chairperson supported the amendment. While indicating that he did not object to the amendment, the Worker Vice-Chairperson felt that the original text was more comprehensive since the amendment only listed two distinguishing characteristics of cooperatives.

166. The amendment was then adopted.

D.67

167. The Government member of Benin introduced an amendment, submitted by the Government members of Benin, Burkina Faso, Cameroon, Congo, Côte d'Ivoire and Niger, to replace the word "including" by the word "particularly" in clause (d). This would help to emphasize the important role that cooperatives played in the provision of services that were otherwise not provided. The Employer Vice-Chairperson expressed his delight at the amendment and the Worker Vice-Chairperson also supported it.

168. The amendment was then adopted.

169. Paragraph 6, as amended, was adopted

Paragraph 7

D.49

170. The Government member of Mexico introduced an amendment, seconded by the Government members of Costa Rica and Uruguay, to insert the words "pillars to achieve the" after the words "as one of the" in subparagraph (1). This would help to emphasize even more the contribution that cooperatives made to economic and social development. The Employer Vice-Chairperson considered the existing text adequate, and felt that the proposed addition was too lyrical. The Worker Vice-Chairperson considered the addition useful. The Employer Vice-Chairperson then withdrew his objection.

171. The amendment was then adopted but it was agreed that the French translation needed to be reviewed by the Drafting Committee.

D.50

172. An amendment submitted by the Government member of Mexico was not seconded and therefore not discussed.

D.100

173. The Employer Vice-Chairperson introduced an amendment to replace, in the first line of subparagraph (3), the word "should" with the word "may" and to replace the last sentence with: "Such support measures should apply equally to any form of organization undertaking the requisite activities having specific social and public policy outcomes.". An Employer member explained that the purpose of the amendment was to include a reference to the merits of a level playing field and emphasize that cooperatives should not receive preferential treatment. This had not been properly acknowledged in the proposed Recommendation whereas the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) did recognize this. The amendment was particularly relevant for the Government members representing European Union countries, and those countries which were in the process of joining the European Union, as well as those having trade agreements with the European Union. A number of European Union treaty articles and directives specifically prohibited preferential treatment, allowing for only few exceptions. This applied in particular to government aid and public procurement. The qualifications in the proposed Recommendation were not sufficient and as a result the implementation of the instrument risked being in violation of European Union treaties and directives concerning, among others, non-discrimination, barriers to trade, the freedom to

provide services, the right of establishment, exclusive rights and state monopolies and state aid. He pointed out that governments were not monolithic entities and that often the right hand was not aware of what the left hand was doing. It was important to avoid ambiguity in international instruments. Finally, he mentioned that the amendment did not stand in the way of accommodating the needs of other countries.

- 174.** The Employer Vice-Chairperson proposed a subamendment to delete the word “equally” from the amendment. Another Employer member explained that the amendment was an attempt to bridge the divide between developing and industrialized countries by proposing the extension of similar support measures to other forms of enterprise, particularly small and medium-sized enterprises which engaged in activities having social or public policy outcomes and could suffer from unfair competition if only cooperatives were supported. The intention was also to recognize that some cooperatives were large businesses and did not have social policy objectives whereas some small and medium-sized enterprises did.
- 175.** The Worker Vice-Chairperson could not support the amendment for the reasons that he had given earlier during the discussion on the same issue elsewhere. He pointed out that the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) did in fact contain explicit provision for special support measures. He also recalled the special measures in the Chancellor of the Exchequer’s Budget for small businesses and the self-employed in the United Kingdom, that he had referred to earlier, and wondered whether these violated European Union directives. Most European Union countries as well as the United States and Japan had special measures for cooperatives, mainly in the form of tax benefits. He reminded the Committee that the text in the proposed Recommendation was already the result of a compromise and that the purpose of the instrument was not to promote small and medium-sized enterprises.
- 176.** The Government member of Benin wondered why, if the arguments given by the Employer member were true, the Committee members representing the European Union countries had not proposed a similar amendment. The Government members of Brazil, Costa Rica, the Dominican Republic, Mexico, Nigeria, Panama and Suriname, did not support the amendment. The Government member of Canada, recalling that subparagraphs (2) and (3) had originally been one single paragraph in the Proposed Conclusions, proposed a subamendment aiming at a compromise similar to the one reached on the previous subparagraph. The Worker Vice-Chairperson could not support the subamendment since it did not reflect the compromise reached a year earlier which was already weaker than what the Worker members had originally proposed. He considered that the amendment, even as subamended, would render the reference to support measures meaningless.
- 177.** The Employer Vice-Chairperson agreed that the Committee was not discussing small and medium-sized enterprises, but since they could be affected by special support measures for cooperatives, the latter should not be looked at in isolation. The amendment did not aim at undermining special measures for cooperatives; rather, it aimed at ensuring that other types of enterprises could also benefit from such measures. He supported the subamendment proposed by the Government member of Canada. The Worker Vice-Chairperson explained that the consequence of the amendment would be that any type of enterprise could benefit from support measures, and that as a result, such measures would no longer be special. The Government member of the Netherlands, expressed surprise at the fact that a long discussion seemed to be going on between the Employer and Worker members on a paragraph that referred to the role of governments.
- 178.** The Government member of Uruguay suggested that it might be helpful to combine subparagraphs (2) and (3). The Government member of France reminded the Committee

that the important thing was to ensure the applicability of the instrument. He therefore supported the subamendment by the Government member of Canada which was fully in conformity with European Union laws and customs. In response to the Worker Vice-Chairperson he pointed out that the tax benefits that certain cooperatives in the European Union enjoyed were the result of decisions taken in the past but that new ones could not be approved under current directives. The Worker Vice-Chairperson considered that the subamendment did not add value and was already flexible in its current form. After a short break for informal consultations the Worker Vice-Chairperson introduced a subamendment to combine subparagraphs (2) and (3) and incorporate a subsequent amendment submitted by the Worker members. The subamendment read: “Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include among others in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.”. The Employer Vice-Chairperson supported the subamendment.

179. The amendment, as subamended, was then adopted.

D.68, D.87 and D.113

180. As a result of the adoption of the previous amendment three other amendments became superfluous and were therefore not discussed.

D.62

181. An amendment concerning the French version of subparagraph (3), submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, was referred to the Drafting Committee.

D.101

182. The Employer Vice-Chairperson introduced an amendment to delete subparagraph (4) which referred to gender equality. He explained that the Employer members had submitted the amendment, not because they were against gender equality, but because they had submitted another amendment on the subject for consideration in the next paragraph. The Worker Vice-Chairperson preferred not to delete the subparagraph since he considered that there would be no harm in having two references to gender equality in the text. The Government member of El Salvador did not support the amendment either, pointing out that the subparagraph was important, since in Latin America only 8 per cent of cooperative leaders and managers were female.

183. The Employer Vice-Chairperson then withdrew the amendment.

184. Paragraph 7, as amended, was adopted

Paragraph 8

D.102

185. In view of the discussion on this subject earlier on, and the compromise reached then, the Employer Vice-Chairperson withdrew an amendment to include a reference to the concept of “level playing field” in subparagraph (1).

D.112

186. The Government member of Israel withdrew an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, since the matter was taken up in a subsequent amendment concerning the same paragraph.

D.69

187. The Government member of Canada introduced an amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States to refer to fundamental labour standards rather than core labour standards. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson pointed out that the fundamental labour standards were in fact “set down in” the eight ILO Conventions on which the ILO Declaration on Fundamental Principles and Rights at Work had been based. He preferred the original formulation since the amendment could give rise to ambiguity. The Government member of Canada proposed a subamendment to meet this concern. The Worker and Employer Vice-Chairpersons both accepted the subamendment.

188. The amendment, as subamended, was then adopted.

D.85

189. The Worker Vice-Chairperson introduced an amendment to insert “ILO” before the words “fundamental labour standards”. This had been included in the Proposed Conclusions but had subsequently been removed. The omission could give rise to confusion at the national level and it was therefore necessary to specify in the instrument that the reference was to ILO standards. The Employer Vice-Chairperson did not consider it necessary to mention “ILO” twice in one line but this could be looked at by the Drafting Committee. On that understanding he accepted the amendment.

190. The amendment was then adopted.

D.93

191. The Worker Vice-Chairperson withdrew an amendment to combine clauses (1)(a) and (1)(b).

D.61

192. The Government member of Israel withdrew an amendment submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel and Poland, to modify the English text of clause (1)(b) since the matter would no doubt be looked at by the Drafting Committee.

D.60

- 193.** The Government member of Brazil introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to introduce a reference to violation of labour rights in false cooperatives. He immediately proposed a subamendment slightly modifying the wording to achieve greater clarity. He explained that in his own country, and in a number of other countries in Latin America, service cooperatives had been created with the specific purpose of escaping the provisions of labour legislation. The amendment would also help to ensure that the instrument projected a positive image of cooperatives. The Employer Vice-Chairperson wondered what the term “false” meant since there was no clear legal definition. He considered that the matter was already covered by the reference to disguised employment relationships. He proposed a subamendment to replace the word “false” by the word “such”.
- 194.** The Worker Vice-Chairperson supported the amendment, as subamended by the Government member of Brazil. It was important to ensure that the problem was explicitly mentioned in the instrument. To meet the Employer Vice-Chairperson’s concern he suggested that the term “false” might be replaced by the term “fraudulent”. The Government member of Brazil agreed that the inclusion of either term was important since it would enable courts to pronounce themselves on whether a cooperative was a true cooperative. The Government member of Israel pointed out that those most negatively affected by fraudulent cooperatives were the true cooperatives. He agreed that an explicit reference was necessary. Following some further discussion, agreement was reached to use the term “pseudo-cooperatives”. The final wording of the text was left to the Drafting Committee.
- 195.** The amendment, as subamended, was then adopted.

D.104

- 196.** The Employer Vice-Chairperson introduced an amendment to elaborate on the reference to gender equality in clause (1)(c). The Worker Vice-Chairperson, taking into account that subparagraph 7(4) had not been deleted, preferred the text of the proposed Recommendation since it had broader application. The Employer Vice-Chairperson then withdrew the amendment.

D.51

- 197.** An amendment, submitted by the Government member of Mexico to replace the word “equality” with the word “equity” was not seconded and therefore not discussed.

D.86

- 198.** The Worker Vice-Chairperson introduced an amendment to insert a new clause with the wording “promote measures to ensure workers in cooperatives have opportunities to participate in decisions that directly affect them, such as in work organization, and have access to information relevant to collective bargaining;”. He explained that the amendment was the result of a recognition within the cooperative movement, that it had a set of defined ethical values and that it was explicitly committed to social responsibility, caring for others, and democratic control. The amendment aimed at reflecting cooperative values and principles at this point in the text. The Employer Vice-Chairperson strongly objected to the amendment since he felt that it drew attention away from the focus on the promotion of cooperatives. It was yet another example of the emphasis on workers’ rights in the

proposed Recommendation. Moreover, the text was confusing since it was not clear whether it referred to employees of cooperatives or worker-members. He considered that the issue of work organization was a management prerogative. Moreover, the matter had already been covered in the first two clauses of subparagraph (1). An Employer member reminded the Committee that the subject had been discussed at length a year earlier and that the text of the proposed Recommendation was a reflection of the compromise reached at that time. The amendment went beyond polishing the text and did not focus on the specific needs of cooperatives. If the amendment were adopted, the Employer members would feel obliged to review a whole range of other related issues. The exact meaning of the word “participation” was also unclear to him.

- 199.** The Worker Vice-Chairperson introduced a subamendment to make the amendment crisper. In response to the concerns of the Employer members, he indicated that the amendment did polish the text in the sense that it was not in opposition to the current text but rather complemented it. The general references to core Conventions and workers’ rights in the Preamble needed to be elaborated in the operational paragraphs of the proposed Recommendation. The matter raised in the amendment was relevant to cooperatives as business enterprises and to their members. The first two clauses of the subparagraph did not deal with the issues raised in the amendment. The Employer Vice-Chairperson did not consider the subamendment an improvement and repeated the reasons for which the Employer members could not support the amendment. In addition, he pointed out that it would affect the autonomy of cooperatives and suggested that the matter should be left to the cooperatives themselves.
- 200.** The Government member of Israel proposed a subamendment with the following wording “promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;”. The Employer and Worker Vice-Chairpersons both supported the subamendment.
- 201.** The amendment, as subamended, was then adopted.

D.121

- 202.** The Employer Vice-Chairperson introduced an amendment to add a reference to business enterprises and entrepreneurship to clause (1)(e). The purpose of the amendment was to emphasize the business aspect of cooperatives. The Worker Vice-Chairperson recalled that the original purpose of the clause was to diffuse cooperative principles and practices as widely as possible. He agreed that business issues and entrepreneurship were important within cooperatives but there was no need for a reference at this point since it was already included elsewhere. The Government member of Canada introduced a subamendment in an effort to reach a compromise. The subamendment was accepted by the Employer Vice-Chairperson but not by the Worker Vice-Chairperson who felt that the original reference to national education and training systems was essential.
- 203.** The Government members of Benin, El Salvador, Guatemala, Kenya, Nigeria, Panama, Suriname and the Syrian Arab Republic, all preferred the original text of the proposed Recommendation. The Government member of Israel introduced a subamendment adding the word “entrepreneurship” to the original text. This was supported by the Employer Vice-Chairperson and by the Government members of Canada, Costa Rica, Mexico and Uruguay.
- 204.** Following some further discussion, a vote was taken, with the following result: 25,300 votes in favour of the amendment and 25,990 votes against the amendment.

205. As a result of the vote, the amendment was not adopted.

D.52

206. The Government member of Mexico introduced an amendment, seconded by the Government members of Canada and El Salvador, to introduce a reference to competitiveness in clause (1)(g). The Employer and Worker Vice-Chairpersons both supported the amendment.

207. The amendment was then adopted.

D.84 and D.73

208. The Worker Vice-Chairperson withdrew an amendment concerning clause 1(h) in favour of a similar amendment submitted by the Government members of Kenya, Lesotho, Mozambique, Nigeria and South Africa, proposing preferential access of cooperatives to credit. Introducing the amendment, the Government member of South Africa explained that many cooperatives did not have enough collateral to obtain credit and therefore needed preferential treatment. The Employer Vice-Chairperson considered that the issue had already been treated sufficiently elsewhere in the text. He suggested that the amendment be withdrawn. The Government members of Benin, Canada and Suriname also suggested that the amendment be withdrawn. The Government member of Canada was concerned that adoption of the amendment could lead to pseudo-cooperatives being constituted just to obtain credit at preferential rates.

209. The Government member of Nigeria then withdrew the amendment.

D.83 and D.74

210. Two other similar amendments concerning clause (1)(i), submitted respectively by the Worker members and by the Government members of Kenya, Lesotho, Mozambique, Nigeria and South Africa, were not discussed.

D.53

211. An amendment to delete the first two words of clause (1)(k), submitted by the Government member of Mexico, was not seconded and therefore not discussed.

D.120 and D.119

212. The Government member of Costa Rica introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to add a new clause recognizing the specific quality of worker-members in cooperatives. He withdrew a similar amendment submitted by the Government members of Costa Rica and Poland. Worldwide some 50 million members of cooperatives were at the same time workers in their own cooperatives. This needed to be recognized in the instrument since they had rights and obligations as both member and worker. He gave the examples of an airport workers' cooperative in San José which had 800 workers and of the *Mondragon* society in Spain which had 60,000 worker-members. The Chairperson wondered whether the words "specific quality" referred to a special legal status for worker-members. The Employer Vice-Chairperson supported the amendment but submitted a subamendment to replace the word "quality" with the word "role" to meet the Chairperson's legal concern.

The Government members of Costa Rica, France, Mexico and Uruguay, supported the amendment as subamended.

213. The Worker Vice-Chairperson agreed that workers' cooperatives were important and that the instrument should recognize the dual character of worker-members of cooperatives. Since he was not entirely satisfied with the wording of the amendment, he would be willing to propose a subamendment if it turned out that there was general support for the amendment in principle. He preferred the existing text, however. It was important that the eventual reference could be used to distinguish true cooperatives from pseudo-cooperatives. The Government members of Canada and El Salvador preferred the existing text of the proposed Recommendation.

214. Following some further discussion, the Government member of Costa Rica withdrew the amendment since it was clear that consensus on appropriate wording could not be reached.

D.103

215. An amendment submitted by the Employer members to rearrange the clauses of subparagraph (1) was referred to the Drafting Committee.

D.118

216. At the suggestion of the Government member of Israel, an amendment, submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel and Poland, concerning the wording of clause (2)(a) was referred to the Drafting Committee.

D.92

217. The Chairperson pointed out that the proposed amendments to paragraph (2)(b) now referred to the corrigendum distributed by the Office.

218. The Government member of the United States withdrew an amendment concerning clause 2(b).

D.117

219. The Government member of Israel withdrew an amendment concerning the same clause submitted by the Government members of Brazil, Costa Rica, the Dominican Republic, Egypt, Israel and Poland.

D.75

220. The Government member of the United States introduced an amendment, submitted by the Government members of Turkey and the United States, to delete the words "and social" after the word "financial" in clause 2(b). She explained that in many countries the concept of social audits was not known and that, if required by law, all types of enterprises should submit to social audits, not just cooperatives. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson reminded the Committee that this matter had been discussed a year earlier and that the reference to social audits had been included to reflect the unique social character of cooperatives. Such audits would help verify how well cooperatives complied with cooperative principles. He preferred the text of the proposed Recommendation which in any case did not oblige governments to institute social audits.

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- 221.** The Government member of Israel supported the amendment since he felt that the existing text could challenge the autonomy of cooperatives by opening the door for government intervention. Rather, cooperatives should be subject only to self-regulation in this respect. The Worker Vice-Chairperson considered that the existing text did not carry the risk of undermining the autonomy of cooperatives. He pointed at the reference to “financial audits” which had the support of the Committee, and which was not deemed to affect cooperative autonomy. The Government members of Benin, the Dominican Republic, El Salvador, Kenya, Nigeria and the Syrian Arab Republic, did not support the amendment.
- 222.** The Government member of France considered that the text should specify if social audits were internal or external. In his country social audits were internal. External audits were required only when cooperatives were in economic difficulties. Financial audits were limited to a certification of the accounts and were obligatory if turnover exceeded a certain amount. The Government member of Israel agreed that it was important to distinguish between external and internal audits. Social audits should be internal and this should be reflected in the instrument.
- 223.** The Government member of the United Kingdom submitted a subamendment to remove the words “financial and social” from the text. The Employer Vice-Chairperson supported the subamendment. Referring to the relevant paragraphs of the Committee’s report in the Provisional Record of the 89th Session of the International Labour Conference (2001), the Worker Vice-Chairperson reminded the Committee that this matter had been discussed at length a year earlier and that it had been agreed not to use only the term “audit” since this was generally understood to refer to financial audits. He also reminded the Committee that the existing text did not impose any legal obligation. He proposed a subamendment to add the words “for their membership” after the words “social audits”. The Employer Vice-Chairperson did not support the subamendment which was not discussed any further.
- 224.** The Government member of the United States, reading out the proposed text, did not agree with the Worker Vice-Chairperson that the text did not foresee any legal obligation. The purpose of the amendment was not to deny the social character of cooperatives. Rather, it was to avoid obliging cooperatives to submit to external social audits since this would impose an additional burden to which other types of enterprises were not subject. She agreed with the argument by the Government member of Israel concerning the importance of the autonomy of cooperatives. She also supported the subamendment proposed by the Government member of the United Kingdom. The Government member of Mexico agreed with the Government member of the United States and supported the subamendment proposed by the Government member of the United Kingdom. During an informal vote a majority of the Government members indicated their support for the existing text.
- 225.** The amendment, as subamended, was therefore not retained.

D.116

- 226.** Following a brief discussion, the Government member of Costa Rica withdrew an amendment submitted by the Government members of Costa Rica and Poland, on the understanding that the subject would be dealt with in the next paragraph.
- 227.** Paragraph 8, as amended, was adopted

Paragraph 9

D.70

228. The Government member of Canada introduced an amendment, submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, to add the words “Where appropriate,” at the beginning of the paragraph. The purpose of the amendment was to ensure the general applicability of the instrument and to avoid undermining the autonomy of cooperatives. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson did not support the amendment since the existing text only asked governments to “promote”. It was not prescriptive. Following a brief discussion, the Worker Vice-Chairperson suggested that the Drafting Committee might want to review the existing text if necessary, to ensure that it was clear that the paragraph only applied to countries where the informal sector existed.

229. The Government member of Canada then withdrew the amendment.

230. Paragraph 9 was adopted.

III. *Implementation of policies for the promotion of cooperatives*

D.82

231. The Worker Vice-Chairperson introduced an amendment to add the word “public” before the word “policies” in the heading of Section III. The Employer Vice-Chairperson supported the amendment.

232. The amendment was then adopted.

Paragraph 10

D.94 and D.81

233. Two amendments, submitted respectively by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, and by the Worker members, were discussed together since they were practically identical. Introducing the first amendment, the Government member of Israel explained that the purpose of the amendment was to put this part of the text in the active sense and address it specifically to governments. Introducing the second amendment, the Worker Vice-Chairperson explained that it contained the exact text adopted by the Committee a year earlier. He proposed to leave the exact wording of the subparagraph to the Drafting Committee. The Chairperson indicated that from a legal point of view the text of the proposed Recommendation was preferable. To meet this concern the Worker Vice-Chairperson introduced a subamendment to replace the word “Governments” with the words “Member States”.

234. The second amendment, as subamended, was then adopted.

D.54

235. An amendment submitted by the Government member of Mexico had become superfluous following the adoption of the previous amendments and was therefore not taken up.

D.80 and D.115

236. Two similar amendments concerning subparagraph (2) submitted by, respectively, the Worker members and by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, were discussed together. Introducing the first amendment, the Worker Vice-Chairperson explained that the purpose again was to put the text in the active sense. The Government member of Israel then withdrew the second amendment. The Employer Vice-Chairperson supported the first amendment.

237. The first amendment was then adopted.

D.105

238. The Government member of Israel withdrew an amendment concerning subparagraph (2) submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa.

D.114

239. Since agreement on this had been reached earlier, an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to insert the word “policies” after the word “legislation” in subparagraph 2, was adopted without discussion.

240. Paragraph 10, as amended, was adopted.

Paragraph 11

D.79 and D.106

241. Two practically identical amendments submitted, respectively, by the Worker members and by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, were discussed together. The amendments proposed a revised wording for subparagraph (1), putting it in the active sense. The Worker Vice-Chairperson, introducing the first amendment, explained that it better reflected the Committee’s agreement reached a year earlier. Introducing the second amendment, the Government member of Israel explained that the wording of the second amendment was slightly weaker. The Employer Vice-Chairperson, while agreeing in principle with the amendments, wondered whether the way the amendments were worded could not give rise to an interpretation that excluded the provision of support services by the private sector. The Worker Vice-Chairperson explained that the text only referred to access to support services. The provision of support services by the private sector was therefore not excluded. The Employer Vice-Chairperson accepted this explanation, indicating that he preferred the wording of the first amendment. The Government member of Canada also preferred the first amendment. The Government member of Israel withdrew the second amendment on the understanding that the final wording would be left to the Drafting Committee.

242. The first amendment was then adopted.

D.107

243. The Government member of Israel introduced an amendment, submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to add the word “them” after the word “strengthen” in subparagraph (1). The purpose of the amendment was to ensure that the text would also call for the strengthening of cooperatives in general and not just their business viability and their capacity to create employment and income. The Employer and Worker Vice-Chairpersons both supported the amendment.

244. The amendment was then adopted.

D.91

245. The Government member of the United States withdrew an amendment concerning clause 2(a).

D.108

246. The Government member of Costa Rica withdrew an amendment to introduce a new clause, submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, in favour of a subsequent similar amendment submitted by the Government member of Mexico.

D.109

247. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to delete the words “appropriate to specific economic sectors” from clause (2)(i). He immediately subamended the amendment to add the words “where appropriate” after the words “other support services”. He explained that the purpose of the amendment was to give the text broader application. The Employer Vice-Chairperson supported the amendment. While indicating that the Drafting Committee might want to review the heading of the subparagraph to ensure that it was consistent with the clauses that followed, the Worker Vice-Chairperson also supported the amendment.

248. The amendment, as subamended, was then adopted.

D.55

249. The Government member of Mexico introduced an amendment, seconded by the group of Government members that had just withdrawn an earlier similar amendment, proposing to include a new clause referring to support services for marketing. He explained that marketing was essential for the economic sustainability of many cooperatives. The Employer and Worker Vice-Chairpersons supported the amendment. Following an observation by the Government member of Spain, it was agreed that the Spanish version of the amendment should be reviewed by the Drafting Committee.

250. The amendment was then adopted.

D.96

251. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to modify the text of subparagraph (3). He explained that the purpose of the amendment was to facilitate the provision of support services by cooperatives. The Employer Vice-Chairperson could not support the amendment since he considered its wording not entirely clear. The Worker Vice-Chairperson agreed that the original text of the proposed Recommendation was preferable.

252. The Government member of Israel then withdrew the amendment.

D.56

253. The Government member of Mexico withdrew an amendment concerning subparagraph (3).

D.110

254. The Government member of the Dominican Republic introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to add a new subparagraph (4) with the following wording: "Government should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels." He explained that the purpose of the amendment was to recognize the role that cooperatives could play at both national and local levels. The Employer and Worker Vice-Chairpersons supported the amendment.

255. The amendment was then adopted.

256. A new subparagraph (4), was then adopted.

257. Paragraph 11, as amended, was adopted.

Paragraph 12

D.78 and D.111

258. The Chairperson proposed to discuss together two almost identical amendments submitted, respectively, by the Worker members and by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Lesotho, Mozambique, Nigeria, Poland and South Africa, to replace the words "Measures should be adopted to facilitate" by the words "Governments should facilitate". Introducing the first amendment, the Worker Vice-Chairperson explained that the purpose of the amendment was to use the active sense in order to ensure consistency with earlier changes and with the text adopted a year earlier. The Government member of Israel, supporting the first amendment withdrew the second. The Employer Vice-Chairperson proposed a subamendment to include the words "where appropriate" after "should", as proposed in a subsequent amendment. The Government member of Canada agreed, explaining that the subsequent amendment was intended not only to ensure consistency of the text but also to protect the autonomy of cooperatives since not only governments provide access to finance. It could also be provided by cooperatives themselves and by the private sector.

The Worker Vice-Chairperson supported the subamendment and proposed a further subamendment to replace the word “specific” with the word “such”. The Government member of Canada and the Employer Vice-Chairperson also supported the second subamendment.

259. The amendment, as subamended, was then adopted.

D.71 and D.57

260. Two amendments had become superfluous as a result of the adoption of the previous amendment and were therefore not discussed.

D.58

261. An amendment, submitted by the Government member of Mexico, was not seconded and therefore not discussed.

D.95 and D.72

262. The Government member of Israel withdrew an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Lesotho, Mozambique, Nigeria, Poland and South Africa, in favour of an identical amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, proposing to delete the word “low” from clause (b). The logic for the amendment was that “low” was undefined and could detract from the main subject of the clause. The amendment was supported by the Employer Vice-Chairperson. The Worker Vice-Chairperson also supported the amendment, indicating that the Drafting Committee might want to review the wording to ensure that it was clearly understood that the purpose of the clause was to adopt measures to increase cooperative assets.

263. The amendment was then adopted.

D.76

264. The Government member of Canada introduced an amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, proposing to delete the words “whereby financial resources and transactions are controlled by different types of cooperative organizations” from clause (c), since this text, which had been added by the Office, was rather confusing. The Employer Vice-Chairperson supported the amendment since it would help safeguard the autonomy of cooperatives. The Worker Vice-Chairperson also supported the amendment.

265. The amendment was then adopted.

D.59

266. An amendment submitted by the Government member of Mexico was not seconded and therefore not discussed.

267. Paragraph 12, as amended, was adopted

Paragraph 13

D.77 and D.97

268. The Worker Vice-Chairperson introduced an amendment, to put the paragraph in the active sense. The Government member of Israel withdrew an identical amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Lesotho, Mozambique, Nigeria, Poland and South Africa. The Government member of France proposed a subamendment to add the words “cooperatives, as any other form of enterprise, can operate in all sectors of the economy”. He explained that it was important to have, somewhere in the instrument, a reference to the fact that cooperatives operated in all economic sectors. The Chairperson considered that this should perhaps have been mentioned earlier in the text. The Worker Vice-Chairperson, while strongly supporting the motivation for the subamendment, was concerned with the style and the location. The Employer Vice-Chairperson agreed with the Worker Vice-Chairperson and suggested that this reference would be more appropriate in Paragraph 1. Following a consultation, it was agreed unanimously that the subamendment would be referred to the Drafting Committee which could then propose an appropriate wording and place for approval by the Committee when it adopted its report.

269. The amendment was then adopted.

270. Paragraph 13, as amended, was adopted.

IV. Role of employers’ and workers’ organizations and cooperative organizations, and relationships between them

D.133

271. The Government member of Costa Rica introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to insert a new paragraph at the beginning of the section with the wording “Employers’ and workers’ organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperatives and their organizations, modes and methods of cooperative promotion.”. He explained that it was important to recognize in general the crucial role of employers’ and workers’ organizations in respect of the promotion of cooperatives. He immediately proposed a subamendment to replace the words “cooperatives and their organizations” with the words “cooperative organizations”. The Employer and Worker Vice-Chairpersons both supported the amendment, as subamended.

272. The amendment, as subamended, was then adopted.

273. A new Paragraph 14 was then adopted.

Paragraph 14

274. Paragraph 14 was adopted without discussion.

Paragraph 15

D.127 and D.134

275. After a brief discussion, two similar amendments, submitted respectively by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States and by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, were withdrawn at the suggestion of the Worker Vice-Chairperson.

D.122

276. The Employer Vice-Chairperson seconded an amendment submitted by the Government member of Mexico to delete from clause (a) all the words after the word “cooperatives”. When the Worker Vice-Chairperson indicated that he preferred the existing text, the Employer Vice-Chairperson withdrew his support for the amendment which was therefore not discussed any further.

D.135

277. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to delete the words “with the aim of facilitating access to basic goods and services” from clause (b). The purpose of the amendment was to give the text a broader scope so that it would cover all types of cooperatives. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson, while supporting the amendment, proposed a subamendment to include the word “, including” after the word “cooperatives” in the original text. The Government member of Israel and the Employer Vice-Chairperson supported the subamendment.

278. The amendment, as subamended, was then adopted.

D.136

279. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to give clause (c) a more active sense. The Employer Vice-Chairperson supported the amendment. Following an indication by the Worker Vice-Chairperson that he preferred the existing text, the Government member of Israel withdrew the amendment.

D.132

280. The Government member of Benin introduced an amendment submitted by the Government members of Benin and Cameroon to slightly modify the wording of clause (c) and include a reference to activities at the international level. The Worker Vice-Chairperson proposed a subamendment to retain the existing text and only add the word “international,” before “national”. The Employer Vice-Chairperson supported the subamendment.

281. The amendment, as subamended, was then adopted.

D.137

282. The Government member of Brazil introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to replace the word “participate” with the word “assist” to give a more active meaning to clause (d). The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson, while supporting the amendment, proposed a subamendment to retain the word “participate”. The Employer Vice-Chairperson supported the subamendment.

283. The amendment, as subamended, was then adopted.

D.138

284. The Government member of Israel introduced a similar amendment for clause (e), submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa. The Worker Vice-Chairperson, while supporting the amendment, proposed a subamendment to include the words “and participate” after the word “assist”. The Employer Vice-Chairperson supported the subamendment.

285. The amendment, as subamended, was then adopted.

D.141

286. The Government member of Brazil introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to insert a new clause with the wording “promote the exercise of the rights and the observance of obligations of worker-members of cooperatives;”. The purpose of the amendment was to introduce a reference in the text to worker-members of cooperatives. The Employer Vice-Chairperson supported the amendment since it was consistent with earlier references. The Worker Vice-Chairperson introduced a subamendment to delete the words “the observance of obligations”, which was accepted by the authors of the amendment. The Employer Vice-Chairperson did not support the subamendment since he considered that the reference to obligations was important and appropriate. The Worker Vice-Chairperson reminded the Committee that the heading of the paragraph referred to the role of workers’ organizations in the promotion of cooperatives. A reference to obligations was therefore not appropriate. The Government members of Costa Rica, Israel, Poland and Uruguay supported the subamendment. The Government member of Israel emphasized that it was important to include a reference to worker-members of cooperatives. He therefore supported the subamendment. The Employer Vice-Chairperson then withdrew his objection to the subamendment.

287. The amendment, as subamended, was then adopted.

D.139

288. The Government member of Israel withdrew an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to modify the wording of clause (g).

289. Paragraph 15, as amended, was adopted.

Paragraph 16

D.126

290. The Government member of Canada introduced an amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, to replace the heading of the paragraph with the wording “Cooperatives and organizations representing cooperatives should be encouraged to:”. The purpose of the amendment was to make the English and the French texts consistent and to ensure that it was understood that the text referred to federations of cooperatives. The Employer and Worker Vice-Chairpersons supported the amendment.

291. The amendment was then adopted.

D.131

292. Reflecting the consensus that had emerged in the Committee, the Worker Vice-Chairperson introduced an amendment submitted by the Employer members proposing the deletion of the word “technical” from clause (b). The purpose of the amendment was to give wider application to the clause. He supported the amendment.

293. The amendment was then adopted.

D.140

294. The Government member of Israel withdrew an identical amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa.

D.142

295. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to replace the words “invest in” by the word “further” in clause (d). The Employer Vice-Chairperson supported the amendment. While supporting the amendment, the Worker Vice-Chairperson proposed a subamendment to retain the words “invest in”. The Employer Vice-Chairperson supported the subamendment.

296. The amendment, as subamended, was then adopted.

D.123

297. The Worker Vice-Chairperson introduced an amendment to insert the words “of workers, members and managers” after the word “development” in clause (d). The purpose of the amendment was to be explicit and list all human resources in cooperatives. The Employer Vice-Chairperson, supporting the amendment, proposed a subamendment to change the order of the words and put “members” first. The Worker Vice-Chairperson gladly supported the subamendment.

298. The amendment, as subamended, was then adopted.

D.143

299. The Government member of Israel introduced an amendment submitted by the Government members of Benin, Botswana, Brazil, Costa Rica, the Dominican Republic, Egypt, Israel, Kenya, Lesotho, Mozambique, Nigeria, Poland and South Africa, to insert a new clause with the wording “further the development of and affiliate with national and international cooperative organizations”. The purpose of the amendment was to encourage the affiliation of cooperatives to national and international cooperative federations. He suggested that the wording of the amendment be reviewed by the Drafting Committee. The Employer Vice-Chairperson supported the amendment but suggested that the clause be included in Section V which referred to international cooperation. The Worker Vice-Chairperson supported the amendment, agreeing that the wording could be improved and that the Drafting Committee could decide on its proper place.

300. The amendment was then adopted.

301. Paragraph 16, as amended, was adopted.

V. *International cooperation*

Paragraph 17

D.129

302. The Government member of Canada introduced an amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, to introduce a new subclause with the wording “the establishment of trade relations between cooperatives.”. This would strengthen the clause. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson, agreeing that trade was indeed important for cooperatives, proposed a subamendment to replace the word “trade” with the word “commercial” since this was more comprehensive. The Employer Vice-Chairperson supported the subamendment.

303. The amendment, as subamended, was then adopted.

D.130

304. An Employer member introduced an amendment to replace the word “wherever” with the words “where it is warranted and” in clause (d). The purpose of the amendment was to recognize the differences between countries. The Worker Vice-Chairperson supported the amendment.

305. The amendment was then adopted.

D.128

306. The Government member of Canada withdrew an amendment submitted by the Government members of Canada, Finland, France, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States.

D.124

- 307.** An amendment submitted by the Worker members to insert in clause (d) after the word “common” the words “international and”, and to replace the word “on” after the word “legislation” with the words “to support”.
- 308.** The amendment was adopted without discussion.
- 309.** Paragraph 17, as amended, was adopted

D.125

- 310.** The Worker Vice-Chairperson introduced an amendment to add a new paragraph at the end of the text with the wording “Governments, employers’ and workers’ organizations, and cooperative organizations, should promote the contents of this Recommendation with other international and regional bodies. Governments should reinforce the role played by the ILO in the promotion of cooperatives.”. Such a paragraph followed the example of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) and called for a stronger commitment to the promotion of cooperatives by all concerned.
- 311.** Following a brief consultation with the Employer Vice-Chairperson, the Worker Vice-Chairperson withdrew the amendment.

VI. Final provision

Paragraph 18

- 312.** Paragraph 18 was adopted without discussion.
- 313.** As requested earlier by the Employer Vice-Chairperson, the Legal Adviser addressed the procedural and legal aspects concerning the proposed inclusion of an annex in the instrument. Briefly recalling how the Committee had arrived at its decision to include in the text an annex which was referred to in clause (3)(b), he explained that the Committee had followed the correct procedure. Concerning the legal aspects, he indicated that an annex was an integral part of the text, similar to the Preamble. Consequently, the annex would need to be adopted by the Committee in the same way as the other sections of the text. The adjunction of an annex was not entirely unusual in ILO instruments and in fact the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127) also contained an annex. However, it was not usual to include in an ILO instrument the text generated by a non-governmental organization and thus incorporate it in the ILO legal order. If the Committee preferred to treat the annex as a simple illustration of the cooperative principles from an external source, this should be mentioned in clause (3)(b). This could be done by the Drafting Committee, if the Committee so desired, by rewording the reference using, for instance, the words “reproduced for easy reference in the annex”.
- 314.** The Employer Vice-Chairperson appreciated the Legal Adviser’s comments and suggested that the matter be referred to the Drafting Committee, indicating that he would prefer to see the reference in the Preamble. The Worker Vice-Chairperson, appreciating the advice of the Legal Adviser, suggested that it could be useful to give the Drafting Committee a clear mandate. The Legal Adviser confirmed that this was desirable, indicating that a decision on the place of the reference was a matter of substance which would normally not be left to the Drafting Committee. The Worker Vice-Chairperson proposed that the Drafting Committee be allowed to change the place of the reference, provided it could reach a unanimous decision. The Committee should not take a hasty decision at this point.

The Employer Vice-Chairperson agreed with the Worker Vice-Chairperson, adding that if the Drafting Committee could not reach a unanimous decision, the text should stay as it stood. The Government member of Nigeria agreed to this, provided that the substance of the earlier decision by the Committee was not affected. The Government member of Canada recalled that the Committee had already agreed on the contents of the annex and considered that the mandate of the Drafting Committee should be limited to possible changes in the wording of clause (3)(b). In view of the position expressed by the Government member of Canada, the Employer and Worker Vice-Chairpersons agreed that the text should not be changed. The Chairperson expressed satisfaction that agreement had been reached.

Adoption of the report and the proposed Recommendation

- 315.** At its 14th sitting, the Committee met to adopt its draft report and the proposed Recommendation.
- 316.** The Reporter informed the Committee that the Drafting Committee had met for about four hours. Under the guidance of the Legal Adviser it had reviewed the text of the proposed Recommendation in English, French and Spanish to ensure concordance of the three language versions. The Drafting Committee made a number of minor changes in style and dealt with all the issues that the Committee had referred to the Drafting Committee. It had vetted the amendments adopted by the Committee with only minor changes.
- 317.** The Committee then proceeded to adopt the proposed Recommendation, paragraph by paragraph, and in its totality.
- 318.** In the course of the adoption of Paragraph 9 the Government member of India registered his Government's reservations concerning the reference to the informal economy. He pointed out that 92 per cent of the workforce in his country was in the informal economy and that consequently it would practically be impossible to attain the objective indicated. In reply to a question by the Government member of the United States concerning paragraph 313 of the report, the Legal Adviser indicated that the Drafting Committee had revised the heading of the annex to reflect that the text came from another organization and was included as an illustration and elaboration of the cooperative principles listed in clause 3(b).
- 319.** The Government member of the United States, referring to clause 4(h) suggested that the text should use the word "distinctive", as originally adopted by the Committee, rather than the word "distinct", as decided by the Drafting Committee. Following a brief discussion the Committee decided that the word "distinctive" should indeed be used. The Government member of Kenya, proposed a modification to the English wording of the first sentence in Paragraph 6. The Employer and Worker Vice-Chairpersons considered that the text should not be modified. The Chairperson indicated that in any case the text would still be reviewed by the Conference Drafting Committee.
- 320.** The Director-General of the ILO congratulated the Committee on the achievement of its work. He was particularly pleased with the result which reflected a true tripartite effort to reach consensus based on mutual comprehension. He considered cooperatives a very effective instrument to promote the Decent Work Agenda. Cooperatives could also make a very positive economic and social contribution to globalization, given their emphasis on participation.

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- 321.** The Chairperson recalled that cooperatives were active in all sectors of the economy and were present in all countries. The proposed Recommendation reflected this very well. While the Committee had done a good job a year earlier, he considered that this year it had functioned even better. This was the result of the excellent participation by all groups. Since he had been asked by many Committee members to tell one more anecdote he told the story of two Polish policemen who were asked a question by a foreign tourist. Unable to understand the tourist's question in either English, French or German, one policeman said to the other "may be we should learn a foreign language" to which the other replied "what good would that do – the tourist knew three languages and he still did not get an answer."
- 322.** The Employer Vice-Chairperson indicated that the discussions in the Committee had not always been easy. He was therefore glad that a consensus had been reached on an instrument that was workable and could be implemented across geographical, philosophical and ideological divides. The proposed Recommendation would indeed help share the benefits of globalization. He thanked the Chairperson for his wisdom, patience and jokes. He commended the Worker Vice-Chairperson for his erudition and competence.
- 323.** The Worker Vice-Chairperson considered that there were two tests for Conference discussions. One was the outcome, the other the process. In this case the outcome was exceptional while the tone and flavour of the process had not only enriched the human spirit but also reflected competence, productivity and rational discussion. The Chairperson had set a new benchmark and his jokes had definitely help to create good chemistry. He thanked the Employer Vice-Chairperson with whom it had been a pleasure to negotiate. The rich national experiences mentioned by many Government members had given depth and wisdom to the discussion.
- 324.** The Chairperson, after thanking the secretariat and the interpreters, ended the session by singing "Les Feuilles Mortes" and asking the Committee members to join him in the singing of "Auld Lang Syne".
- 325.** The report of the Committee and the text of the proposed Recommendation are submitted to the Conference for consideration.

Geneva, 17 June 2002.

(Signed) M. Pliszkievicz,
Chairperson.

T. Raivio,
Reporter.

Proposed Recommendation concerning the promotion of cooperatives

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and

Recognizing the importance of cooperatives in job creation, mobilizing resources, generating investment and their contribution to the economy, and

Recognizing that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and

Recognizing that globalization has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization, and

Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and

Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration Convention, 1951; the Social Security (Minimum Standards) Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; and the Worst Forms of Child Labour Convention, 1999.

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity", and

Recalling that the realization of decent work for workers everywhere is a primary objective of the International Labour Organization, and

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this ... day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

I. SCOPE, DEFINITION AND OBJECTIVES

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.

2. For the purposes of this Recommendation, the term “cooperative” means 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.

3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

- (a) cooperative values of self-help, self-responsibility, democracy, equality, equity, and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and
- (b) cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:

- (a) create and develop income-generating activities and sustainable decent employment;
- (b) develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;
- (c) develop their business potential, including entrepreneurial and managerial capacities;
- (d) strengthen their competitiveness as well as gain access to markets and to institutional finance;
- (e) increase savings and investment;
- (f) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
- (g) contribute to sustainable human development; and
- (h) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.

5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members’ needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS

6. A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:

- (a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
- (b) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
- (c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;
- (d) facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
- (e) encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

7. (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.

(2) Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.

(3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

8. (1) National policies should notably:

- (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
- (c) promote gender equality in cooperatives and in their work;

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- (d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
 - (e) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
 - (f) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
 - (g) promote the adoption of measures that provide for safety and health in the workplace;
 - (h) provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;
 - (i) facilitate access of cooperatives to credit;
 - (j) facilitate access of cooperatives to markets;
 - (k) promote the dissemination of information on cooperatives; and
 - (l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.
- (2) Such policies should:
- (a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
 - (b) define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and
 - (c) promote best practice on corporate governance in cooperatives.

9. Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the “informal economy”) into legally protected work, fully integrated into mainstream economic life.

III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES

10. (1) Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.

(2) Governments should consult cooperative organizations, as well as the employers’ and workers’ organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.

11. (1) Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.

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- (2) These services should include, wherever possible:
- (a) human resource development programmes;
 - (b) research and management consultancy services;
 - (c) access to finance and investment;
 - (d) accountancy and audit services;
 - (e) management information services;
 - (f) information and public relations services;
 - (g) consultancy services on technology and innovation;
 - (h) legal and taxation services;
 - (i) support services for marketing; and
 - (j) other support services where appropriate.

(3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.

(4) Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.

12. Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:

- (a) allow loans and other financial facilities to be offered;
- (b) simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;
- (c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and
- (d) include special provisions for disadvantaged groups.

13. For the promotion of the cooperative movement, Governments should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS, AND RELATIONSHIPS BETWEEN THEM

14. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.

15. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

16. Workers' organizations should be encouraged to:

- (a) advise and assist workers in cooperatives to join workers' organizations;
- (b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;
- (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
- (d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
- (e) assist and participate in programmes for cooperatives aimed at improving their productivity;
- (f) promote equality of opportunity in cooperatives;
- (g) promote the exercise of the rights of worker-members of cooperatives; and
- (h) undertake any other activities for the promotion of cooperatives, including education and training.

17. Cooperatives and organizations representing them should be encouraged to:

- (a) establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;
- (b) manage their own support services and contribute to their financing;
- (c) provide commercial and financial services to affiliated cooperatives;
- (d) invest in and further human resource development of their members, workers and managers;
- (e) further the development of and affiliation with national and international cooperative organizations;
- (f) represent the national cooperative movement at the international level; and
- (g) undertake any other activities for the promotion of cooperatives.

V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

- (a) exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;

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- (b) encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:
 - (i) the exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;
 - (ii) the compilation and utilization of research material and other data on cooperatives and their development;
 - (iii) the establishment of alliances and international partnerships between cooperatives;
 - (iv) the promotion and protection of cooperative values and principles; and
 - (v) the establishment of commercial relations between cooperatives;
 - (c) access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and
 - (d) developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

VI. FINAL PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.

Annex

Extract from the Statement on the Cooperative Identity, adopted by the General Assembly of the International Cooperative Alliance in 1995

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

Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

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