

What Role for Cooperatives for Advancing Decent Work in Global Supply Chains?

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Abstract

Conventional wisdom in trade theory suggests that trade is beneficial for all, although the distributional effects within societies remain a challenge. To make ‘globalisation work for everyone’, the realization of decent work is crucial. This is increasingly acknowledged in various bilateral and multilateral trade agreements. While alternative trade arrangements are becoming popular, little attention is put on the role of cooperatives and other social economy enterprises in international trade.

We examine the role of cooperatives in alternative trade and how they could contribute to decent work. The cooperative business model could be an effective tool especially in rural and informal economies where traditional social partners may not always be present. In these contexts, cooperatives and their apex organizations can play a role in creating collective voice and negotiation power for their members while creating economies of scale. We note that the cooperative model does not automatically lead to improved working conditions. In this paper we define cooperatives, their principles and main types, and the roles they play as employers, member driven enterprises and social organisations.

Due to their collective ownership, and democratic governance, cooperatives can develop solutions toward improved outputs for their owner-members and workers. Drawing on existing literature, experiences from ILO projects and interviews with practitioners, we look at three different ways cooperatives engage in trade: Fair trade, cooperative-to-business (C2B) and cooperative-to-cooperative (C2C) trade. We examine the advantages and disadvantages of each of these approaches with regards to their potential to ensure decent work, especially in the lower tiers of supply chains with examples from agro-food and fishing industries. We focus on the four fundamental principles and rights at work (FPRW), namely child labour, forced labour, non-discrimination, and the right to collective bargaining and freedom of association.

We conclude that the often assumed positive link between alternative trade arrangements and alternative business models is not necessarily a given to achieve decent work. They both need to engage with the building blocks of decent work, namely social dialogue, social protection, international labour standards and employment creation in order to improve people’s livelihoods, especially in the lowest tiers of the supply chains. We suggest further improvements and efforts need to be taken by cooperatives and their organizations to strengthen their capacities and to turn their commitments into operational realities

towards advancing FPRW. We also note the need for empirical evidence on their implications on decent work.

Keywords: Cooperatives, Global Supply Chains, Decent Work, Cooperative Development,

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I. Introduction

Conventional wisdom in trade theory suggests that trade is generally beneficial for all, although the distributional effects within societies remain a challenge and are less straightforward (Winters, et al., 2004). To make ‘globalisation work for everyone’, the realization of decent work is crucial. It is becoming increasingly apparent that international trade and thereby the integration in global or local supply chains need to be regulated to ensure decent working conditions of workers. This is increasingly acknowledged in various trade agreements that include references to labour rights and international labour standards (Van den Putte & Orbie, 2015; Tsogas, 200). Efforts to ensure that labour rights are integrated into emerging trade practice are not only undertaken by governments. Businesses, non-governmental organizations (NGOs), trade unions and other social and solidarity economy (SSE) actors are becoming involved. Some businesses started to implement ‘ethical’ labels to prove to their customers that they adhere to labour standards and integrate ‘corporate social responsibility’ as part of their practices. NGOs campaign to raise awareness on labour rights in supply chains, and trade unions increasingly plan labour actions along supply chains (Fichter, 2015). Most of these efforts aim to ensure decent work in general and the compliance with Fundamental Principles and Rights at Work (FPRW) in particular. These approaches often look at supply chain integration under the leadership of ‘global buyers’, such as retailers and internationally operating brands. However, little attention is paid to the role of cooperatives and other SSE enterprises in advancing decent work in supply chains. Even though declarations and advocacy campaigns emphasize the positive role cooperatives can play in supply chains such as improving the livelihoods of their members, workers and the communities they are rooted in (ILO, ICA & CSEND, 2015; Euro Coop, 2018), little research has been done to understand their trade practices, opportunities and challenges in supply chain integration.

In this paper, we examine efforts undertaken by cooperatives and their apex organizations to integrate decent work concerns while engaging in supply chains. Often, cooperatives are seen to perform better in ensuring workers’ rights, due to their unique governance structure and their dual role as economic enterprises and social organizations. However, there is very limited research on how cooperatives deliver decent work to their members and workers. Discussing different scenarios of supply chain integrations -cooperative-to-business (C2B) Fairtrade and cooperative-to-cooperative (C2C) trade-, we draw on research, project experiences and interviews with key practitioners from international organizations and the cooperative movement, as well as existing literature on the topic. The scope of this paper is to improve our understanding of where problems in the implementation of decent work, particularly FPRW, in cooperatives lay, which strategies have been developed and which actions need to be undertaken.

Section 2 introduces the definition, principles and types of cooperatives and the concepts of decent work and FPRW. We provide some insights on how cooperatives, as member-based organizations with strong organizational values and principles have the potential to comply with decent work, particularly with FPRW. Section 3 offers an overview over the literature on supply chain integration for and how this impacts cooperatives' organizational structure and their capacity to deliver decent work to their members and workers. This helps to point out key opportunities and challenges for cooperatives.

In Section 4, we evaluate various examples and cases as to how cooperatives advance decent work in supply chain through C2B, Fairtrade and C2C. We draw on experiences from Sri Lanka, Togo, Japan, Finland, the UK and the European umbrella organization of consumers' cooperatives. We conclude that even though cooperatives are widely used in alternative trade arrangements and have the potential to comply with FPRW, several problems need to be addressed. In addition to developing competitive business, cooperatives need to ensure compliance with cooperative principles and FPRW in supply chain integration. Practicing good cooperative governance and adhering to cooperative principles needs to be mainstreamed in supply chain integration, where it is currently seen as an add-on rather than a key element.

II. Cooperatives and Decent Work

a. Cooperatives definition and types

A cooperative is defined by the International Cooperative Alliance (ICA) and the ILO's Recommendation No. 193 on the Promotion of Cooperatives of 2002 as "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". Cooperatives represent an alternative business model based on a set of values and principles. As member-based organizations they work to ensure social and economic well-being of their members and the community, and they operate under seven principles: 1) voluntary and open membership, 2) democratic member control, 3) member economic participation, 4) autonomy and independence, 5) education, training and information, 6) cooperation among cooperatives and 7) concern for the community (ICA, 1995; ILO Recommendation 193, 2002). Cooperatives are created to meet their members' interests and needs and as such, members have double status as both owners and users of goods and services provided by cooperatives. There are four types of cooperatives which are based on the main interest of their members: producer, worker, consumer/user and multi-stakeholder cooperatives (ILO, 2018a).

b. Decent work

Decent Work refers to "work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns, to

organize and to participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all” (ILO, 2007). The Decent Work Agenda has four main pillars: employment creation, social protection, governance and social dialogue and standards and rights at work. There are four categories of FPRW under standards and rights at work which include: freedom of association and the effective recognition of the right to collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of discrimination in respect of employment and occupation.

c. The role of cooperatives in advancing decent work, namely FPRW

Cooperatives are significant employers around the world. According to the latest estimates (CICOPA, 2017), they provide direct and indirect employment to almost 10 per cent of the global population. Moreover, the majority of cooperatives are found in rural areas and informal economies, where they are often a significant source of income generating activities and employment, and play an important role in the transition from the informal to the formal economy for workers and enterprises. This non-negligible share in terms of employment provision and presence in the rural sector and informal economies, coupled with their values and principles make cooperatives key actors in advancing decent work, especially for workers and producers in the lower tiers of supply chains. In this paper, we focus on how cooperatives are being instrumental in promoting and complying with FPRW.

Child Labour

According to the latest global estimates of child labour (ILO, 2017), 152 million of children are in child labour, of which 71 per cent are in the agricultural sector, 17 per cent in services and 12 per cent in industry. Given cooperatives presence around the world, and particularly in rural areas, they could play an important role in the elimination of child labour. On one hand, as source of employment and income generating activities, and as per cooperative principle 1, they create jobs for adults or admit adults in their membership regardless of their gender, origin, social status, etc. By helping adults improve their livelihoods, they also help parents to send their children to school rather than sending them to work. On the other hand and thanks to their outreach capacity among communities and as per cooperative principles 5 and 7, they can raise awareness among their members and the community against the use of child labour directly or indirectly. Cooperatives may also promote children’s attendance to school by helping their members financially, by establishing schools and sponsoring school fees within the communities they operate. They can also be part of child labour monitoring within their communities.¹

¹ Child Labour Monitoring involves the identification, referral, protection and prevention of child labourers through the development of a coordinated multi-sector monitoring and referral process that aims to cover all children living in a given geographical area.

Forced Labour

Around the world, 40 million people are in modern slavery, of which 25 million are in forced labour. The largest share of adults in forced labour are domestic workers (24 per cent), followed by construction (18 per cent), manufacturing (15 per cent), and agriculture and fishing (11 per cent) workers (ILO & Walk Free Foundation, 2017). Worker cooperatives have been used in sectors with high incidence of forced labour. They are often set up to improve their worker-members' negotiation power with employees or public authorities and used to access social protection and other essential services. A recent global mapping showed that domestic workers cooperatives helped them gain voice and representation, leading to formalization of their work, higher wages, better working conditions and training. In employment services provision, the cooperative governance structure may reduce the vulnerability of workers and remove the moral hazards and its consequences, such as transfer of placement costs to workers, often found among other private recruitment service providers (Esim, et al., forthcoming). Even though cooperatives are different in their governance and values from solely profit maximising businesses, the ten principles for businesses to combat forced labour and trafficking (ILO, 2015, pp. 3-4) align with the principles of cooperatives, namely 5, 6 and 7. Cooperatives could also play an important role in raising awareness among their members and communities and eliminating forced labour, especially among women and girls.²

Non-Discrimination

Even if it still not possible to estimate the magnitude of discrimination globally, it is a reality hundreds of millions of people face discrimination due to their sex, colour, ethnicity, social origin, religion, political opinion, age, sexual identity or orientation, disability or because of their HIV status. As per cooperative principle 1, cooperatives are inclusive of all people who are able to use their services and willing to accept the responsibilities of membership without any discrimination. Moreover, cooperative principle 2 provides for democratic member control, meaning that all members have the right to one vote and are eligible to become part of the Board and committees without discrimination. Cooperatives play a role in social and economic inclusion of marginalized and vulnerable populations. They are often established by low income women, unemployed youth, indigenous peoples, ethnic minorities, migrants, displaced persons and persons with disabilities, among others. Women's cooperatives provide their members with the opportunity to enter the labour market with improved conditions, and facilitate access to and/or provide care services and education for children, reducing time and effort allocated to family responsibilities (ILO, 2019). Indigenous peoples, probably one of the most discriminated groups, establish cooperatives that help them improve their livelihoods and also support the preservation of their traditional knowledge, cultural heritage and environmental sustainability (Esim, et al.,

² According to the global estimates of modern slavery, 71 per cent of the 40 million people in modern slavery are women and girls.

forthcoming). Social cooperatives promote the inclusion of people with disabilities within their organizations while also providing services attending to the needs of people with disabilities such as training and transportation.

Freedom of association and collective bargaining

Freedom of association and collective bargaining are necessary to ensure that workers' voices are heard, their concerns and interest are addressed and that their rights are respected. Cooperatives, as other employers, need to engage in effective labour relations and social dialogue with unions representing their workforce. In some instances, cooperatives have played an important role contributing to the representativeness of workers, especially those working in the informal economy such as waste pickers and taxi drivers and in areas where other organizational forms are limited (ILO, 2018c). Cooperatives and trade unions have a long story of relationship and collaboration based on the fact that both are membership-based organizations and that they share similar principles -namely principles 1, 2 and 5. Trade unions rely on cooperatives to deliver services to their members and helped establish cooperatives of rural and informal workers. They have also supported worker buyouts of failing enterprises or in case of retirement of owners, in which workers buy firms with economic potential and transform them into worker owned cooperatives (Esim, et al., forthcoming).

III. Supply chain integration and Labour rights

Cooperatives exist across supply chains from production to processing, marketing and consumption and retail. Integration into supply chains is a prevailing issue for them. Feenstra (1998) points out that the integration of trade led to a disintegration of production, putting vertically integrated supply chains between companies at the core of production models. This raises three questions for cooperatives and their role in delivering decent work that are closely interlinked: Do cooperatives really adhere to their principles and values? How can cooperative principles and values be manifested in supply chain integration? Do these emerging practices signal towards qualitatively different approaches by cooperatives in trade? These three questions are underlying to this research, but can only be answered on a case-by-case evaluation. However, tensions between good cooperative governance, their ability to advance decent work and supply chain integration can arise.

These tensions are critically discussed in the academic literature on cooperatives. The integration into supply chains is often a core reason why producers, especially in agro-industries, set up cooperatives in the first place. Cooperatives can be a crucial tool to improve the bargaining power of their members to negotiate better prices for goods and inputs, as well as achieving economies of scale for services and capital investment. This horizontal integration of supply chains of producers which are producing

similar or the same product is often discussed in relation to cooperatives' competitiveness (Porter & Scully, 1987). Bijman et al. (2011) argue that the main form of governance of horizontal supply chain integration is standardization of product quality in order to avoid free-rider behaviour and other problems that may be associated with the internal coordination of a cooperative.

In this paper, we focus on the vertical supply chain integration of cooperatives. Barrientos et al. (2011) argue that vertical supply chain integration is often dominated by global brands and buyers and therefore have a detrimental effect on the agency of smaller businesses, such as cooperatives. This view is supported by others that emphasize the role of managerial discretions, which can contest the democratic ownership of a cooperative (Bijman, et al., 2011). Other researchers say that the globalization of production and the integration into supply chains will force cooperatives ultimately to fail or transfer into capitalist forms of enterprises (Dow, 2003). Advocates of cooperatives point out to their competitive advantages in the creation of economies of scale through primary, secondary and tertiary level organization (Novkovic, 2008). In cases where international companies help establish cooperatives to develop a supply chain with a more sustainable and socially responsible practice, questions of autonomy, independence and democratic ownership of the cooperative are raised (Burke, 2010). Many authors emphasize the importance of cooperative norms and values in maintaining a competitive advantage in international competition, and suggest tools to measure them (Bretos & Macurello, 2017, p. 62). The integration into (global) supply chains can create tensions with the cooperative business model, but it would be wrong to assume as a given that cooperatives are affected detrimentally by supply chain integration.

Another tension is whether supply chain integration helps cooperatives advance decent work, or if the inclusion in global markets raises pressure on cooperatives to undermine labour standards. There is a debate on the impact of supply chain integration and trade for workers in the global south. Winters et al. (2004) review of empirical evidence indicates that there is an overall positive impact of trade liberalization and trade integration. However, "*it does not assert that trade policy is always among the most important determinants of poverty reduction or that the static and micro-economic effects of liberalization will be always beneficial for the poor*" (Winters, et al., 2004, p. 106 f.). Others argue that the integration into global supply chains and the development of decentralized global production networks between companies under the lead of global retailers poses new challenges to workers' rights. Whereas new jobs are created that can offer good pay and working conditions, others are defined by casual labour, poor working condition and low payment (Barrientos, et al., 2011). Cooperatives can help workers in the second category of jobs to negotiate rights and improve their positioning in the supply chain.

IV. Cooperatives in alternative trade

Cooperatives have a dual role as enterprises and member-based organizations. Integrating in larger markets and developing the cooperatives supply chain therefore needs special attention to all these different roles. As we discussed above, cooperatives and their umbrella organizations are governed by principles and values, which prioritize social concerns. The International Cooperative Alliance (ICA) (2007) highlighted the potential of cooperatives to build a fair globalization. Regional and sectoral cooperative organizations, such as the European Community of Consumers Co-operatives (Euro Coop) argue that “[i]t is only natural that they [Consumer Co-operatives] are at the forefront of action when it comes to making their supply chains more socially sustainable” (Euro Coop, 2018, p. 2). A number of producer and consumer cooperatives took part in the development of alternative and sustainable trade arrangements, these initiatives are still fragmented and do not provide evidence for a systematic or comprehensive view of their integration into alternative trade models. For this, we analyse different arrangements to show how cooperatives build trade linkages to integrate into supply chains: C2B, Fairtrade and C2C trade.

a. Cooperative-to-business trade (C2B)

Several interviewees had substantial experience with C2B trade integration as project managers, working with cooperatives in the global South. In these cases, supply chain integration was accommodated by cooperation with other, non-cooperative businesses, such as export companies or retailers. The interviewees worked on cooperatives in supply chain integration, with their main focus being on agricultural and fishing cooperatives.

The experiences made in the ILO’s LEED project that included a fishing cooperative in the northern post-conflict provinces of Sri Lanka, highlight some of the opportunities and challenges of C2B models of supply chain integration. After the civil war ended, cooperatives were the only local economic and social organizations on the ground and were therefore utilized for food assistance and aid distribution. Thus, the first objective of the project was to re-establish the business purpose of the cooperative, in order to create stable employment. The project strengthened the production and exporting capacities of the producers and especially targeted the improvement of livelihoods for women, young people and persons with disabilities (Former ILO Chief Technical Officer, LEED Project, 2019).

An initial step was to re-equip the fishermen with boats and nets, which could be achieved with the help of NGOs and a Sri Lankan boat builder. In later stages of the project, a processing factory was set up to allow for exports of crabs. This processing factory added value to the produce, but also provided an opportunity for women to get into formal employment in an otherwise male dominated sector. Most of the women working at the factory became members of the cooperative which also improved their social status. A workers’ council was also established within the cooperative to ensure representation of the

workers. It was mentioned by the interviewee that trade unions were absent in the post-conflict, rural environment, but the workers' council provided a platform for collective bargaining (Former ILO Chief Technical Officer, LEED Project, 2019).

The interviewees reported that other models, such as Fairtrade or C2C trade have initially not been considered as trade strategies, as they require substantial investment and can bear risks that can be problematic to the producing cooperatives. Furthermore, the choice of exporters to facilitate the access to international supply chains was limited, as they were not aware of any cooperative trading partner at the time.

In general terms, advancing workers' or members' rights was not seen as a high priority during the integration in supply chains. The main consideration to integrate into supply chains was the economic cause for the cooperative, which might indirectly improve the members' economic position. Furthermore, the increasing professionalization of managerial personnel of cooperatives could lead to conflicts with the members. Therefore, one interviewee pointed out the importance to ensure that not only managers are present to make decisions, but also other staff. The signing of agreements with exporting partners can thereby become events which also help strengthen cooperatives members' solidarity and sense of ownership of the cooperative (Former ILO Chief Technical Officer, LEED Project, 2019).

With regards to cooperatives compliance with FPRW, the interviewees mentioned the importance of the organizational integrity and the provision of capacity building to managers and other staff. It was highlighted that the need for capacity building in cooperatives where the key entry point for NGOs and international organizations and thereby allowing for awareness raising on FPRW during training of managers (Former ILO Chief Technical Officer, LEED Project, 2019; ILO Senior Programme and Operations Officer, 2019).

Overall, it is evident that the main interest of cooperatives in supply chain integration is economic and there is little explicit attention for advancing decent work and FPRW. Nonetheless, supply chain integration could create decent work and often is a crucial entry point for interventions and capacity building that can be utilized to advance decent work and adherence to FPRW.

b. Fairtrade

Cooperatives are contributing prominently to alternative trade models, such as Fairtrade. Most of the producers of Fairtrade products are cooperatives or cooperative-like enterprises in the broader social and solidarity economy, accounting for up to 75 per cent of the produce (FLO, 2012; Representative WFTO, 2019). Historically, the Fairtrade movement was driven by faith-based organizations, NGOs and Northern retailers that promoted the *"trade not aid"*-philosophy (Davenport & Low, 2012, p. 289), which frequently raised questions of the agency and ownership of producer cooperative engaging in fair trade. The fair-trade movement consists of broad and diverse network of actors, with several labels and

certification logos. For this paper, the focus is on the experiences made under the Fairtrade Labelling Organizations (FLO) and the World Fair Trade Organization (WFTO).³

Both these fair trade models have been crucial to enable cooperatives engagement in alternative trade models, and they are not exclusive: Membership in both organizations is possible and not uncommon (Davenport & Low, 2012). Cooperatives always have been a major actor in Fairtrade with both of the largest fair trade systems. Even though the FLO also certifies other types of enterprises, a big share of the fair trade markets is cooperatively organized. This might be due to a normative common ground shared by cooperatives and fair trade principles, but also due to the fact that large segments of the agricultural producers of commodities such as coffee, bananas, sugar and other fair trade goods are cooperatively organized.

The Charter of Fair Trade Principles' states that:

“Fairtrade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South” (WFTO & FLO, 2009).

The Fairtrade movement therefore explicitly states labour rights as a concern for fair trade certifiers, and explicitly states the elimination of child labour, forced labour, non-discrimination and collective bargaining in their principles.

FLO certifies products that are traded and produced under defined criteria favourable to producers, especially in the global South. Members of the FLO are different labelling initiatives and not the organizations certified, in order to ensure that those being certified are not the ones defining the criteria of certification. This membership is often criticised, as it excludes producer and consumers (Reed, 2012). The certification and evaluation system is seen as *“part process and part tool, and builds on the movement's tradition of democracy and trust”* (Davenport & Low, 2012, p. 295). The certification includes development plans that set targets to improve the impact of Fairtrade for the cooperatives.

It is also based on the definition of standards for production and trade, which are certified and audited by the organization or certified auditors. The system is built as a multi-stakeholder organization that is voluntary in its membership and offers market-based incentives, such as higher prices for producers and a 'fair-trade premium' that is administered directly by the cooperative (Reynolds, 2014). Both the Fairtrade principles and the premium are designed to contribute to deliver decent work to farmers and workers. Based on the size and structure of the cooperative, workers' committees should be able to

³ The selection of literature with regards to these organizations is not an endorsement or critique of the organizations, but aims to help understanding experiences made in the context of cooperatives involvement in fair trade.

decide over the use of this premium, and for some sectors, FLO sets out certain areas in which it has to be invested (FLO, 2019a). This premium is often used to fund educational projects that help to reduce child labour and for initiatives raising awareness on gender equality. Furthermore, it is explicitly stated in the Fairtrade Premium Committee Principles that the premium should be used to represent all workers, including migrant, seasonal and temporary workers (FLO, 2014).

However, the role of cooperatives in Fair Trade systems is not without critique. A number of studies point out that Fairtrade in supply chains has mixed implications for poor producers and workers. Cramer et al. (2017) studied the links of agricultural exports in fair trade and its impact on rural labour markets and poverty reduction. They conclude that Fairtrade certification for smallholder farmers overlooks the importance of wage workers on both the level of the farm and the cooperatives. Research on other labelling initiatives raises similar questions (Barrientos, 2008). Furthermore, Cramer et al. (2014) argue that the vague definition of “smallholder farms” in Fair Trade suggests a homogeneity amongst farmers, which is not a given. This leads, according to their studies, to uneven benefits amongst different farmers, where larger scale farms (that are still considered “smallholders”) benefit disproportionately from fair trade. FLO reacted to this critique by adjusting its definition of smallholder farms to limit the number of employed workers to 10 (Representative FLO, 2019). It is increasingly acknowledged that collective bargaining needs to be strengthened within cooperatives to support workers and their rights in Fairtrade. An evaluation of Fairtrade flower producers in Ecuador showed the demand for stronger workers representation and joint bodies in the cooperatives to address the needs of the workers better (Lyll, 2014). In Malawi, tea producers and the Plantation Union negotiated the first sectorial Collective Bargaining Agreement and better wages for 50,000 plantation workers. This was supported by Fairtrade producers and Oxfam’s Ethical Trade project (Malawi Tea 2020, 2016). More recently, trade unions, workers and Fairtrade banana producers held meetings with FLO officials to discuss decent wages, gender equality and health and safety (FLO, 2019b). Other measures to raise compliance with labour standards in cooperatives are the provision of training and education for managers and staff, cooperative members and communities, that often include topics of workers’ rights, such as non-discrimination and gender equality, migrant workers and others (Representative FLO, 2019). Several case studies indicate that Fairtrade can help to advance decent work and compliance with FPRW (Smith, 2009). Bacon (2010) emphasises the role of Fairtrade on women empowerment in Nicaragua, Reynolds (2014) finds a positive impact of Fairtrade certification on workers’ rights in cut flower production in Ecuador. It is not possible to reach a decisive conclusion with these case studies, as the impact of Fairtrade certification is dependent on different variables.

The second big actor in fair trade is of special relevance for cooperative trade, as it focuses on the cooperative and cooperative-like business model and organization rather than on products. WFTO was established in 1989, under a different name (International Federation for Alternative Trade, IFAT) as a peak body, in which other Fair Trade Organizations and the certified organizations are represented. The

main domain of the WFTO has been markets for small handicraft and small volume food production (Davenport & Low, 2012, p. 288). The WFTO developed over the years from a trust-based network of producers and retailers to a certification system with a set of standards focusing on the conditions of trade, labour rights and environmental concerns. Unlike the FLO, the focus of the WFTO is an organizational rather than a product level standard (Davenport & Low, 2012). By certifying organizations rather than products, the WFTO certification allows for a broader range of products and potential to lower cost for certification of multiple goods by one organization.

Therefore, most of their members are either cooperatives or cooperative-like entities with a democratic ownership structure and a social cause. The monitoring of the organizational structure follows a three-step process: Self-assessment; peer-monitoring; and external auditing. The WFTO certifies organizations, but also ensures that organizations two tiers up the supply chain are following the principles of the organization. The WFTO as an organization is to some extent cooperatively organized, as certified producers become member of the organization. The promotion of C2C trade therefore is a relevant issue for the WFTO (Representative WFTO, 2019). By certifying organizational integrity and compliance with the Fairtrade principles participation of members of the cooperative can be ensured and C2C trade can be promoted.

c. Cooperative-to-Cooperative (C2C) trade

The third model of alternative trade we discuss in this paper are C2C partnerships. Cooperatives can be found on all tiers of supply chains, the direct collaboration along supply chains is an intuitive idea. Even though several conferences and meetings were held on the topic, there is little academic debate about it. The ILO together with the ICA and other organizations hosted conferences exploring the field in 2015 and 2018 (ILO, ICA & CSEND, 2015; ILO, 2018b; ILO, 2018b) and several consumer-cooperatives are implementing initiatives to build closer links to producer cooperatives. According to some estimates presented to the World Trade Organization, C2C trade in agriculture alone accounts for up to 10 billion USD in 2012, representing less than 1% of global agricultural trade (Dalberg, 2015). As cooperation among cooperatives is stated as a principle in the ICAs identity, it is not surprising that these initiatives exist. What is perhaps more surprising is why they remain very few and limited in their scope.

Some consumers' cooperatives explicitly search to source from other cooperatives and trace their goods accordingly. Coop UK states that it sources about 30 per cent of its produce from other cooperatives (Representative Cooperatives UK, 2019). The Japanese Consumers Cooperative Union (JCCU) maintains close relationships with producer cooperatives in Japan and trades with them nationally. Coop Denmark's 'African Coffee Roasters project' established a joint venture with Kenyan Coffee cooperatives to create "*the shortest coffee supply chain in the world*" (Coop Denmark, 2018). This project not only involved C2C trade, but also investment of the consumers' cooperative to open a coffee

processing plant, and the creation of a joint venture to facilitate exports. This helped to create new jobs in Kenya, increased the annual income of 15,000 households and provided training for 4,500 farmers to improve farming practices (ibid). The Italian cooperative movement worked with Togolese organic pineapple farmers' cooperatives to provide access the Italian consumer cooperatives (Coopermondo, 2019). The farmers in this project are predominantly young women that who have limited access to labour markets. The Cooperative Group UK has several direct trade initiatives with producer cooperatives, such as the Palestinian olive oil producer cooperatives, of 1,700 producers in the West Bank (Coop UK, 2009)

The main rationale for these initiatives are the increasing demand for ethical and sustainable products in the retail markets. Sourcing from cooperatives is also seen as a way to establish close and more reliable relationships with trading partners that understand the structure and processes of cooperatives. However, the main focus of the consumer cooperatives lies more on the product than on the producer organization itself (Representative JCCU, 2019). A similar view was expressed by the interviewed representative of Euro Coop (2019), which confirms that C2C trade is first and foremost driven by the economic bottom line.

C2C cooperation is often governed by Codes of Conduct that are referring to ILO core labour standards and Sustainable Development Goals. These Codes of Conduct are either certified in Fairtrade schemes or by external auditors (Representative Euro Coop, 2019). Monitoring practices on child labour, forced labour, collective bargaining and non-discrimination therefore are a standard practice in these initiatives. The use of blockchain technology that allows for better monitoring of supply chains is currently being tested by consumers-cooperatives (Representative Euro Coop, 2019). In Italy and the UK, consumer cooperatives use internal codes of conduct to ensure fair conditions for producers, especially in fruit and vegetable supply chains. Consumer cooperatives in Denmark, Norway, Finland and Sweden conducted a human rights assessment of their supply chain of processed tomatoes, which are sourced from producers in Italy (Oxfam International, 2019). Consumer cooperatives have also been establishing brands that focus on fair sourcing (Euro Coop, 2018). JCCU reported that they have their own inspection system focusing on workers' rights with their suppliers, which is accompanied by an annual survey on FPRW and other human rights, that every supplier has to report back on annually (Representative JCCU, 2019).

Other partners, such as NGOs and trade unions, have also participated in supply chain integration initiatives (Representative Cooperatives UK, 2019; Representative Euro Coop, 2019). However, the scope of the inclusion of trade unions remains limited and rarely mentioned as a leverage to improve working conditions in the lower tiers of supply chains. Fairtrade certification plays a role for better sourcing practices, Coop UK's own-brand chocolate is entirely Fairtrade certified (Euro Coop, 2018). Coop UK specifically refers to the principle of cooperation between cooperatives as a reason to seek

for cooperative trading partners. Others argue that they think it is easier to cooperate among cooperatives, as they are familiar with how the other works.

Consumer cooperatives often try to provide information for ethical trade in order to provide more transparent supply chains. This educational work, which also constitutes advertisement, raises awareness among user-owners and customers on ethical and sustainable consumption (Euro Coop, 2018). Overall, consumer cooperatives show heightened awareness on human rights issues and due diligence in their supply chains. The cooperation between cooperatives bears potential to create supply chains that can help improve the working conditions for producers and workers. C2C trade is in many cases only a test stream, which would benefit from being adopted more prominently.

The main obstacles to supply chain integration between producer and consumer cooperatives are non-tariff trade barriers (such as cost of certification), lack of investment capital and language and cultural barriers. The costs associated with importing goods can be prohibitive for direct C2C trade and established exporting firms can achieve better prices by selling in larger scale to different customers.

Furthermore, producer cooperatives often lack capital to invest in exporting facilities. They also lack the managerial competences and knowledge of the markets and exporting requirements needed for the administration of direct exports (Former ILO Chief Technical Officer, LEED Project, 2019). Some C2C initiatives therefore set up joint-ventures between consumers- and producer's cooperatives in order to facilitate the exporting process (Coop Denmark, 2018). Besides restraints in the provision of capital, some interviewees reported that there is a substantial knowledge gap between the different actors and little awareness of potential partners (Former Senior Officer at ICA, 2019).

Ideally speaking C2C trade is an opportunity to shorten supply chains between cooperatives and to build lasting business relationships. Sharing similar governance structure, shared principles and values can help ensure better cooperation and create an alternative to traditional trade models. At the same time, there is a growing demand for ethical sourcing and willingness to comply with international labour standards. Different consumer cooperatives have substantial experience ensuring compliance with these standards that can inform future initiatives. Independent research and evaluation of the implications of C2C practices on workers and cooperative members also needs to be forthcoming.

V. Conclusion

Cooperatives are an underestimated opportunity to deliver decent work, and particularly FPRW. Being widespread in areas where other social institutions tend to be weak, producer and worker cooperatives in rural and informal economies can create jobs and benefits for their communities. Consumer cooperatives are major retailers of Fairtrade goods and are increasing activities to ensure compliance

with FPRW in supply chains. In order to live up to their roles as enterprises and member-based enterprises, cooperatives therefore often engage in alternative trade models.

Interviews with different stakeholders in the cooperative movement point out that supply chain integration is seen first and foremost motivated by economic reason. Under the Fairtrade regime and in C2C arrangements, decent work in general and FPRW in particular are to a large extent being mainstreamed into the process of supply chain integration. Supply chain integration and the establishment of trade relations can help cooperatives grow, both in economic terms, but also in their capacity to deliver on social goals. However, it also poses challenges. The importance of managerial disposition can pose a threat to ownership by members in supply chain integration. Increased competition on international markets can lead to downward pressure with regards to compliance with labour rights.

To leverage the opportunities for decent work in general and FPRW in particular in supply chain integration of cooperatives, several observations can be made:

1. Assistance to cooperatives in improving their supply chains to advance decent work

Supply chain integration needs investment in capital, skills and managerial capabilities of cooperative enterprises. Beside the challenges this poses to the business case, it is necessary to keep managers in check and to orient decision making processes in supply chain management with members. As the experience of project staff in cooperative development show, this can be a crucial entry point for training and other capacity building interventions that can help to both ensure that the cooperative principles and values are lived up to, and that favourable working conditions are created and maintained.

2. Encouraging cooperation with trade unions

Cooperatives that engage in larger scale markets are often not only membership based enterprises, but also rely on wage labour. To ensure the recognition of workers' voice and compliance with workers' rights, collective bargaining is crucial. Especially under Fairtrade labelling cooperatives can be insufficient in delivering good working conditions for paid workers. According to Fairtrade, this is being addressed by both shifting policies within the labelling process and through close cooperation with trade unions. These practices need to be shared and further developed, especially with regards to C2C and C2B trade.

3. Activating the cooperative principles

Cooperative principles can be conducive to advancing decent work in general and FPRW in particular. The cooperation between cooperatives is one of the principles of cooperatives. However, joint supply chain integration is still uncommon, even though it can be profitable for both sides. The expressed willingness for long term relationships can offer opportunities for initial investment, which can have

long term benefits for the cooperatives and the workers involved. Furthermore, C2C trade can help to advance decent work within the cooperatives, as there is a high demand for better trade practices on both the consumers and producers sides, and create shorter and more transparent supply chains. Besides establishing commercial links between cooperatives, knowledge sharing can help to advance the opportunities of cooperatives in supply chains.

This being said, there is no ‘one-size-fits-all’ recipe for supply chain integration of cooperatives, and a strategy needs to reflect both the economic and cultural circumstances, the needs of cooperative members and the communities. These factors also need to be taken into account in any attempt to conclude on the capacity of cooperatives to deliver decent work. Even though cooperatives can advance decent work, this is not always the case.

4. Mainstreaming indicators and tracking of progress

There is growing interest in application of social impact measures on cooperatives and other social and solidarity economy enterprises and organizations through methodologies such as program evaluation, environmental and social impact assessment, social audit, reporting and accounting, international aid, philanthropy and impact investing, among others (Bouchard, 2009; Salathé-Beaulieu, 2018). Often these initiatives are fragmented and would benefit from having international statistical guidelines that are associated with them similar to the guidelines concerning statistics of cooperatives that were adopted by the 20th International Conference of Labour Statisticians in 2018. While these guidelines exist, their operationalization at the national level and as it relates to global supply chains requires further coordinated efforts from producers and users of statistics on cooperatives. In doing so practical concerns of costs and sustainability will need to be taken into account. Upcoming work on developing decent work indicators in global supply chains would need to take into account the implications of institutional players in the supply chains such as cooperatives.

It needs to be addressed that this paper can only provide an overview over some aspects of the vast topic of cooperatives in supply chain integration and decent work. It remains limited in the depth of analysis, the selection of interview partners and, most importantly, the lacking representation of producer cooperatives and workers. Given that this underrepresentation is something we seek to criticise, this caveat cannot be taken lightly. Therefore, more research and evaluation is needed to improve our understanding the potential of cooperatives to advance decent work in complex supply chains.

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Appendix: List of Interviews

Former Senior Officer at ICA, 2019. Survey on cooperatives in supply chain integration [Interview] (17 05 2019).

ILO Chief Technical Officer, L. P., 2019. Interview on Cooperatives in Value Chain integration [Interview] (08 05 2019).

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