



General Assembly

Distr.: General
17 July 2023

Original: English

Seventy-eighth session

Item 25 (b) of the provisional agenda*

Social development: social development, including questions relating to the world social situation and to youth, ageing, persons with disabilities and the family

Cooperatives in social development

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution [76/135](#), outlining key policies and actions that can assist cooperatives in realizing their full potential for supporting Member States to achieve the Sustainable Development Goals, including by providing decent jobs, advancing poverty eradication and promoting environmental sustainability. The report uses the entrepreneurial ecosystem approach as an analytical framework for reporting on the implementation of resolution [76/135](#) and providing guidelines that Member States may wish to adopt in supporting cooperatives as sustainable and successful business enterprises.

* [A/78/150](#).



I. Introduction

1. The values and principles of cooperative enterprises make them directly relevant to sustainable development, as recognized by successive General Assembly resolutions on cooperatives in social development, most recently resolution [76/135](#). The values of cooperatives are self-help, self-responsibility, participatory decision-making, equality, equity, solidarity and social responsibility. Cooperative principles include voluntary and open membership; democratic control by members; economic participation of members; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.¹ Guided by these values and principles, cooperatives can contribute to all dimensions of sustainable development.

2. The General Assembly, in its resolution [76/135](#), described cooperatives as sustainable and successful business enterprises that contribute directly to decent employment generation, poverty and hunger eradication, education, social protection, including universal health coverage, financial inclusion and the creation of affordable housing options across a variety of economic sectors. Further, it encouraged governments to review their existing legislation and regulations on cooperatives with the aim of making the national legal and regulatory environment more conducive to the creation and growth of cooperatives.

3. Supporting cooperatives as sustainable and successful business enterprises requires the creation of a supportive environment that includes clear rules and regulations, as well as services such as soft and hard infrastructure, financing at affordable rates, and business networks, as part of efforts to establish a conducive environment.

4. The present report provides an overview of the current status of cooperatives in sustainable development. It adopts the entrepreneurial ecosystem approach for analysing the elements of a supportive environment and reporting on the implementation of resolution [76/135](#). The report emphasizes the importance of strengthening data and statistics on cooperatives and offers recommendations for consideration by Member States on means of supporting cooperatives as sustainable and successful enterprises.

II. Cooperatives in sustainable development

5. Globally, there are about 3 million cooperatives, and 10 per cent of workers worldwide are either employed by a cooperative or are worker-owners within a cooperative. The 300 largest cooperatives in the world generate over \$2.1 trillion in revenue, while providing many essential goods and services. In many countries, cooperatives make significant contributions to the national economy by addressing market failures, empowering marginalized people, creating employment opportunities and supporting sustainable development.^{2,3,4}

¹ A full description of cooperative values and principles can be found in the annex to the International Labour Organization Promotion of Cooperatives Recommendation, 2002 (No. 193).

² See www.ica.coop/en/cooperatives/facts-and-figures.

³ Jeffrey Moxom and others, "Cooperatives and the Sustainable Development Goals: The role of cooperative organisations in facilitating SDG implementation at global, national and local levels" (2019).

⁴ Linda Shaw, Sarah Alldred, and Arielle Romenteau, *Building Inclusive Enterprises in Africa: cooperative case studies* (2019).

6. Workers and members of cooperatives often attain higher social and economic outcomes than the national average, as exemplified by studies of cooperatives in Kenya, Peru, the Philippines and Poland.⁵ The economic status of women tends to improve considerably by belonging to a cooperative, since they often find more opportunities to benefit equally from investments that cooperatives make in members' human capital. In addition to their financial gains, women also benefit from capacity-building opportunities, including education and training in key skills such as financial management.

7. Cooperatives are also part of the recent regional policies launched in Europe, such as the European Union action plan on social economy and the Organisation for Economic Co-operation and Development (OECD) Global Action on "Promoting social and solidarity economy ecosystems", funded by the European Union Foreign Partnership Instrument and covering more than 30 countries.⁶ Several international initiatives bring together United Nations system entities and other organizations for policy dialogue at the international level, such as the Committee for the Promotion and Advancement of Cooperatives and the United Nations Inter-Agency Task Force on Social and Solidarity Economy.

8. Even as cooperatives are increasingly being recognized as important economic and social actors, they continue to face significant challenges to realizing their full potential. In many parts of the world, there are insufficient data to fully document their contributions to social and economic development at the national level. More broadly, there is insufficient knowledge about, and education regarding, the cooperative business model. The legal and regulatory environment of cooperatives can be complex to navigate, affecting their ability to gain access to financial resources. For these reasons, it is important to adopt an analytical framework that can assess the disparate challenges and support the creation of an enabling environment for the growth and success of cooperatives.

III. Entrepreneurial ecosystem approach

9. The entrepreneurial ecosystem approach is widely used to analyse the viability of start-up enterprises to determine their chances of survival and prosperity. The approach is increasingly being used for cooperatives in both developed^{7, 8} and developing countries.⁹

10. Entrepreneurial ecosystems comprise a set of interconnected actors, organizations, institutions and processes that come together to connect, mediate and

⁵ Judith A. Hermanson, Leah Marie Lucas, Nicholas Hung, "What difference do cooperatives make?" (Washington, D.C., Overseas Cooperative Development Council, 2021).

⁶ Organisation for Economic Co-operation and Development (OECD), Promoting social and solidarity economy ecosystems. Available at www.oecd.org/cfe/leed/social-economy/oecd-global-action/.

⁷ The data and information presented in the present section are drawn from a paper entitled "Mondragon through an Entrepreneurial Ecosystem Framework", prepared by Iñigo Albizuri for the expert group meeting on cooperatives in social development, hosted from 30 May to 1 June 2023 by the Division for Inclusive Social Development. See <https://social.desa.un.org/issues/cooperatives/events/egm-cooperatives-social-development>.

⁸ Jason Spicer and Michelle Zhong, "Multiple entrepreneurial ecosystems? Worker cooperative development in Toronto and Montréal" *Environment and Planning A: Economy and Space*, 54(4), 611–633 (2022).

⁹ Nazik Beishenaly and Frédéric Dufays, "Entrepreneurial ecosystem for cooperatives: The case of Kyrgyz agricultural cooperatives", *Annals of Public and Cooperative Economics* (2023).

govern the performance of enterprises within the local environment.¹⁰ Four aspects of the entrepreneurial ecosystem can be targeted by policymakers: (a) entrepreneurial actors within ecosystems; (b) entrepreneurial resource providers (government, finance providers); (c) entrepreneurial connectors within ecosystems such as clubs and associations; and (d) entrepreneurial orientation within the ecosystems, including perceptions about cooperatives' culture of cooperation or competition. There can be different configurations of the ecosystem depending on the social and economic context surrounding the entrepreneurial process.

11. While early research on entrepreneurial ecosystems focused on Western developed countries, recent studies have examined the situation in developing countries affected by a range of specific factors, such as underdeveloped institutions, including a lack of key stakeholders who provide business support services, unclear and inconsistent policies, the scarcity of financial resources, the lack of human capital, and disjointed infrastructure that inhibit cooperative working culture and personalized networks.¹¹ The predominance of informal economies often means entrepreneurship is linked with self-employment and small-scale businesses. There might also be sectoral differences: for example, the ecosystems in the agricultural sector are characterized by difficult access to resources and a lack of appropriate infrastructure and access to markets.¹²

12. The entrepreneurial ecosystem approach has been widely used to understand regional and emerging entrepreneurship.^{13,14} Although each ecosystem has its specific elements, the entrepreneurial ecosystem for cooperatives differs from ecosystems that have high-growth orientation and promote competition and profit-making. It is, therefore, necessary to understand the particularities of the ecosystem for alternative types of enterprises and strategize how and through which mechanisms they can be empowered at the policy level and bring greater benefit to their communities.

13. The cooperative entrepreneurial ecosystem includes actions on the policy and regulatory environment, education and capacity-building, the culture of cooperation, funding and finance, and building networks and partnerships. Governments are the lead actors in setting policy and regulations on cooperatives, in consultation with cooperatives and their representative organizations. Relevant legislation may be specific to cooperatives, or to the wider social and solidarity economy in which cooperatives are the main actors.

14. In May of 2021, the Department of Economic and Social Affairs conducted a survey of Member States and United Nations entities to seek information on activities that were implemented during the International Year of Cooperatives in 2012, covering the following areas: policy and regulatory environment for cooperatives;

¹⁰ Colin Mason and Ross Brown, "Entrepreneurial ecosystems and growth-oriented entrepreneurship", paper prepared for the workshop organised by the OECD Local Employment and Economic Development Programme and the Ministry of Economic Affairs of the Kingdom of the Netherlands on entrepreneurial ecosystems and growth-oriented entrepreneurship, The Hague, November 2013.

¹¹ Zhe Cao and Xianwe Shi, "A systematic literature review of entrepreneurial ecosystems in advanced and emerging economies" *Small Business Economics*, vol. 57 (2021); and Leandro Periera Morais and Miguel Juan Bacic, "Social and solidarity economy and the need for its entrepreneurship ecosystem: current challenges in Brazil" *CIRIEC-España, Revista de la Economía Pública, Social y Cooperativa*, núm. 98 (2020).

¹² Morgan P. Miles and Mark Morrison, "An effectual leadership perspective for developing rural entrepreneurial ecosystems," *Small Business Economics*, 54(4), 933–949, (2020).

¹³ Kevin McKague, Leslie J. Wardley, and Chad Saunders, "Nova Scotia's Entrepreneurial Ecosystem: A Global Entrepreneurial Ecosystem Report" (Global Entrepreneurship Monitor and Cape Breton University, Canada, 2021).

¹⁴ OECD, "Local entrepreneurship ecosystems and emerging industries". Available at: www.oecd.org/cfe/smes/localentrepreneurshipecosystemsandemergingindustries.htm.

capacity-building activities for cooperatives; education and training for and about cooperatives; and plans for further promotion of the development of cooperatives. From the results, it was possible to identify five key elements of an entrepreneurial ecosystem that could be targeted by policymakers, as outlined below.

A. Element 1: legislation, policies and institutions of support to cooperatives

15. In its resolution [76/135](#) on cooperatives in social development, the General Assembly invites Governments, inter alia, to review existing legislation and regulations to make the national legal and regulatory environment more conducive to the creation and growth of cooperatives. The Industrial and Provident Societies Act of 1852, in the United Kingdom of Great Britain and Northern Ireland, is considered the first example of cooperative law. There is a clear positive correlation between the development of cooperative laws over the years and the growth and development of cooperatives. This correlation has been recognized by a series of international legal texts, with the draft guidelines aimed at creating a supportive environment for the development of cooperatives ([A/56/73-E/2001/68](#), annex) and the Promotion of Cooperatives Recommendation, 2002 (No. 193) of the International Labour Organization (ILO) among the most significant of those texts.

16. Cooperative laws generally respect the International Cooperative Alliance principles and follow the Statement on the Cooperative Identity adopted by the Alliance in 1995 and ILO Recommendation No. 193. There is, however, a large diversity of legal systems on cooperatives and significant subregional differences. In the United States of America, several federal laws, state laws and by-laws govern the operation and taxation of cooperatives depending on the sectors in which they operate. In Europe, there are several transnational rules and regulations adopted by the European Commission.

17. In many African countries, there are both general cooperative laws and laws that regulate specific sectors in which cooperatives operate; in Asian countries, a widespread practice is to have specific laws for different types of cooperatives; and in Latin America, general cooperative laws are often complemented by one or more specific laws relating to the type of cooperative, mainly worker or credit cooperatives.

Recent changes in cooperative law¹⁵

18. Argentina has one of the oldest cooperative laws in the Latin America, enacted in 1973, that enables updates to the law regularly, as required, without needing new legislation. For example, there was an amendment during the coronavirus disease (COVID-19) pandemic enabling online cooperative board meetings. The law created a national institute for the registration, supervision and promotion of cooperatives, governed by a board composed of government officials and representatives of cooperatives. In Brazil, a law on tenders was amended to facilitate the participation of cooperatives, while a 2022 law on credit cooperatives allows cooperatives to be established more easily and efficiently.

19. The Parliament of the United Kingdom is currently discussing legislation that would enable cooperatives, mutual insurers and friendly societies to adopt legal

¹⁵ Most of the information in this section comes from a paper entitled “Legislative developments in Latin America and the Caribbean”, prepared by Dante Cracogna, for the expert group meeting on cooperatives in social development, New York, 30 May–1 June 2023. See also the work of the Cooperative Law Committee of the International Cooperative Alliance, at www.ica.coop/en/welcome-webpage-ica-cooperative-law-committee-ica-clc.

restrictions so as to ensure their assets can only be used for specified purposes. The legislation seeks to protect cooperatives from the pressures of demutualization and becoming public limited companies.

20. The General Law on Cooperatives in Chile was amended in 2016, emphasizing proportional gender representation in cooperative leadership and other measures to facilitate the organization and activities of cooperatives. In 2020, Colombia included provisions for cooperatives in government programmes that provide support to employers, as well as in policies for financing housing development.

21. Costa Rica, Ecuador, Honduras, Peru and the Territory of Puerto Rico in the United States of America all recently introduced laws broadening the scope of operations for saving and credit cooperatives, while Cuba introduced an amendment to the constitution in 2019 making wide references to cooperatives. Ecuador further passed legislation permitting the establishment of health, insurance and tourism cooperatives. Paraguay approved a law in 2022 introducing cooperative education in primary and secondary schools.

22. Fiji is currently conducting a complete review of its Cooperative Act (1996), which could serve as a model law for other countries in the Pacific region. Fiji is also seeking to establish a training facility that could benefit cooperatives in the Pacific region. The Government of Indonesia has formed an interministerial committee to discuss the draft law on cooperatives. Japan has adopted legislation recognizing worker cooperatives. Prior to its adoption, Japan had no specific legal designation for worker cooperatives, which had to register either as non-profit organizations or small and medium-sized enterprises.

23. The Republic of Korea introduced the Framework Act on Cooperatives in 2012, which allows cooperatives to operate in all sectors of the economy, bypassing restrictions that existed in sectoral laws. That change stimulated a rapid growth in the number and variety of cooperatives. According to the law, the Government is responsible for multi-year planning to promote cooperatives and foster a favourable ecosystem therefor.

24. In Morocco, a law has been adopted allowing a cooperative to market and export cannabis and its by-products for industrial and medical use. Poland adopted a new housing cooperatives act, which provides incentives for grass-roots construction initiatives. Proposed legislation in Jordan would allow the inclusion of non-nationals as members of cooperatives, strengthen the representation of cooperatives and enhance the integration of women and youth.

25. The State of Washington in the United States of America has passed a law supporting employee-owned companies (workers' cooperatives), by taking an entrepreneurial ecosystem approach and connecting companies to a network of technical support and service providers, including professional and trade associations, financial institutions, unions, small business development centres, and economic and workforce development organizations.

26. In Uruguay, the parliament is currently discussing bills granting preferences to cooperatives in public procurement and increasing female representation therein. In Uganda, legal proposals have been drafted that would bring savings and credit cooperatives under the supervision of the central bank in order to improve confidence in the sector.

B. Element 2: education and capacity-building

27. Leaders of cooperatives, in particular smaller community-based cooperatives, need to develop their skills in management, leadership and accounting. The need for

training also extends beyond the cooperatives and, as requested by the General Assembly in its resolutions on the topic of cooperatives, should be included in national school curricula at all levels so that more people are aware of the cooperative business model.

28. Education and capacity-building initiatives are typically implemented in the areas of cooperative management, governance, working in cooperatives, decent work, the values of cooperation, solidarity, mutualism, entrepreneurship, inclusion, gender equality and youth employment.

29. The Department of Economic and Social Affairs conducts capacity-building workshops to support cooperatives and their decision-making bodies, upon request. In September 2022, in collaboration with the Government of Uganda, the Department organized a workshop for cooperatives that were providing health-care services to their members or intended to provide such services in the future. The workshop resulted in the development of an action plan for increasing the provision of affordable and quality health-care services in Uganda. The participants in another training workshop, organized by the Department in 2021 in collaboration with the Government of Brazil, for leaders of cooperative decision-making bodies and government regulators of cooperatives from Argentina, Brazil, Paraguay, Uruguay and Venezuela (Bolivarian Republic of), developed a plan of action on how cooperatives could support countries in achieving the Sustainable Development Goals.

30. The Overseas Cooperative Development Council of the United States has implemented development projects that are focused on capacity-building of cooperatives in over 70 countries, and it operates the International Cooperative Research Group, which is focused on cooperative research, education and the dissemination of ideas, working closely with local researchers and cooperative development organizations. The research provides data for evidence-based decision-making and provides a platform for dialogue on issues of inclusive, broad-based growth led by the beneficiaries themselves.¹⁶

31. The Leadership Training Manual for Women Leaders of Cooperatives, published by ILO in 2005, draws upon ILO tools on gender analysis, equality and development. The topics broadly cover the fundamentals of cooperatives, gender sensitization and self-transformation, leadership, coping with challenges, organizational and enterprise management.¹⁷ ILO also has a variety of resources available online for capacity-building and training on cooperatives and the wider social and solidarity economy entities.¹⁸

32. The African Confederation of Co-operative Savings and Credit Association conducts regular education and training events for the board members, management and staff of their associations. The training serves to upgrade the skills of staff so as to enable them to continue improving the lives of their members through the cooperative business model, taking regional cultural and economic dynamics into account.

33. The Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance offers short courses for leaders and managers of cooperatives to improve their skills

¹⁶ Judith A. Hermanson and Susan Schram, "From the ground up: partnering with cooperatives on locally led development" (Overseas Cooperative Development Council, 2022).

¹⁷ International Labour Organization (ILO), *Leadership Training Manual for Women Leaders of Cooperatives* (International Labour Office, Geneva, 2005).

¹⁸ ILO resources for capacity-building and training on cooperatives and the wider social and solidarity economy entities, available at: www.ilo.org/global/topics/cooperatives/areas-of-work/WCMS_628372/lang--en/index.htm.

in governance and management of cooperative societies and microfinance. Kenya and the United Republic of Tanzania both have cooperative universities offering practical and academic courses up to the postgraduate level.

C. Element 3: cooperative culture

34. Cultural aspects are linked to historical and social factors and shape the enabling environment for cooperatives. By using the Hofstede dimensions of cultural values and norms, it is possible to analyse which countries and societies are more conducive to the development of cooperatives.¹⁹ A key conclusion is that the degree of success or failure of the cooperative model within a given country depends on where institutions fall on the spectrum of norms, values, attitudes, rules, habits and routines, as well as the intersecting historical, social, cultural, legal, political and economic elements of the institutional environment.

35. The Hofstede model identifies six national cultural dimensions: power distance, individualism, uncertainty avoidance, masculinity, long-term orientation and indulgence. Through the lens of the power-distance dimension, cooperatives are likely to be more successful in countries where vulnerable and disadvantaged populations do not accept unequal power distribution and possess some voice and agency. On uncertainty avoidance, in situations in which many people are threatened by social and economic uncertainty, cooperatives are less likely to thrive, since success is based on mutual trust and collaboration.

36. In countries where community ties are weak and people are expected mainly to look after themselves and their families, cooperatives have fewer opportunities to develop. The reverse is also true, particularly when there is high degree of gender equality. Long-term orientation is important for cooperatives, as opposed to short-term profit maximization. Working within a cooperative also encourages cooperation, as one of its key principles is democratic self-governance, giving each member an equal say. It is therefore possible for this cooperative culture to gradually expand and influence wider societal norms.

D. Element 4: funding and finance

37. Strengthening links between cooperative financial institutions and other types of cooperatives, as well as ensuring access to new sources of funding, is crucial for the growth and development of cooperatives.

38. Determining creditworthiness is key to the successful and large-scale financing of small cooperatives, such as smallholder farmers. Financial technologies are playing an important role in this regard. In India, a deep-tech decision intelligence company, Sat Sure Sage, has developed applications that assist lending institutions in making decisions about agricultural loans based on information about smallholder farmers, such as their history of crops grown, land record details and previous interactions with banks. The company uses artificial intelligence in combination with satellite data and location intelligence to quickly find all necessary information, allowing lenders to scale up and cater to many more farmers while reducing their operational costs per farmer.

39. A multinational cooperative bank based in the Netherlands, Rabobank, is running a programme on strengthening cooperative financial institutions for improved financial inclusion in Colombia, Ethiopia and several West African

¹⁹ Hans Groeneveld, *Doing Co-operative Business Report: Methodology and exploratory application for 33 countries* (International Cooperative Alliance, 2016).

countries. In Colombia, the programme works with the national federation of cooperative financial institutions to integrate smaller firms by promoting greater efficiency and knowledge-sharing. In West Africa, the programme focuses on how cooperative financial institutions can provide competitive financial products and services for over 4 million members. In Ethiopia, the programme supports increased cooperation and digitization, with the objective of reaching economies of scale and improving service provision.

40. The World Council of Credit Unions has several international financial inclusion projects, one of which uses a field officer banking tool, in which a staff member visits unserved and underserved rural communities with digital technologies to directly provide banking and financial services.²⁰ The World Council of Credit Unions' membership includes more than 84,000 credit unions operating in 118 countries, with 375 million members and \$3.2 trillion in assets. Owing to limited access to commercial funding in sub-Saharan Africa, nearly 100 million people use community-based savings and credit methods.²¹

41. Other examples of supporting cooperatives in accessing credit include the social economy support programme and the social economy development support programme in Portugal, which offer a subsidized credit line of 12.5 million euros, with maximum financing of 100,000 euros per entity. The National Institute of Social Economy in Mexico promotes access to savings, credit, insurance and other financial services. In 2019, it distributed 830 grants totalling 264.6 million pesos to 238 savings and loan cooperatives. Through its Ministry of Production, Foreign Trade, Investment and Fisheries, the Government of Ecuador has developed a special financing scheme that is strengthening the national guarantee fund for cooperatives and linking them with sources of financing, including private banks.²²

E. Element 5: networks and partnerships

42. Cooperatives engage in multi-stakeholder partnerships as well as bilateral collaboration with government agencies, education and research institutions, private intermediaries, international organizations and other cooperative groups and networks.

43. Cooperative networks are part and parcel of the cooperative identity, although they are not always easy to coordinate and maintain and therefore need focused attention and dedicated resources. The impact of cooperation and collaboration within the social solidarity economy and beyond is significant, both for building cooperative economies and for addressing the broad concerns around potential paths towards achieving sustainable systems.

44. Cooperative fair trade Indigenous communities in Latin America, Africa and Asia use the cooperative business model as a tool for sustainable economic development, coupled with autonomy and the preservation of their local environment and culture. Through intercooperative and social solidarity economy business networks, they engage in fair trade with more industrialized countries. Relationships throughout the value chain are rooted in shared values of mutual self-help, democracy, equality, equity and solidarity, building economic, social and cultural partnerships.

²⁰ See www.woccu.org/documents/preview/11-5_Field_Officer_Banking_tool_V6.

²¹ International Labour Organization, *Advancing the 2030 Agenda through the Social and Solidarity Economy* (ILO, Geneva, 2022)

²² Paper entitled "Entrepreneurial ecosystems for cooperatives", prepared by Nazik Beishenaly for the expert group meeting on cooperatives in social development, 30 May–1 June 2023.

45. Examples include the Kuapa Kokoo Cooperative Cocoa Farmers and Marketing Union Limited in Ghana, established as a farmer cooperative in 1993. In 1997, the members voted to set up their own chocolate company, and the Day Chocolate Company (Divine Chocolate) was established the following year in the United Kingdom of Great Britain and Northern Ireland, with non-governmental organization and Kuapa Kokoo co-ownership. For two decades, the Divine Chocolate Company and the Kuapa Kokoo Cooperative Cocoa Farmers and Marketing Union Limited have worked together to ensure farmers had a voice in the industry and access to training of good quality, and to facilitate the democratic governance of the organization. Today, Kuapa Kokoo Cooperative Cocoa Farmers and Marketing Union Limited is a flourishing organization of nearly 100,000 members, producing a significant percentage of cocoa exported from Ghana.²³

46. Another example is Yomol A'tel (Mexico), a group of five Indigenous social solidarity economy enterprises in the Chiapas Region of Mexico that unites hundreds of families and about 100 workers in the value chain of coffee, honey and other commodities. Two of its partners are also cooperatives – Tsumbal Xitalha SPR (Cooperative Society of Rural Production) owned by coffee and honey farmers, and Jun Pajal Otanil SC PR, a women's cooperative producing soap and hygienic products from indigenous plants. Yomol A'tel is an umbrella organization for these enterprises, applying the elements of solidarity and intercooperation in a way that fits the Indigenous context and culture.

1. Case study 1: Mondragon within the entrepreneurial ecosystem framework

47. Mondragon is the world's largest industrial cooperative group, with total sales in 2021 of more than 11.5 billion euros. The group comprises of 95 cooperatives providing employment to over 80,000 workers.

48. The group can be traced back to 1941, when José Maria Arizmendiarieta, a Catholic priest, arrived in the small town of Mondragón, in the Basque Country of Spain, that was devastated by the Spanish civil war. He founded an apprentice school to provide basic skills to the population to help in creating decent work for the population. The strong sense of cohesion continues to date and is expressed in its wage structure, where the highest salary paid in the group is mandated to be no more than six times higher than the lowest wage.

49. **Cooperative culture.** The spirit of collaboration and cooperation to solve common problems usually thrives in times of crisis, as was seen during the post-civil war period. The region had a feeling of community stemming from the collective Basque identity, with its own language and deeply rooted traditions. Much of the tradition derived from the agricultural sector, as there were often huge tasks that were more efficiently done in collaboration with other members of the community.

50. The Constitution of Spain (1978) also placed a duty on public authorities to promote cooperatives. The Mondragon experience shows that cooperatives can form and develop first, then a conducive environment can be created to scale up and offer more opportunities for growth. It was created out of historical necessity and its growth influenced legislation, with the close cultural cohesion of the region acting as an important driver.

51. **Networks and partnerships.** The Mondragon corporation's large network of cooperatives work in close partnership with each other. The corporation has a social solidarity system, called Lagunaro, one of the functions of which is to match workers

²³ Paper entitled "Cooperative to cooperative collaboration and its impact on value chains", prepared by Sonja Novkovic for the expert group meeting on cooperatives in social development, 30 May–1 June 2023.

within the network with job opportunities in the event of a cooperative downsizing or closing down. Mondragon has also opened offices and established industrial operations in more than 150 countries around the world. The international operations improved the competitiveness of Mondragon by bringing them into closer proximity with international markets and supply chains.

52. **Education and training.** Mondragon has cooperative training in which both the university in its Lanke Institute of Cooperative Studies and the Otealora Centre for Management and Cooperative Development play a key role. Cooperative governance is crucial to ensure proper management of the model, as is the entrepreneurship model developed by the university. All managers as well as the governing and social councils undergo cooperative training at different stages to ensure the proper functioning of the cooperative.

53. **Funding.** There are many financial services within Mondragon, beginning with Caja Laboral, founded in 1960, which has as its mission to provide industrial cooperatives with social, economic and business services. The Mondragon Corporation was set up in 1991 to restructure the businesses and provide members with common services, including financial services. In addition, many common funds have been set up to promote new business initiatives, such as Mondragon Investments, Mondragon Promotion Funds and Mondragon Foundation.

54. In conclusion, Mondragon has grown to become the world's biggest group of cooperatives and has created an entire successful ecosystem that embodies all key elements of a cooperative ecosystem.

2. Case study 2: kibbutzim within the entrepreneurial ecosystem framework

55. The first kibbutz was established in 1910 as a multipurpose cooperative community while the kibbutz movement of today was established in 1999, comprising 279 kibbutzim throughout Israel, which account for 66 per cent of the country's agricultural output. They have two main functions: providing social, political and guidance services to its members, including guidance related to kibbutz development and management, social services and education; and the development and maintenance of alliances and partnerships.²⁴

56. **Policy and regulatory framework.** The transition from traditional egalitarian kibbutz to the updated kibbutz model required supportive and enabling regulation. Throughout the years of transition, the kibbutz movement's role was to align newly created and evolving internal frameworks with an updated regulatory basis. The movement participated in the legislative process of the updated kibbutz and mediated its outcomes to the kibbutzim. As part of its representative roles, the movement advocates policy and regulatory initiatives in order to enhance the ability of kibbutzim to respond to internal and external demands and changes, according to the variety of regulatory frameworks to which they are subject owing to their municipal, social, agricultural and economic nature.

57. **Education, skills and knowledge.** As multigenerational cooperatives and communities, relying on the adhesion of new members and on the skills and knowledge of their members, the kibbutz movement enables knowledge creation and distribution to the individual kibbutz decision makers and members. Learning tools are created based on information, experiences and needs, enabling kibbutzim to implement various internal learning processes through the work of their members, decision makers and professional position holders. Regional enterprises mediate

²⁴ Paper entitled "Configurations on the entrepreneurial ecosystem in the Israeli kibbutz movement: social and economic value creation", prepared by Merav Niv for the expert group meeting on cooperatives in social development, 30 May–1 June 2023.

government agricultural policies and collaborate with the kibbutz movement in the creation and establishment of vocational courses and peer groups.

58. **Market environment.** As an economic entity, the kibbutz operates in a market environment that requires constant development and improvement. The agricultural traditions of kibbutzim, as well as existing infrastructures, are a natural basis for incremental, sustainable and radical innovations in food technology and agricultural technologies. Both the regional enterprises and the kibbutz movement assist kibbutzim in creating sustainable and competitive growth engines through innovation centres, accelerators and incubators, as well as through partnerships with industries and scientific research centres.

59. **Culture.** Following the stabilization of the updated kibbutz model, in 2019 the kibbutz movement focused on conceptualizing the core components of kibbutz identity. Following the outbreak of the COVID-19 pandemic across the world and in Israel, the kibbutz movement conducted online surveys to map and assess the pandemic's impact on kibbutzim and their members. The survey results indicated that the value-oriented kibbutz organizational infrastructure enabled kibbutz functions to conserve and preserve social cohesion, solidarity, mutual responsibility, local leadership and an active democracy, reaffirming the existence and wide relevance of core values and principles of kibbutzim today.

60. **Networks and partnerships.** Aiming to create social, cultural and educational value within Israeli society at large, the kibbutz movement focuses on maintaining partnerships with cultural associations, colleges and museums, as well as collaborations with government agencies to implement programmes relating to adult education, volunteering and welfare. Existing community infrastructure enables a kibbutz to host and operate social programmes and ventures such as community-integrated and supported housing for people with disabilities. Volunteering opportunities for young adults born into kibbutzim are provided as part of a collaboration between the kibbutz movement's education department and multiple welfare and education organizations, while the kibbutz movement's social responsibility unit maintains social volunteering networks, encouraging kibbutz communities and individuals to take part in volunteering activities.

IV. Strengthening data and statistics on cooperatives

61. In order to support a dynamic entrepreneurial ecosystem, it is critical to have relevant statistical data on cooperatives that should also be internationally comparable. The adoption of the guidelines concerning statistics of cooperatives by the International Conference of Labour Statisticians and ILO in 2018 was a definitive step forward in this direction. The guidelines describe the concepts, classifications, statistical units and definitions needed to compile statistics on cooperatives in a way that is consistent with the current international standards for economic and labour statistics.

62. ILO is currently running an initiative to pilot the roll-out of the guidelines in five countries – Costa Rica, Italy, the Republic of Korea, Türkiye and the United Republic of Tanzania. The countries were selected on the basis of their strong policies on cooperatives, regional diversity and in order to represent a variety of levels of development. One of the main findings is that developing national statistics on cooperatives requires a strong ecosystem to facilitate effective partnership among a multitude of stakeholders. The full results of the initiative will be reported to the twenty-first International Conference of Labour Statisticians in 2023.

63. The guidelines provide a clear standardized base on which to elaborate further statistics on cooperatives in order to highlight the contribution of cooperatives to the 2030 Agenda. The importance of the guidelines and statistics on cooperatives in general is not, however, sufficiently recognized by stakeholders, including national statistical offices and cooperatives. It is also important for international organizations to further promote and support the development of statistics on cooperatives. For example, the content of The guidelines should be included in key United Nations documents, such as the Handbook on non-profit institutions in the System of National Accounts.

V. Conclusions and recommendations

64. Cooperatives have been proven to promote the economic and social development of all people, including women, youth, older persons, persons with disabilities and Indigenous Peoples. They contribute to social inclusion and the eradication of poverty and hunger. Many have shown themselves to be resilient, especially in times of social and economic crises. They further promote sustainable development in its three dimensions of social development, economic development and environmental protection. Although Member States have recognized cooperatives as key partners for sustainable development, they continue to play a relatively small part in overall economic and social policies and practice, compared with their huge potential contribution.

65. Supporting and strengthening cooperatives as successful business enterprises will increase their ability to support sustainable development and increase economic and social well-being. The present report sets out the entrepreneurial ecosystem approach as one way of supporting cooperatives towards fulfilling their potential. In this regard, Member States may wish to consider the following policy recommendations:

(a) **Governments should provide support for cooperatives as successful business enterprises by using the entrepreneurial ecosystem approach, as well as support for further research on the enabling ecosystem for cooperatives in varying geographic settings and in different social and economic sectors, in order to build a firm foundation for evidence-based policies;**

(b) **Governments should continue to strengthen their capacities to collect comprehensive and internationally comparable data on the role of cooperative enterprises in economic and social development and the implementation of the Sustainable Development Goals, with reference to available methodologies, such as the guidelines concerning statistics of cooperatives, with the aim of including cooperatives in measures of national economic activities;**

(c) **Governments should promote the potential of cooperatives, irrespective of a country's level of development, through integration in national development plans and Sustainable Development Goal reporting processes, and by including them in national consultations on social and economic policies and highlighting their contributions in voluntary national reviews submitted for the high-level political form on sustainable development;**

(d) **The United Nations system and other national and international organizations working on cooperative issues should continue to provide policy analysis, technical support and capacity-building assistance to promote the continued growth of cooperatives for the achievement of sustainable development.**