

US Overseas Cooperative Development Council

Cooperatives

**Building a More Prosperous, Democratic
and Inclusive World**

A policy paper by the United States Overseas Cooperative
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Cooperatives: Building a More Prosperous, Democratic and Inclusive World

A POLICY PAPER BY THE UNITED STATES OVERSEAS
COOPERATIVE DEVELOPMENT COUNCIL

2022

The U.S. Overseas Cooperative Development Council (OCDC) brings together U.S.-based organizations committed to building a more prosperous world through cooperatives. OCDC’s mission is to champion, advocate and promote effective and sustainable international cooperative development. Together, U.S. cooperative development organizations promote sustainability and self-reliance through local ownership. With projects in more than 70 countries, OCDC members have implemented the largest portfolio of cooperative development programs in the world. Members include ACDI/VOCA, Equal Exchange, Frontier Cooperative, GENEX, Global Communities, HealthPartners, Land O’Lakes Venture37, NCBA CLUSA International, NRECA International and the World Council of Credit Unions.

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Acronyms and Abbreviations

B20	Business Twenty, high-level CEOs from around the world
BREB	Bangladesh Rural Electrification Board
CCT	Cooperativa Café Timor
CDK	The Children’s Development Khazana
CDOs	Cooperative development organizations
CDP	Cooperative Development Program (USAID)
CLARITY	Cooperative Law and Regulation Initiative
CLEAR	Cooperative Leadership, Engagement, Advocacy and Research Program
COVID-19	Coronavirus disease 2019
G–20	Group of Twenty, international forum for the governments and central bank governors from 19 countries and the European Union (EU)
GBV	Gender-based violence
GDP	Gross domestic product
GLI	Gender lens investing
ICA	International Cooperative Alliance
IFFCO	Indian Farmers Fertilizer Cooperative, Ltd.
ILO	International Labor Organization
IMF	International Monetary Fund
NEET	Not in Education, Employment or Training
NGO	Non-governmental organization
NRECA	National Rural Electric Cooperative Association
OCDC	United States (U.S.) Overseas Cooperative Development Council
OECD	The Organization for Economic Co-operation and Development
RG	International Cooperative Research Group (OCDC)
SACCOS	Savings and credit cooperatives
UN	United Nations
UNIDO	United Nations industrial development organization
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WOCCU	World Council of Credit Unions
YETA	Youth Empowerment Through Agriculture

Executive Summary

In the quest for a more prosperous, democratic, and inclusive world, and amid calls to “build back better” post-COVID-19, there has never been a better time to increase U.S. investment in cooperative development. Through a democratic business model, people-centered approach, underlying social justice principles, concern for community, and dedication to equitable economic growth, cooperatives bring a unique set of solutions to today’s most difficult development challenges.

Cooperatives are a dynamic force for self-determination, and they contribute to creating communities where all people — including women, youth and the most vulnerable — have an opportunity to improve their livelihoods. Cooperatives go where for-profit businesses will not — they provide economic opportunities and services in places that others find unprofitable or too risky. For many poor and isolated people, joining a co-op is the best option to help them escape poverty.

U.S. cooperative development assistance has helped develop cooperatives that serve millions across the globe. What results can be expected if a greater investment is made? This paper provides evidence that a greater U.S. investment in cooperative development will:

Create jobs and economic growth in low- to middle-income countries — and the United States

Cooperatives offer a proven way for people to control their economic livelihoods.

- In developing and transitional economies, they create jobs, equitable economic growth, and social development.
- Cooperatives allow poor people to pool resources and reduce risks and allow small farmers and businesses to enjoy advantages of greater scale of production.
- Cooperative development stems migration by providing economic opportunities for people in their home country.
- Co-ops provide opportunity and member services otherwise unavailable in remote areas.
- Public-sector assistance helps fund the formation of cooperatives in developing economies and, as they grow, these well-managed cooperatives develop vital U.S. linkages with corporate foundations, NGOs, and American volunteers. This makes U.S.-funded cooperative development a win for jobs in the United States. Private-sector jobs at companies in the U.S., such as those involved with coffee and cocoa, rely on supply chains anchored by well-organized cooperatives in developing countries. In turn, successful cooperatives buy U.S. products, which expands export opportunities.

Further democratization across the globe

A cooperative is a “learning lab” where members experience democratic governance. Cooperatives are democratically managed through “one member-one vote,” and members elect a board that represents their interests and are accountable to them. These lessons spill over from local cooperatives into the broader society. Local cooperative members learn to vote in elections, work democratically to achieve change at all levels of their cooperative organization, and advocate for modernization of laws that govern their co-ops.

Foster social inclusion

Half of the world’s 1.2 billion youth, ages 15 to 24, live in low- and lower-middle-income countries. In developing nations, employment opportunities for these young people — and women — are limited. The world cannot afford to waste their talents and potential. Cooperatives can engage millions of youths who need jobs, and women who have been excluded from economic opportunities. Underserved individuals can either join an existing cooperative, or they can form their own. Inclusion and empowerment of women and youth in cooperatives will more quickly pull communities up from poverty.

Have large-scale impact

Cooperatives overseas that have been initiated and nurtured through U.S. funding are thriving. Additional resources will continue fostering development at this impressive scale. For example, U.S. assistance has meant that:

- 70 million rural people in the Philippines now have electricity.
- 46,000 health care co-op members in Uganda have access to reliable care.
- 15 million producers sell milk to more than 144,000 dairy cooperatives in India.
- Thousands of small farmers in Africa and Central America access global markets through Fair Trade-certified coffee cooperatives.
- More than 39,000 credit unions meet financial needs of 38 million members across Africa.
- 36,000 farmer cooperatives provide fertilizer and other critical services to rural India.
- 40,000 children in South Asia are learning the basic principles of banking through a children’s cooperative.

Result in trust, sustainability, and growth

Where trust of for-profit companies is low, cooperatives grow. Trust is a basic principle for cooperatives, which are owned, managed, controlled, and patronized by their own members. Cooperative banks and savings and credit cooperatives were not damaged during the financial crisis of 2007-2008 and grew in membership because they were seen as more risk-averse, sustainable, and trustworthy. Income from premiums in the global mutual and cooperative insurance sector grew by 30% in the 10-year period following the onset of the financial crisis, compared to 17% growth of the total global insurance industry. This growth resulted in a 24% increase in jobs globally from 2007-2017.

U.S. capacity for ramping up cooperative development assistance

The United States leads by example and expertise when it comes to sustainable cooperative development. There are nearly 30,000 cooperatives of all types in the U.S. They serve more than 350 million members and employ more than 2 million people. Evidence shows that cooperatives operating in an enabling environment in the developing world can enjoy the same sustainability. Many that received initial U.S. development assistance decades ago are still functioning as member-owned businesses, creating jobs and serving millions.

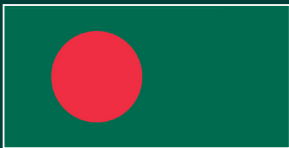
The U.S. capacity for cooperative development assistance is strong. U.S.-based cooperative development organizations (CDOs) can build on the foreign assistance success they have demonstrated since the 1960s, form new partnerships and increase cooperation to help even more people solve today’s most pressing development problems. U.S. leadership is needed to stimulate working together through international networks of research, learning and action to help cooperatives grow around the globe.

USAID an anchor, intellectual leader in programming and private-sector partnerships

USAID’s Cooperative Development Program (CDP) is an anchor and intellectual leader in USAID programming and private sector partnerships. The CDP, which is part of the Bureau for Development, Democracy, and Innovation, is a global initiative that strengthens cooperative businesses and credit unions across multiple sectors throughout Africa, Asia, and Latin America. The program partners with U.S.-based CDOs for five-year action projects, and for research, with the U.S. Overseas Cooperative Development Council’s International Cooperative Research Group. Demand for cooperative development solutions is demonstrated by current CDP projects within USAID missions, conducted in collaboration with private-sector companies through programs, such as USAID’s Global Development Alliance. This work has proven successful, and additional investment can stimulate its strategic expansion.

Cooperatives can play a much larger role in creating opportunities for people in low- to middle-income countries. If priority investments are made now, millions of individuals globally could be lifted out of poverty on a much greater scale.

At a Glance CO-OPS REACH MILLIONS



25 million
Members in Bangladesh



56 million
Members in the Philippines



7 million
Members in Ethiopia

SECTION I

Why Cooperatives?

A. Global challenges and cooperative solutions

The many global development challenges faced by humanity today are intertwined and exacerbated by the worldwide COVID-19 pandemic. These challenges include growing global poverty and economic disparity; instability in the financial sector; weakening of democracy; exclusion of women from economic opportunities; massive unemployment of youth; food insecurity; climate change; continuing conflict; and a digital revolution that is leaving much of the world's population offline. Solving these problems will take cooperation — between countries, the public and private sectors, and individuals.

There is a dynamic link between cooperative development and today's global challenges. U.S. policies that support a higher and more strategic investment in cooperative development today will build a more prosperous, democratic, and inclusive world by:

- **Driving equitable economic growth** through a people-centered and values-based business model where all, including the most vulnerable, have opportunities to improve their economic circumstances.
- **Building democracy** by providing a framework for democratic participation of members in cooperative governance and in broader public policy.
- **Fostering social inclusion** by increasing trust, building social capital, and tapping the full potential of the disenfranchised, particularly women and youth.

This paper:

- Documents contemporary challenges in each of these areas.
- Notes why cooperatives are uniquely suited to be part of the solution.
- Cites examples of current U.S. cooperative development assistance programs that are meeting these challenges.
- Suggests where supportive policies and additional resources can enhance future success.

B. What is a cooperative?

Every morning, when Americans reach for their morning cup of Fair-Trade coffee, 97 % of which is produced by cooperatives, they benefit from U.S. links to cooperatives in the developing world. More than 12% of humanity is part of the 3 million cooperatives in the world.¹

The International Cooperative Alliance defines a cooperative 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.”² Cooperatives are structured around **seven principles** which reflect a deep commitment to democracy, economic participation, inclusion, and sustainable growth.

Cooperatives **thrive in every part of the economy** — agriculture, energy, information technology, housing, health, and finance. The main classes or types of cooperatives are: consumer, producer, worker-owned, multi-stakeholder, and social cooperatives, which serve others beyond their membership.

Cooperative Principles

1. **Voluntary, open membership:**

Open to all without gender, social, racial, political, or religious discrimination.

2. **Democratic member control:**

One member, one vote.

3. **Member economic**

participation: Members contribute equitably to, and democratically control, the capital of the cooperative. Economic benefits are returned to members, reinvested in the co-op, or used to provide member ser-vices.

4. **Autonomy and independence:**

Cooperatives are autonomous, self-help organizations controlled by their members.

5. **Education, training, and**

information: Cooperatives provide education and training so members can contribute to the development of their cooperatives and inform others about the benefits of cooperation.

6. **Cooperation among**

cooperatives: Cooperatives serve their members most effectively and strengthen the coop-erative movement by working together through local, regional, national, and international structures.

7. **Concern for the community:**

Working together for sustainable community development through policies accepted by members.

ICA Statement on the Cooperative Identity

Cooperatives are **people-centered enterprises** — jointly owned, democratically controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations. They benefit their members and bring social benefits to their surrounding local communities.

As businesses **driven by values**, not only profit, cooperatives share internationally agreed upon principles and act together to build a better world through cooperation. Fairness, equality, and social justice are at the heart of the business model. Cooperatives around the world are helping people work together to create **sustainable enterprises** that generate long-term jobs and prosperity.

Cooperatives bring people together in a democratic and equal way. Whether the members are the employees, customers, users or residents, cooperatives are **democratically managed** by the “one member, one vote” rule. Members share equal voting rights regardless of the amount of capital they put into an enterprise.

C. Why cooperatives are uniquely suited to help solve today’s development challenges

Cooperatives’ people-centered and values-based approach, democratic governance, underlying social justice principles, and inclusiveness make them well-suited for helping achieve a more prosperous, democratic and inclusive world.

Cooperatives have the potential to help millions of people around the globe take control of their own livelihoods, if the proper policy environment can be created for their expansion. Cooperatives can help create communities where all people — including women, youth and the most vulnerable — have expanded economic opportunities.

Because they are not owned by shareholders, the economic and social benefits of cooperatives stay in the communities where they are established. Cooperatives’ local, member-driven nature, and their concern for communities are important characteristics for development opportunities that for-profit businesses deem too risky.

Cooperatives by the Numbers in Developing and Transitional Economies



80 rural electric cooperatives provide power to 106 million people in Bangladesh.⁵



121 electric cooperatives in the Philippines bring electricity to more than 14 million connections, serving approximately 70 million people in 36,000 rural villages in 1,475 rural towns.⁶



15 million milk producers sell their product to over 144,000 dairy cooperatives across India. The milk is processed at plants operated by 186 district cooperative unions and marketed by 22 state milk cooperative federations.⁷



30 million people in Latin America are members of insurance co-ops.⁸



In Kenya, the cooperative sector represents over **14 million** members across 24,000 cooperatives and accounts for 35 percent of national savings.⁹



40,000 children between the ages of 8 and eighteen are members of The Children’s Development Khazana (CDK), a cooperative managed and owned by children in South Asia.¹⁰



Thousands of smallholder farmers in Ethiopia, Rwanda, East Timor, and Central America are linked by Fair Trade-certified coffee cooperatives into global markets with their premium coffee prices.¹¹



50,000 members of health care co-ops in Uganda have reliable access to care.¹²



Over **36,000** cooperatives are now part of India’s IFFCO, with diversified business interests ranging from general insurance to rural telecom, in addition to their core business of manufacturing and selling fertilizer. IFFCO was originally founded with U.S. assistance in 1967 with just 57 fertilizer cooperatives and now reaches over 50 million Indian farmers.¹³

Cooperatives are resilient, enduring businesses. Many survive better than regular businesses in times of crisis because they are owned, managed, patronized, and trusted by their members. Well-known examples were trusted cooperative banks and savings and credit cooperatives that withstood the global financial crisis of 2007-2008. Cooperatives were in an unusually strong position and grew as customers switched their business away from discredited investor-owned banks to cooperative banks and credit unions, which they saw as more risk-averse and trustworthy.

Other cooperative sectors, as well, grew after the financial crisis, and many new jobs were created as a result. The premium income of the global mutual and cooperative insurance sector grew by 30% in the 10-year period since the onset of the financial crisis, compared to 17% growth of the total global insurance industry. Since 2007, this growth resulted in a 24%-increase in insurance-sector jobs globally to 1.16 million in 2017.³

D. The U.S. has an excellent track record and cooperative development expertise to share



Cooperatives have played a strong role in the economic and social development of the United States at a scale that benefits millions of Americans. There are nearly 30,000 cooperatives in the U.S., in every sector of its economy. One-third of all Americans are co-op members, holding 350 million co-op memberships worldwide (many people belong to more than one cooperative). American cooperatives generate \$650 billion in annual revenue.⁴

The U.S. has led by example with some of its most successful cooperatives sharing their knowledge with developing countries through multiple programs. Cooperatives have been part of U.S. foreign policy strategy and a component of USAID priorities since its inception in the 1960s. Through U.S. development assistance partnerships, U.S.-based cooperative development organizations (CDOs) have an excellent track record in helping cooperatives play the same catalytic role in developing and transitional economies as they have in the U.S.

Cooperatives are a market-based form of support to developing economies, and while they have not always been properly supported, growing economies around the world are increasingly able to harness their strengths and contributions. Despite multiple challenges, thousands of cooperatives assisted by U.S.-based CDOs have overcome obstacles, contributed to development at an impressive scale, and have had the same long-lasting impact as they have had in the U.S.

With expanded resources, U.S.-based CDOs can continue building on their success and stepping up cooperation to lift millions more out of poverty.

SECTION II

**Cooperatives:
Driving Equitable Economic Growth**

A. The issue: Uncertainty, inequity, and calls for change

As the global economy recovers from the COVID-19 pandemic, uncertainty is the watchword: recovery depends largely on global vaccine distribution. Before the pandemic, the International Monetary Fund (IMF) estimated that income gaps between advanced economies and 110 emerging and developing countries would narrow during 2020-2022. But now it is estimated that only 52 economies will be catching up during that period, while 58 will fall behind. Cumulative per capita income is expected to decrease by 18% for low-income countries and by 22% for emerging and developing countries, excluding China. Women, youth, and informal workers continue to be disproportionately hit by job losses, and millions of children are still facing disruptions to education.¹⁴

As the pandemic recedes and countries rebuild their economies, the challenges call for new policies, investments, and ways of doing business to create a more equitable, democratic, and inclusive world.

USAID's Economic Growth Policy highlights three reasons why investing in equitable economic growth should be a priority:

1. Inclusive economies with less income inequality are associated with greater political and social stability and more sustainable economic growth.
2. Broad-based economic growth in developing countries leads to stronger markets for U.S. goods and services.
3. Growth, poverty, and inequality are strongly linked — economic growth is largely responsible for massive reductions in extreme global poverty.¹⁵

Business leaders and others are calling for change and advocating for new ways of doing business. In preparation for the 2020 G-20 summit in Davos, the World Economic Forum asked top CEOs around the world to share ideas on how to create fairer economic systems. They recommended "...investing in long-term growth and resilience that is environmentally sustainable and socially inclusive; collaborating across society (the public and private sectors, communities- and NGOs); bringing the spirit of partnership seen during COVID-19 to other critical issues, such as economic inequality, climate change, education and social justice; supporting societies and communities by building a long-term and sustainable future; and rebalancing the growing inequality in our economies that has been the source of much political and social instability."¹⁶

While global leaders quoted were heads of for-profit businesses, they actually were touting the principles the cooperative business model has embodied for over 170 years — empowering people; social inclusivity; concern for community and environmental sustainability; education; scaling up of financing for sustainable development and economic diversification; building a long-term and sustainable future; and collaboration (among cooperatives and with others) to solve the complex economic problems facing society.

"Making the right investments now (following the devastating health and economic crisis caused by COVID-19) is vital to both support the recovery when it's urgently needed and foster resilience. Our response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a **durable, equitable and sustainable global economy.**"

David Malpass
President, World Bank Group
Global Economic Prospects 2021

B. Cooperative solutions

Cooperatives are an important part of the solution to today's global economic inequities — they can reach into some of the riskiest, most difficult areas of the world to help people expand their economic opportunities and make a better life for themselves and their families. Unlike for-profit businesses, cooperatives are not organized to make monetary gains for themselves as legal entities, or for their members as investors, but rather for all members, who are users of their services. Cooperatives deliver economic benefits to their members, who organize and pool resources and skills around a common economic goal. They reduce risk by turning individual risk into collective risk and achieve much more by working together than they could individually.

In the developing world, cooperatives build a sustainable foundation for economic growth and may be the "only game in town" to lift poor people up and help them mobilize financial and other resources. Members are local community residents, so business profits remain in the community. Cooperative membership builds community networks and social cohesion among diverse community members. In areas where private sector initiatives are weak or absent, cooperatives generate jobs and can scale up to continue to generate new employment opportunities.¹⁷

Services, which are not available elsewhere but are provided by cooperatives, pull their members out of extreme poverty. Savings and credit cooperatives (SACCOs) give members access to financial capital otherwise unavailable; agricultural cooperatives help farmers access the inputs required to grow crops and keep livestock, and help them process, transport, and market their produce; consumer cooperatives make it possible for their members to access household supplies like food, clothing, and other products at affordable prices.¹⁸

"What Difference do Cooperatives Make?",¹⁹ a multi-year, multi-country research study conducted by ODC's International Cooperative Research Group, provides convincing evidence of the economic importance of cooperatives. Overall, the study shows that their members are more likely to have a sense of well-being, enjoy a higher-than-average income, and be less likely to be poor as compared to non-members and the overall population. Here are some examples:



In **Kenya**, cooperative members attributed their higher income and improved economic well-being to cooperative membership: 97% said membership improves their household's financial situation; 63% cited access to loans, savings, shares and commissions as critical to income diversification and for support during financial hardship; 91% cited improved access to markets as a key benefit of cooperative membership.²⁰



In **Peru**, 75% of cooperative members reported their cooperative has positively affected their economic situation in diverse ways, including facilitating access to credit, supporting entrepreneurship, and increasing their general comfort level in life. Cooperative members surveyed were more likely to be in middle- to higher-middle socioeconomic brackets and less likely to be in lower socioeconomic brackets, compared to the national average. This held true across geographies and cooperative types. Cooperative members in the survey sample were not only more likely to have higher incomes than average, but also less likely to have lower incomes.²¹

Cooperatives are unique in today's society and economy because they are twin generators of both economic and social capital. There are few alternatives that generate both essential ingredients for human and economic cooperation to take place and achieve sustainable socioeconomic development. In countries with very low social capital, cooperatives are building blocks and models for both civil society and economic prosperity.



In the **Philippines**, 97% of cooperative members surveyed affirmed that cooperative membership positively affected their household's economic status, including 32% who responded that the cooperative had a “considerable” impact and 27% who said the cooperative had a “strong” positive impact on their household economic situation. Of surveyed members, 82% responded that their financial security had improved, and 53% indicated an improvement in their general quality of life.²²



In **Poland**, 44.6% of cooperative members said their main motivation for joining a cooperative was to gain economic advantage. Of those surveyed, 83.4% reported membership in a cooperative positively influenced the economic situation of their household — 49.4% stated their general comfort of life improved, 32.1% said their financial security improved, and 10.5% said they were able to buy additional household assets.²³

C. Examples of U.S. cooperative development assistance

The following examples show how U.S. cooperative development assistance spurs economic growth and self-reliance in developing countries; how partnerships in those countries are intertwined with U.S. job creation and growth; and how the U.S. private sector participates in development to increase the impact of public sector assistance dollars. These technical assistance projects show how:

- A cooperative can develop over time from a few producers to a major employer and service provider.
- Electric cooperatives remove barriers to rural economic growth.
- Assisting cooperatives overseas can help ensure U.S. access to key commodities.
- American cooperative farm credit system and consumer cooperative bank models can be adapted to help disadvantaged farmers overseas grow and develop.

At a Glance

CO-OPS CREATE OPPORTUNITIES
IN TIMOR-LESTE

- **22,000** members
- **400,000** jobs
- **Exports** to Starbucks

Growing the coffee industry (and more) in Timor-Leste (NCBA CLUSA)

The work of NCBA CLUSA in the Democratic Republic of Timor-Leste shows how a cooperative can grow from a small group of farmers to become a thriving major employer — and a provider of community health services. In the mid-1990s, NCBA CLUSA, with funding from USAID, initially helped organize 450 coffee farmers in East Timor into a cooperative called Cooperativa Café Timor (CCT). Few coffee buyers were sourcing from East Timor at the time due to decades of conflict in the region.

NCBA CLUSA staff sent queries to hundreds of potential buyers about the cooperative's coffee. One of the first to respond was Starbucks, which remains a major buyer to this day, as well as other key coffee buyers. Coffee is now East Timor's top agricultural export with an annual value of about \$12 million.

Cooperativa Café Timor, with 26,700 farmer-owners and an inclusive workforce that is 40% female, has moved from a development project to a large, thriving agricultural cooperative. Development of the cooperative has been supported by USAID, USDA, and New Zealand AID. It is also East Timor's leading private-sector employer. Demand from Starbucks, which bought its first CCT coffee in 1996, now exceeds supply. McCormick & Company is an important customer for the cooperative's line of high-value spices.

The cooperative has reinvested profits from Fair Trade and other certifications from coffee exports back into the community. One of those investments is a network of clinics that provide critical health care in rural East Timor. These services are provided at no cost to cooperative member families and their communities. Over 2.5 million health treatments have been provided for 110,000 people, making it Timor-Leste's largest health care service provider.

In 2018-2019, U.S. private sector funding leveraged normal health-care expenditures when Minnesota-based National Co-op Grocers gave CCT's mobile clinic team a \$30,000 grant to provide health services for one year to seven rural coffee farming communities in central East Timor. More than 10,000 coffee farmers and their families, who had no other access to health care, received medical assistance because of the grant.

CCT has remained resilient through the COVID-19 pandemic, due largely to its key investments in health care. Timor-Leste was faced with increased economic hardship and a rise in unemployment, but CCT was able to fully operate during the 2020 harvest season, using strict COVID protocols the length of its supply chain. Farm families received information about COVID-prevention techniques through CCT's health clinics, mobile clinic teams and village-level extension services. The cooperative's fixed and mobile clinics remained open for all patients throughout 2020.

NCBA CLUSA continues partnering with CCT on improving and rehabilitating coffee farms, diversifying crops with expanded cacao and spices production, and strengthening resilience to climate challenges through a follow-on project funded by New Zealand AID.²⁴



Removing barriers to economic growth in Liberia through electrification (NRECA International)

The work of NRECA International in Liberia illustrates the important role that cooperatives play in bringing services to remote areas that support economic growth. NRECA International is an affiliate of the National Rural Electric Cooperative Association (NRECA), an organization that represents more than 900 of America's electric cooperatives. NRECA International was established in 1962 to share with developing countries around the world the lessons learned in the electrification of the United States' rural areas.

Liberia is home to 4.4 million people, half of whom live in rural areas; 1.5 million live in poverty. Liberia’s civil war, which ended in 2003, destroyed much of the country’s power sector.²⁵ At just 12%, Liberia has one of the lowest electricity access rates in the world, posing a major barrier to economic development. Beginning in 2014, USAID partnered with NRECA International to support Liberia’s Rural and Renewable Energy Agency (RREA), focusing on off-grid projects to electrify rural Liberia.

NRECA International’s assistance in developing the Totota Electric Cooperative has brought electricity and prospects for growth to many small businesses in an area that has never had access to electric power. Totota is a rural community 80 miles northeast of Liberia’s capital, Monrovia. Most households in Totota were relying on dry-cell batteries, lanterns, and candles and a few individually owned small generators.

NRECA International has established a power utility providing reliable and affordable electric service to households, businesses, and community services, such as hospitals. The system can serve 400 homes and businesses, and it is the first time the town has access to reliable and affordable electricity. The Totota Electric Cooperative, with approximately 250 members and growing, owns and operates the power utility. It has become self-sufficient in less than two years, serving as a model for additional cooperatives in Liberia.

The project is an example of public/private and U.S./Liberia cooperation. An innovative partnership, it was funded by NRECA International; by USAID’s Cooperative Development Program (development of the cooperative structure, governance training, etc.); and by donations from volunteer line workers from U.S. electric cooperatives. Bandera Electric Cooperative of central Texas provided the energy system — a combination of solar, energy storage and high-efficiency reciprocating engines/generators all housed within a standard 20-foot shipping container. Two volunteers from Boone Electric Cooperative in Missouri helped with the construction.²⁶



Helping Sri Lankan farmers navigate the U.S. spice market (Frontier Cooperative)

The U.S. spice industry relies on Sri Lanka for pepper, nutmeg, cloves, and cinnamon — all crops that cannot be grown in the U.S. Sri Lanka has a reputation for organic-certified growing, and Iowa-based Frontier Cooperative is working in Sri Lanka to help the country meet U.S. food-safety requirements and ensure an adequate supply of these important spices.

Trade between the two countries has been robust in the past, but the Sri Lankan spice industry presently lacks the knowledge and infrastructure to meet the new food safety and quality requirements of the U.S. Food Safety Modernization Act (FSMA), intended to strengthen the safety of the U.S. food system. As a result, small-scale Sri Lankan farmers are no longer able to

directly export spices to U.S. buyers. Other countries, which have more technically advanced processing, are eroding demand for Sri Lankan spices by growing organic product and adding value by producing ready-to-eat products.

The loss of the U.S market is a significant blow to Sri Lanka. Spices represented 18% of Sri Lankan agricultural goods — equivalent to \$35 million — exported to the U.S. in 2018. It also adversely affects the U.S. spice industry.

Sri Lankan spices are an essential part of U.S. brands’ offerings. To address this situation, Frontier and Small Organic Farmers Association (SOFA) have formed a strategic partnership with Frontier Cooperative to ensure SOFA members’ production is export ready and FSMA compliant for sale to Frontier and other independent buyers.

Frontier’s USAID/CDP award, the Safe Processing in Cooperative Enterprise (SPICE) project, will support the training of farmers and SOFA management to facilitate export of value-added, food-safe, ready-to-eat spices. This will allow SOFA’s members — rural households — to capture additional value, stabilize incomes and increase household livelihoods.²⁷

Supporting a path to self-reliance for South Africa’s disadvantaged farmers (GENEX)

FarmMark is an innovative nonprofit business with a vision to provide access to inputs, markets, and affordable commercial credit to disadvantaged farmers, who are members of cooperatives, in South Africa. FarmMark grew out of work by GENEX (a Wisconsin-based company) with 13 South-African cooperative partners in its USAID-funded CDP. Those 13 cooperatives, mostly devoted to livestock, make up a consortium that own 45% of FarmMark.

FarmMark has created a Farm Credit Revolving Fund to bridge the creditworthiness-gap of disadvantaged farmers. The fund builds on the idea of the U.S. cooperative farm credit system and consumer cooperative bank models. Initially, the fund will be available only to its original member—owners; over time, it will offer credit to any customer.

Fifty percent of input purchase will be paid in cash by farmers; the remaining 50% will be financed by FarmMark. Terms are expected to be six months (allowing two crop cycles per year) with interest charged at concessional rates of 2-3%. First National Bank (FNB) and Standard Bank, South African commercial lenders, will establish a line of credit for the first round of borrowers, who have built a credit history with the fund through three to four production cycles. As borrowers graduate from their need for concessional borrowing and transition to commercial lenders, the fund will serve new borrowers, continuing the process of transforming those unable to access credit into creditworthy customers.

To mitigate risk for farmers, FarmMark is developing commercial relationships with farm input suppliers, buyers, and processors. For example, it is purchasing inputs in bulk, eliminating agents and brokers, and saving money for farmers. FarmMark provides a locally developed and locally owned solution to a local problem. It shows how 13 cooperatives, working together, can prosper and forge a path to self-reliance.²⁸

D. Policies and investments for broader, more inclusive, economic growth

Cooperatives should be a major part of any development strategy where the goal is equitable economic growth

Cooperatives have a proven track record in economic growth, measurable benefits and a flexible business model that brings opportunities to even the most remote and difficult environments. They are an investment in livelihoods that pull people out of poverty and bring supportive services to members who could not access them in any other way. Evidence shows that cooperative members enjoy a higher economic status on average than non-members.

Cooperatives should be at the center of COVID-19 recovery strategies

Land O’Lakes Venture37 conducted a study of COVID-19’s impact on nearly 90 agricultural cooperatives in eight countries, in collaboration with NCBA CLUSA, Global Communities, Equal Exchange and Tango International. Data were collected in May, June, and July 2020, to assess how the impacts of COVID-19 on cooperative operations changed over time.

For example, data on dairy, maize and horticulture cooperatives in Rwanda and dairy and horticulture cooperatives in Malawi, showed revenues substantially reduced over the three-month period. Markets were closed and buyers were lost; products brought lower prices; operational costs were higher because of government restrictions; and some members were lost. Members had difficulty accessing health services and food, and there was an increase in gender-based violence.

Cooperatives in the study have been remarkably resilient. They relayed vital COVID-19-related information to members, provided loans and helped those who needed access to food. But development assistance will be needed to help them recover from adverse economic impacts. All cooperatives reported a need for access to finance to cover revenue losses; help to shift business strategies and revise operations; and access to technology to maintain business operations. Development assistance will be needed to coach and mentor cooperative leaders, determine ways to recover market linkages, share best practices among cooperatives and protect members from future shocks.²⁹

A public/private collaboration strategy could accelerate impact

Strategic thinking is needed for how the U.S. private sector can be more involved with public-sector efforts to create greater economic development impact in low- to middle-income economies. There are many examples of private-sector collaboration that have made developing-economy cooperatives a success: U.S. cooperatives helping cooperatives overseas; major private-sector cooperative development projects sponsored by U.S. businesses and their affiliated foundations; corporate social-responsibility projects; and contributions of a single person or small group of private-sector volunteers. This precedent can be built upon.

The U.S. could select a group of strategically important and promising countries where a variety of U.S. public- and private-sector actors could work together, play various roles for greater impact, and leverage the public investment. Focusing on several countries where the needs are greatest and the return on investment the most promising, could guide U.S.-based private-sector companies to where they should participate more fully.

“Building back better may amplify forms of governance that are better attuned to diverse stakeholders. Cooperatives — with their democratic management processes and economic participation by members — may be best suited to a post-COVID-19 world.”

Sarah Kaplan
professor Rotman School,
University of Toronto

SECTION III

Cooperatives:
Building Democracy

A. The issue: Democracies are challenged worldwide

Democracy has expanded around the world over time, but in waves of advancement, followed by retreats. According to political scientist Samuel Huntington:³⁰

- The first wave of expansion from 1826-1926, accompanied the growth of suffrage in western Europe and the U.S. The collapse of many European democracies after World War I marked the first retreat (1922-1942).
- The second expansion after World War II (1943-1962) featured democratization in newly independent former British colonies and the spread of democracy in Latin America. The second retreat (1958-1975) saw reversion to military rule in Latin America and the collapse of young democracies in Asia and Africa.
- A third wave began with the overthrow of the military regime in Portugal in 1974. For the next 25 years there was a dramatic expansion of democracy worldwide — southern Europe and Latin America to eastern Europe and Asia to Africa. Electoral democracies grew from one-fourth to two-thirds of all countries.

Many analysts agree the third wave has crested, if not reversed. The Global State of Democracy Indices³¹ provide a health check of global democracy and an overview of current trends. The indices measure democratic performance in 163 countries at the country, regional and global levels, across 29 aspects of democracy, from 1975-2019. The indices characterize the present general quality of democracy as “ill and in need of revival.” The data characterize three situations:

- Countries that persist as authoritarian nondemocracies.
- Democratic countries with a rise in populist politics due to:
 - Disenchantment with traditional political actors.
 - Perceived failure to address core societal and economic problems.
 - A clash between expectations of what democracy should provide and what it delivers.
 - Disrespect for institutions that check government.
- Countries where democracies are in various stages of emerging, at times backsliding, but persisting in the quest to become more democratic.

The Freedom House Report, *Democracy Under Lockdown*,³² indicates that democracies have been further weakened by the COVID-19 pandemic. Based on a survey of 398 journalists, civil society workers, activists, and researchers in 192 countries, the report concludes that the condition of democracy and human rights has worsened in 80 countries since the outbreak began. According to the report, governments have abused their powers in the name of public health, seizing the opportunity to undermine democracy by engaging in abuses of power, silencing their critics, and weakening institutions.

Deeper analysis of both studies, however, reveals a more hopeful trend — although democracy is challenged, the demand for it cannot be extinguished. A long-term look at the Global State of Democracy Indices data shows that for the past four decades, democratic aspirations have continued to be expressed around the world. While declines are observed in both older and younger democracies, many democracies have proven to be resilient and provide better conditions for sustainable development than authoritarian regimes.

Democratic transitions have even occurred in staunchly undemocratic countries or in those stuck in a “hybrid zone” between democracy and nondemocracy.

Even if democracy is under pressure in a country, it can still be alive within country institutions. Democratically functioning institutions, with multiple checks and balances, decrease the opportunities for any branch of government or actor to fully capture a democracy.

B. Cooperative solutions

Cooperatives offer people in some of the most difficult circumstances around the world their first opportunity to practice democracy and take charge of their own destiny. The democratic approach to ownership is at the core of the cooperative business model. Cooperatives are democratically managed through the one member, one vote rule.

Members share equal voting rights, regardless of the amount of capital they put into an enterprise — no single owner can dominate decision-making. Members vote to elect a board to represent their interests. Management structures allow for oversight and accountability so that members feel confident in the management of their cooperative.

Democratic lessons spill over from local cooperatives into the broader society. Members who learn about democracy in their cooperative learn to vote in country elections, work democratically to achieve change and advocate for modernization of laws that govern their cooperatives. The result is a stronger civil society and a more stable foundation for inclusive economic growth.

As democratically governed local businesses, cooperatives are catalysts for community organization and cohesion. With their focus on member needs and concern for communities, cooperatives foster social development. For example, they may meet urgent community education needs for literacy and numeracy training. In post-conflict communities, they help build back social trust and understanding.

C. Examples of U.S. cooperative development assistance

Participation is at the heart of democracy. Member-owners, staff, management, and the board of directors of a cooperative all need to participate and learn how to carry out their roles if their cooperative is to be successful. U.S. CDOs provide technical assistance to cooperative leaders in low- to middle-income countries to help them strengthen their internal democratic governance and influence relevant legal and regulatory reform in the policy environment. Examples include (*next page*):

Cooperatives tell the world how to grow with democracy, equity, and social justice

As economic actors, they create opportunities for jobs, livelihoods, and income generation.

As people-centered enterprises with social goals they contribute to social equity and justice.

As democratic institutions, they are controlled by their members, playing a leading role in society and local communities.

International Cooperative Alliance, 2018

Cooperative Governance Assessment: A user manual (OCDC).

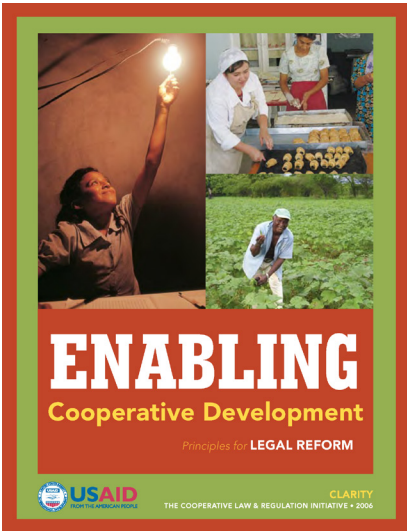


This manual, designed by the U.S. OCDC's Research Group, fills the need for a tool to assess the educational needs of cooperative boards of directors. The group has developed a thorough, step-by-step manual for how to prepare for, plan, implement and analyze a board of directors' training needs in cooperatives at various stages of growth (creation/startup, direction/establishment, and delegation/institution).

The manual's development was informed by an international survey of cooperatives to identify director training needs. Intended users are staff organizers and trainers in CDOs and international NGOs around the world.

The manual focuses on board training needs in the early stages of cooperative development but can be customized in each situation where it is used. The toolkit will be used in subsequent OCDC development projects intended to strengthen the governance capabilities of cooperatives. The assessment process also can be customized for work with boards in other types of organizations and is available online.

For cooperatives, a competent board of directors, with good business skills, is a major factor for success. Democratically elected boards and their operational transparency foster trust. Those who serve on boards may be eager to do so but lack familiarity with democratic governance processes and the necessary business skills. The needs of boards also change as cooperatives grow and become more sophisticated. Boards in all phases of cooperative development can benefit from ongoing education and training to improve their ability to carry out governance responsibilities.³³



CLARITY: Working together to update cooperative laws and regulations (OCDC).

When cooperative leaders in developing countries work together democratically, have access to expertise on how to improve legal and regulatory frameworks, and learn how to work with policymakers, they can contribute to an environment that enables contemporary cooperative businesses to flourish.

To foster this process, The Cooperative Law and Regulation Initiative (CLARITY) was created in 2005 by the members of the OCDC, with support from USAID's CDP. In addition to the original 2006 CLARITY publication, Enabling Cooperative Development: Principles for Legal Reform, three more publications were developed:

- Creating CLARITY: Assessment, Analysis and Outreach for Cooperative Legal Reform (2009)
- Applying the CLARITY Principles to the Nicaraguan Cooperative Law (2009)
- Cooperative Advocacy: A Practical Guide for Advocating Cooperative Legal and Regulatory Reform (2013)

CLARITY tools and publications can be found on the program's website.

CLARITY is a process, and all stages of discussion and advocacy are valuable lessons in democracy, whether all recommendations for changes in laws and regulations are fully implemented. CLARITY helps cooperative leaders and stakeholders:

- Understand, analyze, and evaluate the legislative and regulatory environment that impacts the operation of their cooperative.
- Formulate proposals and achieve consensus on recommendations for change.
- Develop and implement advocacy and communication strategies to achieve an updated enabling legal environment that allows cooperatives to thrive as democratically operated member-owned businesses.

Since 2005, developing-country cooperative leaders, in collaboration with a variety of U.S.-based CDOs, have used CLARITY resources in three main areas in these countries:

- **Initiating cooperative law and regulation reform** in Mongolia, Nicaragua, Rwanda, Tunisia, Mozambique, the Philippines, South Africa, and Uzbekistan.
- **Conducting proposal development/consensus and outreach activities related to legal reform** in Guatemala, Mongolia, Mozambique, and Ghana.
- **Carrying out legal reform projects** in Bosnia and Herzegovina, Mongolia, Nicaragua, Yemen, and Mozambique. Since 2017, NCBA CLUSA has been supporting cooperative stakeholders implement aspects of legal reform processes in Madagascar, Tanzania, Kenya, Guatemala, Peru, and Ecuador.

After several years of experience and learning, identifying best practices, and observing what has worked and what has not in many countries, a working group of cooperative law experts from around the world and CDOs will develop CLARITY II. Many more countries have expressed interest in using CLARITY and will have access to an improved toolkit for analysis and action. CLARITY II will be used in subsequent cooperative development projects.



CLEAR: Cooperative Leadership, Engagement, Advocacy and Research (Global Communities).

The CLEAR project in Kenya, implemented by Global Communities (2018-2023) has three objectives: improving the cooperative business enabling environment through legal and regulatory reform; improving cooperative business performance through capacity building; and analyzing benefits of cooperative membership and understanding how cooperatives contribute to resilient communities.

The first objective relates to creating a more supportive legislative environment for cooperatives in Kenya.

The project models a collaborative democratic process for putting into effect the model county cooperative bill that was adopted by the Kenya Council of Governors in 2016. CLEAR is bridging the gap between top policymakers who are developing model cooperative law at the national level, and the application of the law at the county level.

CLEAR Kenya works closely with county governments and cooperative stakeholders in 25 counties to help tailored county cooperative legislation become law. CLEAR facilitates participatory workshops with county government and cooperative stakeholders and assures that policies are circulated to stakeholders and nonstate actors for review and input. CLEAR also makes sure policy changes go through the proper process of being sponsored by a County Executive Committee member; approved by the County Executive Committee; debated and passed by the County Assembly in accordance with the Assembly Standing Orders; assented to law by the governor; and published by the county government.

When the Cooperatives Act is enacted by counties, CLEAR will provide support as they put their cooperative acts into place; clear up any inconsistencies between the national and county legislative and policy frameworks; plan and budget for effective roll out; and build capacity for cooperative governance, management, and membership engagement strategies.³⁴

D. Policies and investments for a more democratic future

An investment in cooperative development is an investment in democracy. If development-assistance policies support a higher priority for cooperative development, more democratically controlled cooperatives will be established in some of the most remote areas of the world. Cooperatives school their members in democratic governance, while lifting them out of poverty. For cooperatives to strengthen their role as democratically governed, member-controlled independent entities, technical assistance investments need to be expanded to help cooperative leaders:

- **Strengthen internal cooperative governance.** Democratic institutions at all levels and in all countries require vigilance, trust, transparency, accurate information, and continuing education. If cooperatives have weak democratic governance and leaders who lack the ability to carry out their roles effectively, governments and their agencies will play a stronger regulatory role. As cooperatives grow and become more sophisticated, development assistance can help them access education and increase their range of skills in democratic governance. This is especially needed in remote areas.
- **Reconsider cooperative laws and regulations and navigate the policy environment for change.** A country’s legal and regulatory environment can make or break the success of cooperatives, but in many developing countries, the laws and regulations that govern cooperatives have not been revised in more than 40 years. Countries must go through the process of revising cooperative law themselves, but development assistance efforts can help cooperative leaders assess current laws, initiate proposals for reform, develop advocacy strategies and navigate the policy environment for change. In some cases, this can be a multi-year process. Approaches such as CLARITY and CLEAR hold promise for making active involvement in policy a higher priority for cooperatives.



- **Assure representation of women.** If women in cooperatives are excluded from democratic participation in governance, they cannot influence decisions that may ultimately have a great impact on them. Democratic development calls for informed participation of all economic actors, including women and other marginalized socioeconomic groups. In its 2020-2030 strategic plan, the International Cooperative Alliance has made participation of women in the decision-making bodies of cooperatives a priority, as well as affirmative actions that empower women and men equally.³⁵
- **Prepare the next generation to lead in a democratic environment.** Young cooperative members need to be given a chance to learn the democratic process by playing a more active role in policy dialogue. The majority of the population in many developing countries is under age 35, yet few countries consult young people as they prepare policies related to their future.

The ICA Youth Network, formed by the International Cooperative Alliance in 2003,³⁶ is an innovative way for youth to gain policy experience. It has made up of young co-op members from 50 countries, including the United States. Their policy agenda reflects keen interest in advocating for a more prosperous, democratic, and inclusive world:

- Sustainable economies
- Collective action
- Digitalization and use of technology to complement participation in democratic decision making
- Education and life-long learning
- Just societies

Several young cooperators in the network have participated in policy-related activities in their own countries. As these young people eventually assume senior leadership positions in cooperatives, their experience will help them become leaders in democratic participation.

SECTION IV

Cooperatives:

Fostering Social Inclusion of Women and Youth

Women and youth face distinct challenges to participating in the productive sectors of developing economies. Although their circumstances vary greatly by cultural and socioeconomic context, women and youth bear a disproportionate burden of global poverty. Women continue to face barriers in almost every aspect of economic life, including social and cultural discrimination; unequal access to and control over assets and services; and gender-based violence, which worsened during the COVID-19 pandemic. The youth unemployment crisis is a serious threat to sustainable development and social stability.³⁷

A. Equal opportunities for women

1. The issue: Helping women find economic opportunities to thrive

USAID's Gender Equality and Women's Empowerment Policy defines gender equality as "the state in which women, girls, men, and boys have equal access to opportunities, resources, benefits and legal protections, and which recognizes their equal inherent human dignity, worth and unalienable rights."³⁸

When women have opportunities, they, and many others, thrive. USAID's Economic Growth Policy notes that: "Countries with greater balance of men and women in the workplace and workforce have greater growth, innovation and stability. The same goes for firms. Those with a stronger ratio of women in leadership, management and the workforce outperform those with fewer women. Investing in women's economic empowerment builds communities that are resilient and self-sufficient, which contributes to a more peaceful world."³⁹ Gender equality reduces poverty and keeps cycles of poverty from repeating themselves, increases agricultural productivity and food security; and improves health and education.⁴⁰

And yet, despite positive evidence and recent progress, opportunities for women are still far from equal. In 2014, G-20 leaders recommended that closing the gender gap could deliver massive economic and social impact. They theorized it could improve the welfare of women, their households, and their communities, and increase global GDP by \$5.3 trillion. They set a policy goal to reduce the gap between male and female participation rates by 25% by 2025. If this goal were achieved, it could increase tax revenue by an estimated \$940 billion in emerging countries. Consequently, gender equality could be self-financing.⁴¹

Achieving such a goal may be unlikely due to the harsh impacts of COVID-19 on women. Gender disparities have accelerated and violence against women and girls has increased. According to the World Bank, at least 72 countries introduced measures to declare family cases urgent or essential during lockdown, particularly domestic violence.⁴²

"A lack of inclusion can slow growth by preventing a large share of the population from gaining access to productive opportunities. Reducing barriers to labor-force participation by women, persons with disabilities, and other marginalized ethnic or social groups in the economy, would give many more people the opportunity to fulfill their potential and would also significantly boost economic growth.

"Some of the greatest return on our foreign-assistance investments come from efforts to empower women in the economy."

Economic Growth Policy
USAID, 2021

2. Cooperative solutions

Women in difficult economic circumstances and remote areas need things that cooperatives can provide — expanded access to capital; access to education and training; opportunities to create economies of scale and increase their bargaining power in markets; literacy training; protection from discrimination and gender-based violence; and access to health care. Experience in democratic management also can directly empower women as leaders and help them make their voices heard in the community.

With their principles of membership open to all without gender, social, racial, political, or religious discrimination; member economic participation; dedication to education and training; concern for community; and the cooperative values of self-help, equality and equity, cooperatives have the potential to lead by example in the quest for inclusion of women. While the broad principles provide a framework, concerted action must be taken to achieve these goals.



Women's membership in cooperatives has been growing over the past two decades. In its comprehensive report, *Cooperatives, and the Sustainable Development Goals: A Contribution to the Post-2015 Development Debate*, the ILO highlighted the importance of cooperatives in advancing women's access to economic opportunities. Data available at the time showed the growth in women's membership in cooperatives, particularly around access to finance:⁴³

- The number of women in savings and credit cooperatives in Tanzania more than quadrupled between 2005 and 2010. Membership increased to more than 375,000 members, bringing women's share in SACCO membership to more than 43%.
- Women's presence on financial cooperative boards ranged from 24% in Kenya to 65% in Tanzania, with a regional average of 44%.
- In the Palestinian Territories — where women's participation in cooperatives is traditionally low — the Union of Cooperative Associations for Savings and Credit by 2012 had more women members than men and articulated a vision to build a better future for women living in rural areas.
- A survey of 55 agricultural cooperatives in Uganda found a pronounced increase in women's participation in cooperatives between 2007 and 2010 (132%) vs men's (94%).
- In 2010, women made up 60% of cooperative members in Lesotho and were the majority in all categories of cooperatives, apart from mining and service-providing cooperatives.

- Women's cooperatives in India's dairy industry continued to offer self-employment opportunities that contribute to women's social inclusion and provide sustainable livelihood to millions of households.
- Women-only cooperatives in the Arab states serve those whose access to economic opportunities and public life has been limited.

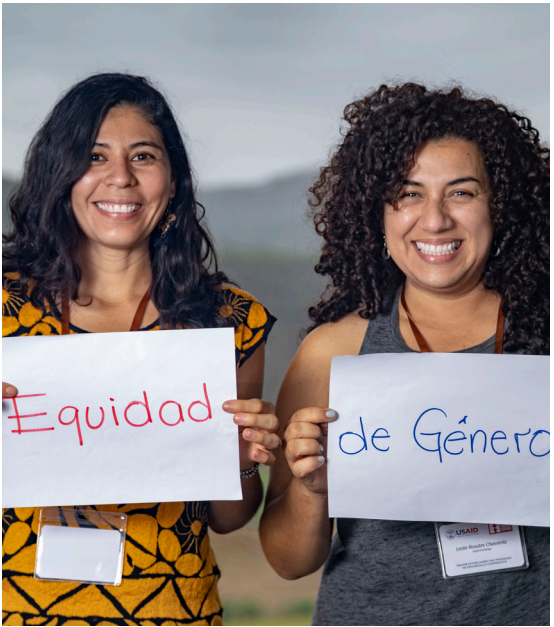
What Difference do Cooperatives Make, a four-country research study conducted by OCDC's International Cooperative Research Group, confirms that the economic status of women improves considerably by belonging to a cooperative. Across all countries studied (Kenya, Peru, Philippines, Poland), cooperatives are proven to be an opportunity for economic empowerment for women through increase in income; availability of loans; increase in savings; leadership and independence; careers; and opportunities for training. In Kenya, 99% of female members agreed that cooperative membership had improved their economic well-being. In Peru, that figure was 76%; in the Philippines, 57%; and in Poland, 31%.⁴⁴

3. Examples of U.S. cooperative development assistance

These examples of U.S. cooperative development assistance illustrate the ways cooperatives help women move toward gender equality. They show how:

- Technical assistance and the Fair-Trade certification process can promote gender equality in cooperatives.
- Technical assistance, accompanied by local policy change, can bring women into the cooperative workplace.
- Credit unions are helping women access business financing and escape poverty.
- Methods for helping women in cooperatives deal with gender-based violence.
- Cooperatives are bringing critical health care to women in remote areas.
- In-depth methodology, beyond generic gender assessments, assures gender integration.

Technical assistance + Fair Trade = progress on gender equality (Equal Exchange)



Cooperativa Manduvirá in Arroyos y Esteros, Paraguay, was founded by a group of teachers looking to provide small loans to the rural community. In 1975, community members pooled their agricultural products, including sugar, and began selling them together. The cooperative pursued Fair-Trade certification in 1999 and an organic certification in 2005. Its members fought against sugar production monopolies, exploitation, and unfair payments to producers. The co-op now operates the first and only farmer-owned organic sugar mill in the world, allowing the cooperative to process and export their own sugar. The members' drive to improve their quality of life, coupled with producing sugar cane under the Fair-Trade label and receiving Fair-Trade premiums, led to better working conditions, eliminated child labor exploitation, instilled respect for the environment through improved agronomic practices, and promoted equality between men and women.

Fair Trade has prompted consideration of the conditions in which men and women participate in sugar cane production and trade. In 2019, with funding from USAID’s CDP and interventions led by an Equal Exchange gender advisor, Manduvirá Cooperative members started working together on strategies to address gender issues.

A series of training workshops on equity and equality issues led to a new gender policy and sexual harassment policy for the cooperative. Policy, structural and organizational changes were made related to hiring criteria, working conditions, maternity and paternity leave, opportunities to access positions traditionally based on gender, and other conditions that make the cooperative a safer place to work and eliminate discrimination. The participation of cooperative administration, human resources, a gender committee (established in 2017), project departments, management representatives, and a gender advisor have been critical to success. Plans will be presented to management, the board of directors and general assembly for approval. Overall, this work shows how cooperatives can contribute to building sustainable value chains that have a triple bottom line: economic, social, and environmental.⁴⁵

Technical assistance + local policy change = rural women in the workplace (NRECA International)



Cooperatives have played an instrumental role in bringing electricity to rural Bangladesh, but participation by women in their operation has traditionally been very low. The culture generally prohibited women from leaving the home to earn a paycheck.

In 1977, NRECA International played a key role in helping the government of Bangladesh establish the Bangladesh Rural Electrification Board (BREB), responsible for electrifying rural areas. The purpose of the program was to use electricity as a means of creating opportunities to improve agricultural production and enhance socioeconomic development in rural areas.

Several electric cooperative pilot projects were launched to increase access to electricity. The benefits of bringing electricity to unserved areas are well known, including business development, safety, educational opportunities, etc. But in Bangladesh, where electric cooperatives began to deliver power to rural areas in the early 1980s, there was an added benefit for women — as part of its founding charter, the BREB mandated that all its member co-ops would be required to hire women as billing clerks.

That policy decision by the first BREB chair created a path for women to play a more productive and equal role in rural Bangladeshi communities and set the stage for more gains toward gender equality. Female employees now make up 35% of the total workforce in Bangladesh, the second highest in South Asia. At electric cooperatives, women have moved beyond billing operations into member services departments. The BREB requires that at least three women serve in leadership positions on co-op boards of directors.

In 1980, about 13,000 people living in the rural areas had access to electricity. Today, 80 electric co-ops serve more than 100 million people across the country, and Bangladesh is on track to connect all 165 million Bangladeshis in 2021. Since NRECA International’s involvement began, the average annual income for Bangladeshi homes with electricity increased by 250%.⁴⁶



Increasing women’s access to credit union financing (World Council of Credit Unions)

Lack of finance is a major barrier for women attempting to escape poverty and provide for their families. As community-centered financial cooperatives, credit unions are ideally positioned to deliver solutions that increase investment in women-led businesses. Credit unions are one of the oldest types of cooperatives dedicated to financial inclusion in developing countries, and they play an important role in poor, rural areas that other types of microfinance institutions do not serve.

The World Council of Credit Unions (WOCCU), with support from USAID, is piloting a Gender Lens Investment (GLI) methodology in Senegal (2020–2021). GLI ultimately will be available for credit unions worldwide to develop improved systems to connect women with private capital. WOCCU

works with the Union of Mutuals of the Partnership for the Mobilization of Savings and Credit in Senegal (PAMECAS), a credit union association and implementation partner, to design and deliver the GLI Accelerator Kit — a customized set of tools for credit union to lower the risk of lending to women entrepreneurs and increase their access to capital.

The GLI credit unions project will develop, deploy, and scale the GLI Accelerator Kit over three phases: conducting a market analysis; developing the methodology; and piloting the kit with credit unions in Senegal. During the pilot phase, WOCCU will refine the kit, build capacity in Senegal for using it and develop new credit methodologies. Then, WOCCU will disseminate the kit to its global members working on economic development projects and support its adoption. WOCCU’s membership includes 86,000 credit unions with 291 million members.⁴⁷

Addressing gender-based violence (Global Communities)

COVID-19 and the restrictions put in place have exacerbated gender-based violence (GBV) and domestic violence. GBV is directed against a person based on their gender, including violence that results in physical, sexual, or psychological harm. It includes threats of such acts, coercion or arbitrary deprivations of liberty, economic deprivation — whether occurring in public or private life.

Cooperatives in Kenya participating in Global Communities’ CLEAR project requested support for responding and caring for members experiencing GBV. CLEAR’s gender specialist developed a rapid response. The training session, coined the “Four Rs: Recognize, React, Report, Refer,” engaged each cooperative to create a safe space for sharing. During the sessions, cooperators improved their understanding of GBV and learned strategies to support their members and communities. These sessions revealed a need for more GBV resources and awareness of local counseling services; training on member communication; and recognition that domestic violence can be experienced by people of both genders.

The sessions also led to identifying Gender Champions to promote gender equality and support members during COVID-19 stay-at-home restrictions. CLEAR hopes to engage young members (18-35) in these roles to develop their skills as educators and embed gender mainstreaming into the cooperative sector. The Gender Champions have been engaged in other gender sessions including a youth roundtable and piloting of the Gender Equity and Good Governance in Cooperatives Facilitator Training Guide. They will continue to be trained and use their training to help and train others.⁴⁸

Bringing health care to women and girls in Uganda (HealthPartners)



Cooperatives bring health care to some of the most remote areas of the world, where women, in particular, lack access to medical care. HealthPartners, based in Bloomington, Minnesota, has built a network of locally owned health insurance cooperatives in Uganda, providing more than 50,000 Ugandans with access to care. In Uganda, women often do not have money to pay for health care yet oversee most of the health-care decisions for themselves and their families. Delays in care are especially dangerous for pregnant women and children under five.

Women cooperative members pay a small quarterly premium and seek care when they need it without

fear of high bills. Early treatment reduces the length and severity of illness. Cooperative law requires female participation in governance, which means that women have a voice in shaping and managing their care.

Studies have shown that Ugandan cooperative members:

- Adopt more preventive healthy behaviors, such as hand washing and sleeping under insecticide-treated mosquito nets, compared to nonmembers.
- Are less likely to fall ill and more likely to get treatment if they do.
- Are less likely to borrow money to pay for health care, sell assets to pay for health care and pay for care on credit.
- Are more likely to deliver babies with a skilled professional and to have received at least the two recommended doses of intermittent preventive treatment of malaria in pregnancy.

During COVID-19, cooperative members continue to seek care at a higher rate than nonmembers. Weekly SMS campaigns with the Ministry of Health help spread accurate information. Health care providers continue to be trained and supported through a combination of virtual and in-person networked sessions following safe standard operating procedures.

Given the importance of health education and care for girls and women of reproductive age and their young families, HealthPartners supports cooperatives to open their own Girls Centers. Girls Centers empower girls ages 10-24 with health care resources and education, as well as training in income generation, money management, leadership skills and nutrition to improve their health and well-being. Cooperatives partner with local health care providers, the government, NGOs, and adult mentors to offer the education and training sessions.⁴⁹

In-depth methodology assures gender integration (Land O’Lakes Venture37)



In agricultural cooperatives, gender integration is too important to use generic gender assessments. Worldwide, raising women’s agricultural yields has the potential to significantly reduce the number of food-insecure people. With funds from USAID’s CDP, Land O’Lakes Venture37 designed a five-step methodology that goes beyond the typical gender analysis to assure positive impacts on women’s incomes and leadership in Rwandan cooperatives. These five steps are:

Define gender and gender norms with all project stakeholders. At the outset of the project, staff identified specific gender-based cultural norms, such as women not being allowed to milk cows or bring milk to market for sale, meaning

they rarely own its profits. As a result, interventions were added to the project focused on changing household dynamics to encourage female participation across the dairy value chain. Men and boys were included to ensure the sustainability of proposed solutions and mitigate backlash.

Build an action plan beyond traditional gender assessments. Venture37 developed an action plan with evidence-based solutions based on input from project participants. The results were specific interventions that were integrated into the work plan and within the budget, scope, and timeline of the project.

Recruit female staff for technical and leadership roles, not just to meet recruiting quotas. To achieve greater impact, women were recruited for project staff positions. Recruitment targeted women’s colleges, professional organizations, and associations to identify high performers in technical areas and leadership roles who could interact effectively with participants.

Make women feel comfortable by building safe spaces and accommodating gender-specific needs. Safeguarding women from exploitation is vital to the success of development projects and boosts staff retention rates. This project provided ways for female staff and participants to anonymously report abuse; established female mentorship programs; and pledged swift action on zero-tolerance policies. Compensation packages were reviewed to ensure equal compensation for work at similar skill levels; sex-specific restrooms and breast pumping/nursing facilities were made available; maternity leave and compensation policies were updated; and managers were allowed to make gender-specific accommodations, such as childcare.

Measure outcomes, such as engagement and leadership, not only female participation. Rather than using only participation rates as a measure of success, the project focused on outcome indicators, such as women’s level of engagement and leadership. In addition to specific quantitative metrics, success can be measured through qualitative approaches like gender-specific focus group discussions led by facilitators of the same gender, which make women more comfortable to discuss topics like gender-based violence, control of finances and self-confidence.

Commitment to gender inclusion from project and organizational leadership was consistently conveyed to project staff, donors, and participants to achieve gender integration across all steps of project implementation.⁵⁰

4. Policies and investments for a more inclusive future

Policies and investments that support women’s membership in cooperatives will return multiple economic benefits to women, families and communities and contribute to country growth, stability, and innovation. To assure a more positive future, forward-looking policies and investments are needed by many parties and on many levels.

Make women a priority in COVID-19 recovery. The COVID-19 crisis has eroded gains in gender equality that have been achieved in recent years. Because women have borne a disproportionate burden of the economic and social costs of the COVID-19 crisis, they should be prioritized in policies and programs related to recovery assistance. They have been on the frontlines in the health and care sectors, suffered disproportionately from job loss and reduced hours, dropped out of the workforce to deal with child-care demands, and faced heavy workloads at home during lockdowns and beyond. U.S. development assistance is needed to help female members of cooperatives deal with gender-based violence, physical and mental health issues, income loss, the need for loans, and other support.

Increase U.S. technical assistance to expand the inclusion and empowerment of women in cooperatives. To ensure the future of cooperatives and make sure they serve the needs of all, more, broader-scale work is needed on gender equality. With additional resources for technical assistance, successful projects like those discussed in this paper can be replicated and scaled in more countries, and other innovative programs can be developed. Investments in cooperative development projects can potentially impact the lives of millions of women. For example, the results of just one project — a Gender Lens Investment (GLI) methodology in Senegal to connect women more easily with private capital — will ultimately be shared by the World Council of Credit Unions with its worldwide membership of 86,000 credit unions with 291 million members.

Develop women leaders; encourage their involvement in public policy. Both male and female cooperative members can take leadership in influencing country policies on gender equality. But in many countries, women are underrepresented in cooperative leadership, on boards and in management. Where women cooperative leaders are involved, they can develop skills to influence country legal policies that may be keeping them from achieving their full potential. Constitutions, laws, and civic and labor codes may need to be revised to eliminate the legal basis for discrimination, and legal protection is needed for women's access to land ownership and credit.⁵¹

Work strategically with partners to leverage the impact of public assistance dollars on gender equality. More collaboration among government, the private sector and civil society is needed to boost women’s economic participation and help them escape poverty. It is in the best interest of U.S.-based companies concerned with conditions in global supply chains of coffee, cocoa, tea, spices, etc., to support cooperative development programs focused on gender equality. National and local governments can adjust policies to be more supportive of women and help accelerate the impact of technical assistance programs. Buy-ins from other USAID development assistance programs and USAID missions can tap the gender expertise and experience of USAID’s CDP and its collaborators.

B. Tapping the Potential of Youth

1. The Issue: A global youth employment crisis

“Getting the global economy on track, creating new prosperity and eliminating extreme poverty will be impossible unless the public and private sectors work together to change the course of youth employment.”

Solutions for Youth Employment
World Bank

Half of the world’s 1.2 billion youth (ages 15-24) live in low- and lower-middle income economies. The high number of youths in conflict-affected areas, often with high poverty rates, face especially significant social, economic and security challenges. All have been exacerbated by the Covid-19 pandemic.⁵² New ways must be found to engage the energies, talents, and expertise of young people in today’s global economy.

Young people account for approximately 40% of the world’s unemployed and are four times more likely to be unemployed than adults. Common reasons in lower-income countries include limited growth in employment opportunities; rapid population growth; rural-urban migration; inadequate or low-

quality education; a mismatch between education and the job market; low levels of entrepreneurship; and lack of access to finance. The youth labor force participation rate is decreasing around the globe and, for those who are employed, work quality challenges persist. Unengaged youth may be at risk of forced migration to find work or recruitment by extremist groups.⁵³

Youth need opportunities to prepare for the future and make a living in their home countries. But the number of young people with no type of employment, education, or training (NEET) is rising. Young women are more than twice as likely as their male counterparts to be affected. When they are employed, one in four youth cannot find jobs paying more than \$1.25 per day. Therefore, youths outnumber adults in terms of net migration.⁵⁴

“The decent-work deficit does not only put young people at risk, but entire societies are at risk of seeing increasing social conflicts and political unrest due to the lack of job opportunities. Not only do underutilized young people incur significant losses by not fulfilling their potential, but underutilization of young people in the labor market can trigger a vicious circle of intergenerational poverty and social exclusion.”

A Better Future for Young People: What Cooperatives Can Offer, ICA, 2012

2. Cooperative solutions

The youth crisis is not new, but it has been exacerbated by the global pandemic. A higher investment in cooperatives as a solution for youth can mitigate this risk and help large numbers of young people find sustainable employment.

There has been a gap between the goal and the reality of increasing youth membership in cooperatives in some countries. Problems that have been holding back youth participation include outdated or negative views about cooperatives; limited educational opportunities to help youth understand their advantages; difficulty achieving access to finance, land, and markets; and cooperatives with older members who have not focused on youth development and participation. But today’s cooperatives are countering skeptics and working to break down barriers to youth membership. In many instances, they are experiencing a resurgence in youth participation.

Worker cooperatives are being rediscovered by the younger generation. These are businesses that make a product or offer a service for sale with minimal sales margins. The main attraction for youth is employment and education, but cooperative principles of putting people first, democracy and participatory decision making, sustainability, and concern for community and the environment are also appealing.

Workers are members or worker-owners who are employed by the business, govern, and manage it. Participation is based on one vote per worker-owner. Workers' cooperatives are organized to serve the needs of the owners by generating benefits for them, rather than external investors. Net revenues or losses earned by the worker's cooperative are shared by worker-owners.

Platform cooperatives are another type of co-op young people find attractive because it allows them to use digital platforms to develop relationships with clients and co-workers. A digital platform is an online application or website used by individuals or groups to connect to one another or to sell goods and organize services. Examples are professional services, creative industry, childcare, data entry, urban recycling, and home services co-ops. Platform co-ops are based on:

- Principles of broad-based ownership of the platform — workers control the technological features, production processes, data, job structures, etc. of the online platform.
- Democratic governance — all stakeholders own and collectively govern the platform.
- Co-design of the platform — all stakeholders are included in design and creation.
- An aspiration for open-source development and open data.⁵⁵

3. Examples of U.S. cooperative development assistance

U.S.-based CDOs, country cooperative leaders, foundations, NGOs, and others are making a concerted effort to introduce youth to cooperatives. The following examples illustrate how:

- Youth are receiving assistance to start their own cooperatives.
- Accommodations are being made to bring the younger generation into existing cooperatives.
- Worker cooperatives are engaging youth who are pursuing new skill sets.
- Experience in cooperative democratic governance and financial management for young children is showing them a path forward for life-long personal development and cooperative membership.

YETA: Youth cooperatives grow in post-conflict Uganda (NCBA CLUSA/MasterCard Foundation)

In Uganda, the MasterCard Foundation partnered with NCBA CLUSA on a five-year project (2015-2020) to stimulate youth employment. The project trained, mentored, and provided employment opportunities for youth. NCBA CLUSA led the Youth Empowerment Through Agriculture (YETA) consortium — a large-scale effort that provided 27,130 at-risk, rural youth with the technical skills and access to credit to run commercial enterprises related to agricultural value chains.



The project was based in northern Uganda, where youth account for 80% of the unemployed. Many were raised in displaced persons camps during the two-decade war in that part of the country and have little education and few employment opportunities. The project included training in agribusiness and entrepreneurship, financial literacy, life skills and group governance. Project activities focused on:

- Forming and strengthening youth associations.
- Improving the well-being and confidence of group members through enhanced foundational skills.
- Increasing access to financial services.
- Developing technical and entrepreneurial skills so young people can launch their own businesses.

Through YETA, young people were organized into 813 youth associations. On their own initiative, some of the youth associations formed cooperatives. They saw the cooperative business model to pool their limited assets. Nineteen primary cooperatives were formed, including two savings and credit cooperatives (SACCOs), with 4,471 members (2,589 males, 1,882 females). All cooperatives are registered with the national government ministry, have a board and management team, average over 200 members and focus primarily on marketing, inputs, and added-value crop production/financial services.

YETA participants engaged in agricultural value chains, including crop production, horticulture, livestock and produce buying and selling. Several provided agricultural services, such as seedling propagation, processing, irrigation services, etc. By 2019, 66% of youth achieved incomes that exceeded expenditures. YETA youth cooperatives developed strong ties with the private sector, signing formal agreements and engaging in contract farming.

For the two SACCOs, YETA staff mentored the founding members through the development and registration process, but the youth led the way. They knew they needed long-term access to finance in their community, since there is no bank within a 30-mile radius. The SACCOs gave the youth access to credit to start businesses and pay school fees. Two youth SACCOs provided financing for youth enterprises; combined, they accumulated \$7,642 in savings and provided \$7,628 in loans.⁵⁶

Youth join Finca Triunfo Verde Organic Coffee Cooperative in Mexico (Equal Exchange)

There are approximately 37.5 million young people in Mexico (49.3% men and 51.7% women). USAID’s CDP implemented by Equal Exchange is addressing the need to secure the future of young people in Mexico by including them in an existing cooperative. Almost half of young people in Mexico live in poverty, and many are forced to migrate to find work.

Finca Triunfo Verde Organic Coffee Cooperative in Chiapas, Mexico, has implemented a model farm program where parents of young people gave them each ½ hectare of land. The staff of the cooperative trained youth on issues of productivity, pest and disease control, application of organic fertilizer, leadership and gender equity, and new agro-ecological practices.

The project has brought an influx of youth into the cooperative. Results have included:

- Capacity building of improved agricultural practices and tools to produce quality coffee and sell it at a fair price.
- Personal development, including training on issues of gender equality and leadership.
- Field trips to model farms of co-op colleagues to share innovative practices.
- Diversification of farms with fruit trees and shade trees and the installation of apiaries to provide greater food security for the future.

This program allows young people to settle in their place of origin, avoid migration, secure training and tools that enable them to sell their coffee at a fair price and meet their basic needs.⁵⁷



Youth pursue new skills through worker cooperatives in Kenya (Global Communities)

In Kenya, where over 50% of the county’s population is under 35, and urban areas continue to grow rapidly, Global Communities’ CLEAR project is focusing on worker cooperatives to engage youth.

Worker cooperatives are a new concept in Kenya, but CLEAR is incubating worker cooperatives in areas such as construction, fine arts, and solar engineering. The worker-cooperative model has appeal to many young people who aspire to leave rural areas in search of non-agricultural employment opportunities and pursue new skill sets. The model has shown great success in service sectors and the tech industry, both of which are growing rapidly in Kenya.

To generate interest in the cooperative model and demonstrate that they can be applied to any sector and community, two videos have been designed to explain the challenges the cooperative model can help overcome, how to form a group, and how both the individual and community benefit. Videos are available in English, with Kiswahili subtitles, and will soon be available in Swahili, making them usable by youth in the East Africa Swahili-speaking region.⁵⁸



Young children learn cooperative principles in South Asia (CDK Cooperative)

Cooperative principles are learned at a very early age in cooperatives in South Asia, which are made up entirely of young children. The Children’s Development Khazana (CDK), teaches democratic governance and financial management to poor urban children. The vision of the CDK is to be a lifeline to poor, marginalized children, and adolescents. It teaches them how to save and withdraw money and gives adolescents an opportunity to finance their personal development.

The CDK is an innovative, participatory model for some of the world’s poorest, most vulnerable urban children, especially street children. CDK teaches children the basic principles of banking, and how a cooperative bank is managed through democratic governance. This life-skills education cooperative helps children become self-sufficient and end the cycle of illiteracy and poverty. Founded in India, CDK now operates throughout South Asia with 29 main branches and 77 sub-branches in Afghanistan, Bangladesh, India, Nepal, and Sri Lanka. It has more than 40,000 members between the ages of eight and 18. The CDK won ODCI’s International Cooperative Innovation Award in 2019.

4. Policies and investments to expand the number of young cooperators

The global youth employment crisis needs to be a higher policy priority worldwide. Investments that expand youth memberships in cooperatives are investments in poverty alleviation, opportunity creation, and peace. Government policy makers, development assistance agencies, NGOs, foundations, and international youth programs, can work together with cooperative leaders more strategically on scalable solutions.

The need for policies, planning and action in support of youth is urgent. One in six young people worldwide has stopped working since the COVID-19 pandemic began. Many work fewer hours and/or had to delay their studies. Job losses and business closures have stopped entrepreneurial activity, exacerbated existing inequalities, and created concerns about mental health.⁶⁰ In the longer term, global economic growth will be driven by young people who will continue to face complex challenges in finding productive employment. In Africa alone, by 2030 the number of young people in the labor force will increase to 375 million. By 2035, it is projected there will be more young Africans entering the workforce each year than in the rest of the world combined.⁶¹

More work is needed to encourage youth to join or form cooperatives as a way out of poverty. Investments are needed in research, education, and technical assistance to help countries discover and share:

- Education and training materials about the advantages of cooperatives that are appropriate for youth.
- Key messages that inspire youth to join cooperatives and work together in groups.
- Information about how to start a cooperative such as Start.COOP: A Step-by-Step Tool to Start Up a Cooperative — ILO, 2020.
- Examples of youth cooperative development programs for COVID-19 recovery and post-conflict situations.
- Creative ways to make resources (land, finance, training, market information) available to young people to reduce barriers to joining cooperatives.
- Strategies for improving communication with youth (youth councils, mentorships, scholarships, and social media).

Voices of Youth in Cooperatives

“For us, as young cooperators, we think the cooperative movement can become the social movement of the century, but it has to embrace the aspirations of youth and workers and become a tool for social change.”

Sebastien Chaillou, chair ICA Youth Network

“The future needs to portray cooperatives as a modern solution, aligned with SDGs and the values of young people.... We need to show that this is a model for the future and there are already young people fighting for this movement and leading it. This is a modern movement, the values are in place, the innovation is there, the strength is there, the model is evolving with time and adapts to new legal frameworks and needs and we are at the forefront of social development.”

Ana Aguirre, vice president for Europe, ICA Youth Network

- Policies that make youth cooperatives easier to form, such as updating legislative environments and lowering capital requirements.
- How to capitalize on the appeal of cooperatives for youth to address social justice issues
- Demonstration projects/cases/good practices that show what works and how young cooperators have been successful in a variety of settings.

Social media innovations are needed to help enthusiastic young cooperative members share ideas and encourage others. A good example is the International Cooperative Alliance Youth Network’s Open Forum — open-source software that allows youth to share ideas, ask questions, advertise educational opportunities, and conduct webinars. Groups like the ICA Youth Network help young cooperators from different countries connect, learn about the wider cooperative movement, and ensure the youth perspective is represented in wider discussions.⁶²

A March 2021 report by the ICA-EU Partnership, with input from the Youth Network, suggests that young people and cooperatives could be a “perfect match.”⁶³ Based on 420 responses from young people in 20 countries, it provides a global snapshot of young people’s views and opinions from within and outside the cooperative movement. It highlights five Es for youth opportunity — employment, education, (reduced) inequalities, engagement, and entrepreneurship.

If priority investments are made worldwide and more opportunities are available through cooperatives, youth could be lifted out of poverty in developing and transitional economies more quickly and at a much greater scale.



SECTION V

Conclusion

There has never been a better time to increase U.S. investment in cooperative development to achieve a more prosperous, democratic, and inclusive world. The cooperative business model may be the best-suited development tool deserving increased investment as the world responds to and recovers from the COVID-19 pandemic.

Cooperatives help people **economically** by improving incomes and creating value and investment opportunities along product supply chains; **democratically** by providing first-hand lessons in democratic governance, transparency and member participation that can be replicated in the broader society; and **socially** by increasing trust, more fully tapping the potential of women and youth, and helping achieve stability in the face of conflict.

This paper has:

- Documented global issues in each of these three areas.
- Discussed why cooperatives are uniquely suited to provide solutions to these issues.
- Cited specific examples of U.S.-funded technical assistance programs in each area.
- Made suggestions for supportive policies and investments for the future.

Examples of impact that can be expected from a higher U.S. investment in cooperative development include:

- Jobs will be generated both overseas and in the United States, and successful overseas cooperatives will become providers of, and customers for, U.S. products.
- Sustainable economic opportunities will be created in some of the most difficult areas of the world, stemming migration, raising incomes, and providing services.
- Opportunities will be provided for people to learn about the advantages of democracy.
- Youth, women, and other vulnerable groups will have a chance to control their own livelihoods, take leadership and have their voices heard
- Countries will be helped in their recovery from COVID-19 and from conflict.
- Millions of people in remote areas will have access to electricity, affordable loans, health care, insurance, market linkages, and other essentials unavailable outside of the cooperative framework.
- Small farmers will be able to come together to reduce risks, enjoy advantages of larger production and economies of scale, have access additional markets, and improve food security.
- International cooperation will continue to foster goodwill among nations.

Cooperatives play a significant role in the economic and social development of the United States at a scale that benefits millions of Americans. Through U.S. development assistance partnerships, U.S.-based CDOs have had an excellent track record since the 1960s helping cooperatives play the same catalytic role in developing and transitional economies. They can easily expand their efforts overseas if additional resources are available.

Cooperatives have been underplayed in terms of their accomplishments and potential contributions to development. An increased strategic investment in cooperative development will effectively and sustainably provide opportunities in some of the most challenging areas of the world and allow vulnerable groups to overcome poverty's root causes — lack of assets, skills, and experience. If priority U.S. investments are made now, millions more could be lifted out of poverty on a much greater scale.

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ACDI/VOCA

Equal Exchange

Frontier Co-op

Global Communities (Formerly CHF International)

GENEX

HealthPartners

Land O'Lakes Venture37

NCBA CLUSA

NRECA International

World Council of Credit Unions (WOCCU)

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