

# Cooperatives



US Overseas Cooperative Development Council

## Building a More Prosperous, Democratic and Inclusive World

Cooperatives are uniquely suited to address today's global development challenges. Through a democratic and inclusive business model, and by virtue of their underlying social justice principles, concern for community, and dedication to equitable economic growth, cooperatives make an important contribution to building stable economies and societies in today's most difficult development settings. Amidst challenges to "build back better" post COVID-19, there has never been a better time to increase the United States' investment in cooperative development.

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 find their way out of poverty.



### Why should the United States enhance its investment in contemporary cooperative development?

#### Cooperatives = Jobs and Economic Growth

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 larger production scales. Cooperative development stems migration by providing economic opportunities for people in their own country. Co-ops provide opportunity and members services otherwise unavailable in remote areas.

#### Cooperatives Foster Social Inclusion

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

#### Cooperative Development Overseas = U.S. Jobs

U.S.-funded cooperative development is a "win-win," creating jobs overseas and in the United States. Public sector assistance helps fund the formation of cooperatives in underserved areas and, as they grow, well-managed cooperatives develop U.S. linkages. Private sector jobs at companies in the United States (e.g. coffee and cocoa) rely on well-organized developing country cooperatives in supply chains, and successful cooperatives buy U.S. products, thereby expanding U.S export opportunities. United States-based corporate foundations, non-government organizations, and American volunteers all form linkages that enhance public cooperative development investment.

#### Cooperatives Further Democratization

Cooperatives are 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 at the national level for modernization of laws that govern their cooperatives.

# Investing in cooperative development will help millions escape extreme poverty.

Cooperatives that have received technical assistance and training over the years still express appreciation and good will toward the United States decades after the original assistance. International cooperation creates professional networks and lasting friendships; it fosters goodwill among nations, and creates opportunities for global volunteerism.



What begins as one small agricultural cooperative in a rural area can expand over time to offer credit services, electrification, insurance, rural telecom, retail stores and other services.

## Cooperatives Have Large Scale Impact

U.S. assistance has helped develop cooperatives that serve millions:

- 70 million rural people in the Philippines now have electricity;
- 46,000 health-care co-op members in Uganda have reliable healthcare;
- 15 million producers sell milk to over 144,000 dairy cooperatives in India;
- Thousands of small farmers in Africa and Central America access global markets through Fair Trade-certified coffee cooperatives;
- Over 39,000 credit unions meet financial needs of 38 million members across Africa; and
- 36,000 farmer cooperatives provide fertilizer and other critical services to rural India.

## Trusted Cooperatives = Sustainability and Growth

Trust is a leading concept for cooperatives which are owned, managed, controlled and patronized by their own members. Where trust of for-profit companies is low, cooperatives grow. Cooperative banks and savings and credit cooperatives were not damaged during the financial crisis of 2007-2008 and grew in membership – they were seen as more risk-averse and trustworthy. The premium income of 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 to 2017.

## The United States has the capacity to ramp up cooperative development assistance.

The United States leads by example and expertise when it comes to sustainable cooperative development. There are over 29,000 cooperatives of all types in the United States. They serve more than 350 million members and employ over 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 can continue to build upon their significant success, form new partnerships, and step up 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's Cooperative Development Program (CDP) is an anchor and intellectual leader in USAID programming and private sector partnerships.

USAID's Cooperative Development Program 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 cooperatives and Cooperative Development Organizations for five-year action projects, and with Overseas Cooperative Development Council's Research Group for research. Current buy-ins to USAID's cooperative development program from USAID missions, plus collaboration with private sector companies (some through USAID's Global Development Alliance) are examples of the demand for cooperative development solutions in developing countries. This work has been very successful and additional investment can stimulate its strategic expansion.

