**Training Fiche**



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| **Title**  | **Cooperative entrepreneurship as a means for development and women empowerment in rural areas** |
| **Keywords (meta tag)** | **Cooperative, cooperative governance, cooperative union, agri-tourist cooperative, informal work, women empowerment** |
| **Provided by** | **Kleinon** |
| **Language** | **English** |
| **Objectives / Goals / Learning outcomes** | * **Understand what cooperatives are, their distinctive features, values, principles, types and development opportunities they offer**
* **Know the basics of cooperative governance and the multiple roles of a cooperative manager**
* **Take the first steps to set-up a cooperative, using MORE hands-on tools, guidelines and practical information**
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| **Training area: (Select one)** |
| Professional, entrepreneurial and labour competences | **X** |
| Digital competences |  |
| Personal, social and health empowerment |  |
| **Description** | **This module is an introduction to the basics of cooperative entrepreneurship.** **It will help you get a broader view on what cooperatives are, how they work and how they can support women and rural development.** **The first two units are dedicated to the more ‘theoretical’ aspects of cooperative characteristics** **and cooperative governance, while the third unit provides 3 real-life examples of successful women-led cooperatives in rural areas from EU countries and a small step-by-step guide on how to set up a cooperative.** **A simple template which can be used either as a worksheet for self-study or pre-filled by the trainer will support you identify the formal requirements to consider when setting up a cooperative in your country.** |
| **Content index** | **Course: Cooperative entrepreneurship as a means for development and women empowerment in rural areas****Unit 1: Why are cooperatives unique?**Section 1.1: What is a cooperative?Section 1.2.: How can cooperatives empower women in rural areas?Section 2: Distinctive features, principles, values of cooperatives Section 3: Regulatory Frameworks Section 4: Functions and types**Unit 2: Cooperative management and governance**Section 1: Characteristics of Cooperative GovernanceSection 2: Member commitment and inclusion issuesSection 3: Roles of the cooperative manager**Unit 3: From theory to practice**Section 1: Success stories Section 2: Steps to setting up a cooperative |
| **Content development** | **Course: Cooperatives - development and women empowerment in rural areas****Unit 1: Why are cooperatives unique?***Section 1.1: What is a cooperative?** Definition: A cooperative is “*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*.” (ICA, Statement on the Cooperative Identity).
* Cooperatives are established to promote the interests of their members, but are also serving business purposes. Thus, they share characteristics of both associations and enterprises.
* All the members of the group have one or several common interests (including economic), and they are involved into the decision-making process. In smaller cooperatives, members are directly involved, decisions being made based on a majority of votes, while in larger ones, they elect representatives to make decisions on their behalf (Board of Directors). The BoD are accountable to the members, following clear rules which are usually formalized into the cooperative’s statutory documents.
* Cooperatives most often have assets (land, machinery, buildings) and employees.

*Section 1.2.: How can cooperatives empower women in rural areas?** According to the World Cooperative Monitor, cooperatives provide jobs or work opportunities for approx. 10% of the population, while 12% of the people on earth are members in a cooperative.
* Informal employment, vulnerable self-employment and invisible/unpaid work are common phenomena worldwide and even more visible among women in rural areas. Cooperatives provide the necessary framework to legitimize work and improve the life quality of women by ensuring access to basic services, decent working conditions, income and other forms of support.
* Such an example is DIOMCOOP, a multi-stakeholder cooperative set up in 2017 in Spain to support migrant street sellers. Through a cooperative approach, Diomcoop now seeks to fully meet the fundamental needs relating to work, training, regularization, and rights of migrants who are experiencing administrative irregularity and social vulnerability.
* As democratic and working organizations, they promote gender equality, allowing women to develop their management and leadership skills. Some countries, through their legislation, impose gender quotas in cooperative governance.

*Section 2: Distinctive features, principles, values of cooperatives* * Cooperatives represent an alternative form of entrepreneurship, dual in nature: while following an economic purpose and being managed in a business-like manner, they also serve the interests of their members. Decisions are not made by the shareholders but by the members.
* However, this duality can be sometimes challenging, and tensions between economic and social objectives might appear.
* According to the EC, the following characteristics are definitory for cooperations:
* a democratic structure with each member having one vote
* an equitable and fair distribution of economic results according to the volume of operations made through the cooperative
* open and voluntary association
* When establishing and running a cooperative, a set of internationally-agreed values and principles are followed.
* Cooperative Principles are also used when creating cooperative legislation. The values that underpin cooperation can be seen of as being expressed practically in the Cooperative Principles. Since the Rochdale Pioneers in the UK founded the first cooperative in 1844, these concepts have been refined over a considerable amount of time. The ICA (International Cooperative Assembly) General Assembly revised the Cooperative Principles, which now number seven. These guidelines direct the creation and management of cooperatives globally.
* Cooperative values:
* **self-help**
* **self-responsibility**
* **democracy**
* **equality**
* **equity**
* **solidarity**
* Ethical values
* honesty
* openness
* social responsibility
* caring for others
* Cooperative principles
* Voluntary and open membership
* Democratic member control
* Member economic participation
* Autonomy and independence
* Education, training and information
* Cooperation among cooperatives
* Concern for community

*Section 3: Regulatory Frameworks** Most EU countries have laws regulating the activity of cooperatives. Formal requirements to set up and operate a cooperative also vary greatly: some countries require a minimum number of members or minimum capital. Different models of legislation are present across the EU: from no cooperative law to cooperative regulation in an independent act, in the commercial code, the commercial law, civil code or code of cooperatives.

*Section 4: Functions and types*Cooperatives come in all shapes and sizes. They can be classified using different criteria:* Members’ Interest: Producer cooperatives, worker cooperatives, consumer/user cooperatives, multi-stakeholder cooperatives (serving more than one interest);
* Non-profit Community Service Cooperatives
* Type of business or specific targets: banking, agriculture, retail, housing, health
* Characteristics of the membership: primary or secondary cooperatives. According to the 6th cooperative principle “Cooperation among cooperatives”, cooperatives often work together, joining forces to form cooperative unions, which at their turn can form a cooperative federation – as illustrated the cooperative pyramid below (please note that it does not indicate a hierarchical structure and, the nomenclature and levels might vary across countries, depending on the legal frameworks and needs).

Source: ILO, My.Coop, *Managing your agricultural cooperative***Unit 2: Cooperative management and governance***Section 1: Characteristics of Cooperative Governance** Although they serve the interests of their members and those of the community, cooperatives are businesses, aiming to produce profit (which is shared among the members or reinvested).
* As any enterprise, the activities of a cooperation need to be directed and controlled.
* Managing a cooperative brings several specific challenges compared to other types of enterprises:
* Cooperatives apply democratic decision making (members possessing final-decision rights)
* Cooperatives delegate decision-making to a Board of Directors and sometimes, professional managers are involved. Accountability of delegated decision-making persons is one of the key governance issues.
* In smaller cooperatives, the members are often responsible for staff-tasks, requiring specific expertise and skills.
* Many cooperatives are multi-purpose, providing different services and serving different interests of their members, making the governance of such a cooperative even more challenging.

*Section 2: Member commitment and inclusion issues** For a cooperative to be successful and last over time, member commitment is crucial.
* Members should not easily withdraw, they should be prepared to continue trading with the cooperative even when, temporarily, the prices or services provided seem less attractive than those available on the market.
* Quitting of some members can have a negative influence on the remaining ones, and long-term investments and plans are not feasible.
* As cooperatives are financed by their members, weak commitment leads to reluctance among the other members to continue investing.
* Member commitment is affected by social, economic and organizational factors – better quality of services, attractive prices and organization is correlated with higher commitment levels.
* Inclusion issues: underrepresentation at leadership level can result into gender imbalances among cooperative member base. Election of women in the cooperative governance should be encouraged and any discriminatory practices should be avoided.
* Cooperatives can support women and other vulnerable categories by investing in their training and development of their skills.

*Section 3: Roles of the cooperative manager** The principal roles of the manager:
* Interpersonal: interacting with the team members, the BoD, customers, other organizations.
* Informational: collecting and disseminating information concerning operations, performance, developments; spokesperson.
* Decisional: allocation of resources, tasks, development plans, negotiation.
* The cooperative manager needs two main types of skills:
	+ - General management skills (needed in any enterprise)
		- Skills specific to cooperative governance, a good understanding of cooperative practices, processes and structures.

**Unit 3: From theory to practice***Section 1.1.: Success stories: WAZO COOP (Spain)*The Wazo cooperative was established in Spain to solve issues faced by rural communities there as well as to provide these areas with economic and employment prospects. The cooperative is co-founded and presided by Marta Lozano Molano, a successful musician and composer who decided to return to her homeland in Extremadura (Spain) to support her community and focus on composing social music.Since 2015, [**Wazo Coop**](https://wazo.coop/) has promoted local sustainable development in rural and sparsely populated regions using the creative economy as a platform. In order to link distant cooperatives and stakeholders, it has facilitated access to innovation and digitization. It has also facilitated the development of jobs, particularly for young people and residents of rural areas. One such instance is the EU Smart Composer initiative, which uses a methodology to help VET music instructors support students who write new music and to provide them the opportunity to learn new skills in branding, business, and digital marketing.*Section 1.2.: Success stories: AgroAlim Predesti Cooperative (Romania)*Early in 2018, the AgroAlim Predesti Cooperative was founded as a component of the WorldVision and Sodexo Romania-led "Empowering Women in Need" project.The goal of this initiative was to help rural women living in tough circumstances, such as moms raising their children alone, those who have never had a job, or were currently unemployed, day laborers.In order to process and preserve the fruit and vegetables cultivated locally, the cooperative's headquarters were equipped with specific production machinery. Items like sauce jars, pepper sauces, pickles in vinegar and brine, and many more traditional products are made here.Preserves and canned vegetables are produced only for the already existing customer network - the shelf life is not very long because they are made using only traditional recipes and ingredients, without additives.*Section 1.3.: Success stories: Women's Agritourism Cooperative of Zagora (Greece)* Women's [Agrotourist Cooperative of Zagora](https://www.agrosweet.gr/) was founded in 1993 by 50 women who wanted to use their skills and offer tourists high quality traditional products and service.Now it operates its own shop and cafeteria in the main square of Agios Giorgios village, where tourists can taste various desserts, jams, traditional pastry delights, homemade liqueurs, and appetizers that go with the local tsipouro.Recently, the cooperative set up a laboratory, allowing for larger production, but without sacrificing the traditional spirit – every product is natural, created only with local fruits and herbs, free of additives.It also provides catering services and organizes larger events, banquets and meals upon request, and operates a network of traditional guest houses for tourists.*Section 2: Steps to setting up a cooperative*Step 1: Defining the business idea* What products/services will the cooperative provide?
* Who will be the customers?

Step 2: Carrying out a feasibility study* Is the business viable in your context?
* Analyze the market, operating costs and tax systems applicable in your country
* What assets do you have/need?
* Make an estimation of operating costs for the first year.
* Is the cooperative format the right choice for your business idea? Could it be more advantageous to opt for another format (e.g. limited company)?

Step 3: Setting up the steering committee* Who will lead the cooperative and who will be the first members?
* Do they have the necessary skills and expertise?
* Are gender/inclusion issues properly addressed?
* How much are members able to invest and what expectations do they have?

Step 4: Incorporation* Checking out the national legal basis – what law applies to the type of cooperative you intend to set up? Who are the responsible authorities?
* Membership and capital requirements

Is there any minimum number of members necessary to set up the cooperative (it might vary depending on the type of cooperative you intend to create)? Minimum capital requirements?* Governance principles (how members vote)
* Organizational form (who is the main decision making body – the General Assembly/Board of Directors?/Both? Do you need a supervisory board?)
* What will be the structure of the statutory documents?
* What documents do you have to prepare?
* How long does it take?

Step 5: Launching and securing funding* Prepare a strategy to attract more members and secure funding
* How will members contribute financially
* What funding opportunities are available in your country?
* Is there any type of grant you can apply for during the first year of activity?
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| **Glossary (5 glossary terms)** | **Cooperative**: according to The International Cooperative Alliance, “a cooperative is 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”.**European Cooperative Society –** a European Cooperative Society (Societas Cooperativa Europaea – SCE) is an optional legal form of cooperative company, aimed at facilitating the cross-border and transnational activities of cooperatives. **Cooperative Governance –** the structures and control systems through which cooperative societies are led and by which managers are held accountable. There are various models of cooperative governance in practice. The classical model of cooperative governance involves the General Assembly (formed of all the members), which elects the BoD (Board of Directors), who, in its turn appoints the executive managers. Especially in larger cooperatives, a Supervisory board is also appointed from among the members, with the purpose of controlling the activity of the BoD on behalf of the General Assembly.**Multi-stakeholder Cooperative –** a cooperative owned and controlled by multiple types of members (producers, consumers, workers, volunteers). The stakeholders can be natural persons or other organizations (non-profits, businesses, government agencies, other cooperatives), including other cooperatives.**Cooperative Union –** a cooperative society whose members are at least two primary cooperatives operating in the same business field or at district levels (legal definition and requirements might vary across countries). |
| **Self-evaluation (multiple choice queries and answers)** | 1. A cooperative is:a) always a non-profit**b) a people-centered business owned and run by their members, sharing characteristics of both enterprises and associations**c) a government-owned corporation2. Cooperatives empower women because:a) members are not paid for their work**b) they are open and democratic organizations, promoting gender equality, job creation and minimization of informal work**c) only women can set up a cooperative3. Cooperative members**a) are involved in decision making and contribute financially**b) never receive any profit, which is always reinvested c) cannot be part of the Board of Directors4. The cooperative manager a)is solely focused on profitb) is the only person making decisions **c)** **has several different roles: decisional, informational, inter-personal, etc.**5. To set up a cooperativea)you need at least 50 membersb) all the members have to be producers**c)** **you have to comply with the regulatory frameworks and formal requirements in your country** |
| **Resources (videos, reference link)** | Cooperative Principles <https://www.ica.coop/en/cooperatives/cooperative-identity>The Guidance Notes on Cooperative Principles, elaborated by the International Co-operative Alliance, provide practical advice on the implementation and practical application of the cooperative principles. They are available in several languages, including English, Spanish and Greek, on ICA’s website:<https://www.ica.coop/en/media/library/research-and-reviews/the-guidance-notes-on-the-co-operative-principles> |
| **Related material** | Worksheet Template: Formal requirements to set up a Cooperative |
| **Related PPT** | MORE\_MODULE TRAINING\_Cooperatives |
| **Bibliography** | Bouchard, M. et al.(2020), *Statistics on Cooperatives: Concepts, classification, work and economic contribution measurement,* International Labour Office (ILO), Geneva, available at: <https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_760710.pdf>Cooperatives Europe,*What is a cooperative?*, <https://coopseurope.coop/what-cooperative/>European Parliamentary Research Service. (2019), *Cooperatives: Characteristics, activities, status, challenges,* [*https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS\_BRI(2019)635541\_EN.pdf*](https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS_BRI%282019%29635541_EN.pdf)*;*Fici, A. (2012), *Cooperative identity and the law, Euricse Working Paper, N.023*, [WP 23\_12 Fici (euricse.eu)](https://euricse.eu/wp-content/uploads/2015/03/1329215368_n1962.pdf)International Cooperative Alliance with the scientific and technical support of the European Research Institute on Cooperative and Social Enterprises (Euricse), 2021 World Cooperative Monitor – Executive Summary, <https://monitor.coop/sites/default/files/2021-11/Executive%20Summary%20WCM%202021.pdf>International Cooperative Alliance, *What is a cooperative?*, <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>International Labour Organization. (2012), My.COOP Managing your agricultural cooperatives, <https://www.ilo.org/global/topics/cooperatives/publications/WCMS_644824/lang--en/index.htm>International Labour Organization. (2017), *Spotlight Interviews with Co-operators: Rural cooperative works to preserve the cultural heritage of Malta*, <https://www.ilo.org/global/topics/cooperatives/news/WCMS_776503/lang--en/index.htm>International Labour Organization. (2018), *Role of cooperatives in rural women empowerment discussed during a side event at CSW62 in NY with ILO participating for COPAC,* [*https://www.ilo.org/global/topics/cooperatives/news/WCMS\_623984/lang--en/index.htm*](https://www.ilo.org/global/topics/cooperatives/news/WCMS_623984/lang--en/index.htm)International Labour Organization. (2021), *Spotlight Interviews with Co-operators: Marta Lozano Molano, Founding Member of Wazo Cooperative*, <https://www.ilo.org/global/topics/cooperatives/news/WCMS_776503/lang--en/index.htm>Women's Agritourism Cooperative of Zagora / Pelion, <https://www.agrosweet.gr/>[Women's Associations (womenassociations.gr)](https://womenassociations.gr/%CE%B3%CF%85%CE%BD%CE%B1%CE%B9%CE%BA%CE%B5%CE%AF%CE%BF%CE%B9-%CF%83%CF%85%CE%BD%CE%B5%CF%84%CE%B1%CE%B9%CF%81%CE%B9%CF%83%CE%BC%CE%BF%CE%AF/) |