# 9

# Cooperatives and the wider social and solidarity economy


According to United Nations General Assembly resolution 77/281 of 2023 on promoting the social solidarity economy for sustainable development[67] and the ILO Resolution concerning decent work and the social and solidarity economy,[68] the social solidarity economy (SSE) comprises enterprises and organizations that serve a collective economic, social and/or environmental purpose. Examples of SSE entities include cooperatives, mutual societies, foundations, social enterprises and self-help groups. The ILO Promotion of Cooperatives Recommendation, 2002 (No. 193) defines cooperatives 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". SSE entities apply shared values of equality, fairness, interdependence, self-governance, transparency and accountability. They can start informally and transition to the formal economy, with most countries having dedicated processes whereby such entities can both form and register as legal entities.

Given their focus on the collective and common good, SSE entities, specifically cooperatives, are responsive in times of crisis and need. They can help communities take collective action to address common challenges and build cohesion between groups. Most refugees and forcibly displaced people come from fragile and conflict-affected states, where social contracts have been undermined. Establishing structures that the local community trusts, as well as strengthening local governance, are both key to peace-building. Cooperatives and other SSE entities are well positioned to address the needs of both refugees/displaced people and host populations, because of their ability to combine practical assistance and support through collective action.[69]

67 United Nations General Assembly, resolution 77/281, Promoting the social and solidarity economy for sustainable development, A/77/L.60 (2023).

68 ILO, 2022, Resolution concerning decent work and the social and solidarity economy, International Labour Conference, 110th Session, 2022.

69 ILO, *Mapping Responses by Cooperatives and Social and Solidarity Economy Organizations to Forced Displacement*, 2020.

In PROSPECTS countries, programme teams supported national policy, legal and institutional frameworks and strategies for the development of inclusive and sustainable cooperative movements. Downstream, they supported community-driven and collective initiatives that were responsive to obstacles faced by refugees and members of the host community. These included initiatives that had both economic and social purposes. In Lebanon, the programme supported the development of SSE initiatives that addressed challenges in the local community's agriculture sector at a time of economic and political collapse. In Ethiopia, young people were brought together to create socially-driven initiatives to respond to employment challenges faced by young people in their communities. In Jordan, agriculture cooperatives were engaged in programming to address decent-work deficits faced by both refugee and host community agriculture workers, including issues around child labour and occupational safety and health (OSH). In Sudan, Kenya, Uganda and Ethiopia, small-scale farmers and agricultural producers were supported to form cooperatives to pool resources, increase market access and facilitate sales for members. The cooperative structures that were supported helped localize service delivery and facilitate market access in otherwise challenging contexts.

## 9.1 Description and key approaches

PROSPECTS worked upstream to strengthen cooperatives and wider SSE movements, while also reinforcing the role of collective initiatives at the community level. This included reviewing cooperative legislation and supporting the drafting of national strategies, as well as building the institutional capacities of apex cooperative organizations[70] and government institutions that support cooperative development at the national level. Programme teams promoted cooperative formation and strengthening as a means to economically empower refugees and host community members.

The following cases from PROSPECTS countries provide examples of the different ways in which cooperatives and SSE initiatives can be operationalized and strengthened in contexts of forced displacement. Most of the examples relate to cooperative development, but in some instances – such as in Lebanon and Ethiopia – other SSE entities were supported.

### 1. Strengthening policy, legal and institutional frameworks governing cooperatives

PROSPECTS countries have different legal frameworks, policies and practices that determine refugees' position within cooperatives and the wider SSE movement. Ethiopia's Refugees Proclamation stands as the most progressive legal framework, recognizing refugees' right to "individually or as a group, engage in agriculture, industry and small and micro enterprises".[71] With the exception of Jordan, where the cooperative law restricted non-nationals from joining existing cooperatives or forming their own, most countries had no explicit references restricting refugee participation in cooperatives. In the case of Uganda, Kenya and Sudan, refugees' legal right to participation was assumed and they participated in Village Savings and Loan Associations (VSLAs) and other self-help groups.

In countries where institutional structures to support cooperatives were not fully in place, PROSPECTS teams worked at the policy level to catalyse the expansion of a cooperative movement and strengthen institutional capacities to do so. They provided technical assistance and guidance in drafting and amending national policies and in strengthening awareness and application of cooperative principles and objectives – including principles of equality and inclusion – in alignment with ILO Recommendation No. 193.

70 Apex cooperative organizations are overarching bodies, typically formed to organize cooperatives themselves.

71 Ethiopia, Proclamation No. 1110/2019, Refugees Proclamation, Federal Negarit Gazette of the Federal Democratic Republic of Ethiopia, No. 38, Addis Ababa, 27 February 2019.

In Jordan, which was one of the more restrictive contexts with regard to refugee inclusion, the PROSPECTS team reviewed cooperative law and developed a cooperative strategy, with a view to advancing national dialogue on the inclusion of refugees, among other topics. Although the cooperative law restricted the ability of non-nationals to form or join cooperatives, the latter had played an important role in the country's response to Syrian refugees. As agriculture was the main sector in which Syrian refugees were employed, agriculture cooperatives were engaged at national level to develop and issue a type of work permit that enabled refugee workers to move daily and seasonally, without having a fixed employer. In all, 13 agriculture cooperatives worked with the Ministry of Labour to facilitate the issuance of these non-employer-specific work permits, starting in 2018. However, while agriculture cooperatives were playing a more visible role in the refugee response, the wider cooperative movement suffered from inadequate legislation and limited institutional capacity. In 2020, the PROSPECTS team conducted an analysis to better understand such weaknesses and create space for dialogue to address them. The results of the analysis were used to inform the development of a national cooperative strategy, led by the Jordan Cooperative Corporation (JCC). The drafting process involved multiple rounds of consultation and consensus-building. It pursued social dialogue with agriculture workers and employers (farmers), consultation with cooperatives themselves, and dialogue between the Ministry of Labour and Ministry of Agriculture.

The final strategy addressed three levels of intervention: legal, institutional and administrative. A key objective was to build the JCC's role not only as an administrator but as an institution to build the capacities of and strengthen cooperatives across Jordan. Other structural issues included the lack of integration between cooperatives operating in similar fields and areas, lack of a strong membership base and insufficient technical capacity within cooperatives themselves. The national strategy was accompanied by an action plan, featuring concrete activities to be carried out by JCC departments. Progress on the action plan was to be reported back to the JCC Board of Directors on an annual basis.

One of the action plan's priority areas was amending cooperative legislation, to which end PROSPECTS supported a review of the existing law in light of ILO Recommendation No. 193. In this case, there was strong demand, led by the JCC, to revisit the legislative framework and align it with international good practices. As ILO Recommendation No. 193 is explicit on the inclusive nature of cooperatives, the PROSPECTS review also introduced an important discussion. The recommended amendments to the cooperative law were reviewed in a validation workshop with key stakeholders. Key points of dissent included taxation and cooperative membership for non-nationals. These issues were passed up to the level of parliament and, in the case of taxation, ultimately directed to the Ministry of Finance for review.

In Lebanon, in the absence of political will to address the inclusion of refugees in cooperative structures, the PROSPECTS team worked on strengthening the cooperative movement in general. It began by mapping cooperatives with the Directorate-General of Cooperatives, thereby forming a relationship with the main national counterpart. The mapping exercise gave the team an entry point with the Ministry of Agriculture, with which it then worked on the development of an existing database of cooperatives and an assessment of conditions for cooperatives' expansion. The database captured key information about cooperatives in the country (size, sector, location) and provided an entry point for future interventions to strengthen them.

In Kenya, PROSPECTS rooted its cooperative work in the development of a national Cooperative Transformation Strategy, linked to the government's wider development blueprint, dubbed the Bottom-Up Transformation Agenda (BETA). The Strategy was prioritized as an enabler of BETA, which set out a vision for Kenya to reach middle-income status as an industrialized nation by 2030. ILO COOP training tools and the organization's experience in similar contexts[72] proved useful in developing the Strategy in collaboration with the State Department of Cooperatives and the Presidential Economic Transformation Secretariat. Building on an assessment commissioned by PROSPECTS, the team in Kenya convened consultative forums to collectively identify key variables of transformation, including legal and regulatory

72 In 2010, the ILO helped establish a Cooperative Facility for Africa – CoopAfrica – whereby it supported cooperatives in nine countries across eastern and southern Africa, including Kenya.

frameworks, cooperative compliance, governance, productivity and value addition, digitalization and knowledge management. Identifying these areas helped orient and prioritize PROSPECTS' work to support the Strategy. Furthermore, through its involvement in developing the Strategy, the programme in Kenya was able to incorporate explicit reference to refugee inclusion as a cross-cutting area. Although refugees were, in practice, already participating in cooperatives in Kenya, the fact that the Cooperative Transformation Strategy now included a specific pillar on this positively impacted the transformation of the cooperative sector in country. The programme team also supported a review of the Kenya Cooperatives Bill 2024 and the development of related regulations, both of which reinforce more inclusive cooperative movements downstream.

## 2. Capacity-building of apex cooperative organizations and related national institutions

Another key way in which PROSPECTS supported the development of cooperative movements in its countries of operation was by institutionalizing COOP training tools and approaches. In Jordan, in line with the country's Cooperative Strategy, PROSPECTS supported the JCC in expanding its function as a capacity-building institution for cooperatives. The JCC had already initiated work to create a cooperative training institution, in line with recommended actions in the Strategy. Supporting JCC staff to become certified in the use of the ILO's COOP tools helped the JCC become recognized as a certified training provider. Trainers from the Ministry of Agriculture and agriculture cooperatives were also trained. As the JCC strengthened its own training functions, it considered making Start.COOP a prerequisite for cooperative registration in the country.

In addition to its work nationally, the JCC became a regional reference for the development of cooperative movements. The JCC trainers trained Lebanese and Iraqi cooperative members – including staff from the Lebanese Directorate-General of Cooperatives and Ministry of Agriculture – on Think.COOP and Start.COOP. The JCC was also requested to provide feedback on Morocco's draft cooperative strategy. Evidence of the JCC's increased capacity was its involvement in developing a new COOP training tool with the ILO. The tool addressed occupational safety and health in agriculture, building on the JCC's experience of working with the ILO in this sector and of partnering with large agriculture cooperatives in its development. The tool was piloted with a cohort of agriculture cooperatives that had been engaged in PROSPECTS programming and cooperative action in the Syrian refugee response. The JCC was also among the national cooperative institutions that piloted a cooperative tool to eliminate child labour, an issue that was particularly pertinent in Jordan's agriculture sector. These two targeted tools strengthened cooperative action in reinforcing decent-work principles.

In Kenya, the PROSPECTS team supported training of trainers to increase a national pool of trainers within national institutions. The trainers could then work with cooperatives using the Think.COOP, Start.COOP and My.COOP training packages. Participants in the training were drawn from the Cooperatives Departments of the Turkana and Garissa County governments; the State Department of Cooperatives at national level; NGOs promoting cooperatives' activities; the Kenya National Chamber of Commerce and Industry, whose membership includes local associations, and representatives from the Kenya Cooperatives University, a public institution providing education, training and research with an emphasis on cooperatives development. Within the Ministry of Cooperatives and MSMEs, the Principal Cooperative Officer was trained as a trainer, with a view to institutionalizing the methodologies. Following the training, the Ministry committed to changing its training approach and adopting a peer-to-peer model that emphasized knowledge exchange and sharing of experiences.

## 3. Cooperative formation in contexts of forced displacement

In PROSPECTS countries, an initial step in cooperative formation and development involved conducting a rapid needs assessment. This identified relevant pathways for successful engagement by cooperatives. A global mapping exercise carried out under PROSPECTS in 2020 identified seven possible pathways for cooperatives to engage with host and refugee/displaced populations. The results of the mapping exercise helped country teams frame and select the most suitable pathway(s) for their contexts. In some cases, the exercise shed light on the potential of informal groups to formalize and transition to cooperative societies.

### ▶ Pathways for cooperatives to engage with host and refugee/displaced populations[a]

Cooperatives are engaging with host and displaced populations in the following ways:

- Host community cooperatives provide goods and services to refugees and displaced people.
- Host community cooperatives recruit refugees and displaced people as workers.
- Host community cooperatives include refugees and displaced people as members.
- Host communities provide capacity-building and training for refugees and displaced people to set up their own cooperatives.
- Refugees and displaced people form cooperatives to provide goods and services for themselves or their host community.
- Refugees, displaced people and host communities organized into cooperatives by an international organization provide services for themselves and their communities
- Returning refugees and displaced people rebuild their own communities through cooperatives.

**Source:** ILO (2020)

a ILO, Cooperative Responses to Refugee Crises 2020. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@emp_ent/@coop/documents/genericdocument/wcms_455734.pdf

Supporting the formation of new cooperatives and strengthening existing ones were more common in PROSPECTS countries in the East and Horn of Africa, where farmer and producer cooperatives and organizations ease access to markets and finance. These structures were mobilized to be responsive to the challenges faced by both refugee and host community producers. By joining forces, the refugee and host community farmers and producers were able to use their collective power to tackle issues such as access to land, negotiating prices with buyers and improved access to infrastructure. This was particularly relevant for refugee producers, who generally had lower levels of capital and restricted rights to own land. The PROSPECTS teams used the established curriculum of ILO cooperatives training tools (Think.COOP, Start.COOP and My.COOP) to build capacities among these groups.

In Uganda, PROSPECTS partnered with Ripple Effect (a UK-based charity that focuses on sustainable agriculture and business development for families in rural Africa) to support, strengthen and formalize farmer groups – including in their transition to cooperatives – along the soya-bean value chain. The crop provided a source of income for refugees and host community members, both of whom had access to plots they could cultivate. The common challenges faced by farmers in Uganda made a group approach to farming a sensible option. For instance, land rights were an issue for small-scale farmers, as the titles to land were often unclear and disputed in rural areas of Uganda. Ripple Effect worked with local authorities to identify the rightful landowners and negotiated access to 100 hectares of land that refugees and host community soya farmers could cultivate. Ripple Effect also facilitated the introduction of a new seed variety via farmer groups. These two developments demonstrated the tangible benefits to collective farming, and, as a result, growers became more willing to transition from loosely associated groups of farmers to

registered producer associations. The groups of producers went through the Think.COOP and Start.COOP training. In addition, the benefits of Village Savings and Loan Associations (VSLAs) were promoted within existing farmer groups and introduced to new groups. As a result, the programme in Uganda ultimately helped two of the farmer groups join a VSLA. With regard to the leadership of the groups, refugees were represented.

In Kenya, a cooperative assessment was carried out in Garissa to determine the most relevant pathways via which cooperatives could engage with refugees and host community members. The following three pathways were identified as most relevant:

- Host community cooperatives include refugees and displaced people as members.
- Refugees, displaced people and host communities organized into cooperatives by an international organization provide services for themselves and members of their communities.
- Refugees and displaced people form cooperatives to provide goods and services for themselves or their host community.

The PROSPECTS team therefore supported the formation of cooperatives as part of wider value-chain development. In coordination with the refugee-led Somali Lifeline Organization (SOLO), beekeepers and fodder growers were organized into cooperatives and associations. The beekeepers' association was convened at county level (in Garissa) to include both refugees and host community beekeepers. It ultimately came to play an important role in collectively identifying and lobbying around issues affecting the development of beekeeping production and value-added processes. The collective function also helped raise the beekeepers' agenda within the county and made their advocacy for changes more effective. The structure also provided a shared marketing platform for honey products in Garissa County markets. Both the beekeepers' and the fodder growers' associations were formally recognized as such at the county level, and both comprised refugee and host community members.

In Ethiopia, the cooperative assessment revealed two pathways as most relevant:

- Host community cooperatives provide goods and services to refugees and displaced people.
- Host community cooperatives include refugees and displaced people as members.

Interventions were targeted at the dairy sector, which was replete with dairy cooperatives and showed considerable productivity and job-creation potential. A partnership was established with Vétérinaires Sans Frontières Suisse to provide technical assistance to improve milk production and increase the productivity of livestock in Fanfan Zone and Somali Regional State, as well as to support entrepreneurship and cooperative development for women and young people in host and refugee communities. The support provided included the construction of a cooling facility managed by local authorities that benefits dairy cooperatives operating in the region. The market-system approach favoured by PROSPECTS Ethiopia involved securing the commitment of the private sector to the undertaking, which impacts refugees, since the private sector buys milk from local dairy cooperatives for resale. The ILO adopted a pragmatic and holistic approach for this initiative by combining different interventions, such as employment-intensive investment programming (EIIP), market-system analysis, cooperative development and skills development.

The PROSPECTS team in Sudan also supported cooperative formation as a measure to enhance production and market access in the groundnut value chain. Groundnuts were a key crop with export potential in PROSPECTS' areas of operation, namely the Asslaya and El Nimir camps in East Darfur and in Kailak and El-Mairam in West Kordofan. Moreover, there was a higher proportion of women participating as growers in groundnut production. The most relevant pathway was to support refugees and host communities to organize into cooperatives to provide services for themselves. The intervention organized female groundnut growers into cooperatives to address their otherwise limited access to markets. It also supported them with regard to value-added production and finance matters.

The regions in which the cooperatives were set up did not previously have a strong culture of cooperatives, so there was reluctance among the women to form them at first. A long period of awareness-raising preceded cooperative training, therefore, focusing on cooperative principles and value addition. To demonstrate the value of forming cooperatives, PROSPECTS facilitated collective access to a groundnut shelling machine, which improved the efficiency and quality of production processes. Furthermore, the larger volume of groundnuts as a result of the growers pooling their production attracted more buyers and gave the growers the power to negotiate higher unit prices. As in Uganda, tangible benefits like these really helped strengthen producer buy-in. Also as in Uganda, business development training and financial education were provided to build capacities – in this case, of the female groundnut growers.

## ▶ Support to social solidarity initiatives in Lebanon

Amid overlapping economic and political crises, the programme team in Lebanon engaged at the community level in Akkar, Bekaa and North Lebanon to launch social solidarity economic initiatives by rallying local community leaders to support their development and implementation. Local leaders were formed into SSE steering committees, featuring representatives from community-based organizations, cooperatives and municipal governments. The SSE steering committees underwent capacity-building to enable them to advise on SSE initiatives and navigate the challenges in the start-up phase. The initiatives themselves were developed in response to challenges identified through community-level assessments in the agriculture sector. These challenges related to the production process, limited value addition and market access. Selected initiatives were provided with training and seed funding, as well as ongoing guidance and mentorship from the steering committees.

As an example, one SSE initiative was developed in response to the high cost of greenhouses, which left low-income farmers without space to seed crops in colder months and thus their growing season was shorter. The SSE initiative provided shared greenhouse space to refugee and host community farmers for a small fee and on the condition that a percentage of their produce be made available, free of charge, for members of the community facing food shortages.

Because the committee members had an established leadership role in the community and were involved in the design and selection of initiatives from the outset, they invested heavily in their development. One marker of success was the signing of an MoU by one steering committee with its municipality, recognizing the committee's role in mobilizing and guiding SSE initiatives. While the success of the initiatives themselves was challenged by the severe economic downturn in the country, they still made a difference at the community level: as well as the social good that each one supported, they created 39 jobs.

As well as providing support to get SSE initiatives off the ground, the PROSPECTS team focused on the development of social enterprises (SEs) in sectors with job-creation potential. These sectors included agriculture, of course, but also those impacted by trade disruptions, giving domestic producers a chance to fill gaps due to the non-availability of traditionally imported goods. The team also supported enterprises that employed refugees or served them as customers, given the regulatory barriers faced by refugees in owning and registering their own entreprises in Lebanon.

The initiative supported 17 SEs in the main refugee-hosting areas with technical training (six months of one-to-one coaching and access to networking events) and grants (of up to US$20,000) to boost their operational capacity and expand their social impact. Despite all this support, however, the financial downturn made it very difficult for them to become established. Many could not achieve financial independence without external support, while others struggled to expand their social impact.

The experiences in Lebanon demonstrate the enthusiasm at local level to serve a social purpose and develop businesses. Being able to sustain the initiatives in the longer term and scale up impact, however, remain challenging against the backdrop of financial crisis. Micro loans and savings products might be potential mechanisms to develop business capital, but the volatility of the situation in Lebanon requires careful weighing up of the risk factors that can influence the potential for social impact. ■

## ▶Strengthening the cooperative movement in Jordan

In 2020, Jordan had nearly 1,500 registered cooperatives with more than 140,000 members, yet, for more than 20 years, the country had lacked a comprehensive cooperatives strategy. The economic and social contributions made by cooperatives were not very clear or well understood. There was also legal and administrative ambiguity, financial challenges, inefficient management structures, and a lack of awareness about shared cooperative principles and values. Although Jordan had a national body responsible for cooperatives – the Jordan Cooperatives Corporation (JCC) – this was fulfilling a largely administrative function, rather than supporting cooperative capacity and the practice of shared values. Cooperative initiatives were more common in the past, having first emerged in the 1960s in the form of rural credit societies, which provided farmers with credit, seeds and other inputs. The influence of cooperatives gradually diminished over time, as the State took on more of an ownership role. Revitalizing the cooperative sector therefore required a re-examination of the cooperative-State relationship and placing cooperative principles at the centre of cooperative operations.

Despite structural weaknesses, high unemployment and low job creation in the country, opportunities existed for cooperatives to become established and extend their services. For instance, they came to play a role in incorporating Syrian refugees into the labour market by issuing non-employer-specific work permits for the agriculture sector, in coordination with the Ministry of Labour. They also became a channel for donor funded projects to reach Syrian refugees and host communities with livelihood support, such as starting up home-based businesses.

Nevertheless, the cooperative movement was still relatively weak, so the PROSPECTS team focused on strengthening the movement at large, while continuing to support cooperatives' role as service providers and intermediaries in the refugee response. Action was taken both upstream and downstream, following an incremental approach that responded to needs and opportunities based on initial assessments of cooperatives' capacities. PROSPECTS also built on the ILO's history of working in Jordan and adapted the approaches of previous donor-funded projects that worked with agriculture cooperatives to serve Syrian refugees and host community members, mainly by facilitating the issuance of work permits.[a]

At the macro (policy) level, PROSPECTS supported the development of a national strategy, action plan and related review of the cooperative law. At the meso level, it enhanced the capacity of the JCC through training and support and used cooperatives' presence on the ground to raise awareness of labour rights among refugee and host community agriculture workers. At the micro level, services were provided through cooperatives, including through the Agricultural Guidance and Employment Units (AGEUs). These operate as employment centres within high-performing agriculture cooperatives, offering career guidance and job-matching services that reflect the daily and seasonal characteristics of employment in the sector. Cooperatives were also an entry point for the provision of training in labour rights, OSH and social protection in the agriculture sector, as they had been a principal participant in consultations on the development of an agriculture workers bylaw (2020). A network of trained cooperative representatives came to act as an extended field presence for the ILO under PROSPECTS, supporting regular farm visits and training for agriculture workers.

In 2019-2020, to inform the scope of its interventions in the cooperative sector, the ILO conducted assessments of the sector, made field visits to farms in the three largest refugee-hosting governorates and engaged in social dialogue with the Ministry of Labour, Ministry of Agriculture, the JCC and farmer associations.

By mid-2020, the ILO and the JCC had signed a memorandum of understanding to develop a National Cooperative Strategy, which set out a collective vision and identified priorities for action. This was launched by the Government in 2021. The Strategy (2021–2025) provided a policy tool and included an action plan focused on building the capacity of cooperatives and the JCC. One of the key outcomes of the Strategy was the revision of the Cooperative Law and its alignment with the ILO Promotion of Cooperatives Recommendation, 2002 (No. 193). Key legislation changes proposed included increased representation of cooperatives on the JCC board, tax exemptions for cooperatives and allowing non-Jordanians (including refugees) to join and form cooperatives. As of late 2024, however, these proposals had not been accepted, owing to the sensitivity around taxation and non-nationals joining cooperatives as full members.

a ILO monitored aspects in the implementation of the EU's rules of origin trade agreement with Jordan, through a project funded by the European Union (2017-2018). The agreement allowed for a relaxation of the rules of origin for Jordanian products to enter the EU, on the condition that products were produced on assembly lines that employed Syrian refugees.

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In parallel to this work upstream, the ILO used its technical expertise to develop a national training institution within the JCC. Prior to its engagement with PROSPECTS, the JCC's main focus was on administrative procedures but with the programme's support under the Strategy and the associated action plan, it refocused its efforts on promoting cooperative principles and building the capacities of cooperative members. The ILO's participatory approach to the development of the Strategy, the JCC's training of trainers and adaptation of COOP tools (Think.COOP, My.COOP and Start.COOP) to the local context (including translation into Arabic) facilitated a change in understanding of the role cooperatives and cooperative apex organizations play in local and national development. As a mark of progress, the ITCILO (International Training Centre of the ILO) had to translate and adapt its platform and tools to accommodate a surge in demand inspired by the JCC's engagement in cooperative development. This demand came from cooperative institutions in both Iraq and Lebanon.

In addition to the standard COOP tools, the JCC and the ILO developed and piloted an occupational safety and health (OSH) tool and a tool on the role of cooperatives in eliminating child labour. Both responded to decent-work deficits that were evident in the agriculture sector and the role of cooperatives at a local level to help address them. The PROSPECTS team and the JCC facilitated training for Lebanese, Syrian and Iraqi cooperative institutions and their members, using COOP training tools to build a network of COOP trainers at the national level. Outside of PROSPECTS, the JCC shared its knowledge and experiences with Morocco as it revised its own strategy. Moreover, the JCC was able to mobilize resources beyond PROSPECTS, thanks to its new capacities and certified role as a training institution. The Cooperative Strategy's action plan also prioritized key outputs, which made it easy for the JCC to engage potential funders around clearly defined areas.

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At the micro level, AGEUs operated within agriculture cooperatives that had a history of facilitating agricultural work permits for Syrians. In the absence of formal and regulated employment, the sector saw the emergence of a network of informal labour brokers, called the *Shaweesh*. AGEUs helped formalize job placements in the sector and had dedicated staff to support Syrian refugees with the issuance of work permits, provide career counselling and refer them to employers/farmers on a daily and seasonal basis. AGEU staff conducted awareness-raising sessions with refugee and host community agriculture workers to explain the benefits of social security, work permits and other measures of formalization. Critically, they did so by visiting farms to provide in-person sessions, thereby also giving agriculture workers a point of contact. Between March 2021 and January 2022, they registered more than 3,600 agriculture workers for their services and supported close to 3,400 work placements, as well as providing labour-market information and labour-rights training. More than 2,500 work permits for Syrian workers were also facilitated through these units. In addition, the cooperatives and AGEUs were used as an entry point for raising awareness among workers of social security in the agriculture sector and for addressing the risks and instances of child labour. Cooperative members served on local child-labour committees,[b] where they helped identify potential and actual instances of child labour in the agriculture sector and facilitate case management processes in coordination with UNICEF and local service providers.

Although the cooperative legislation introduced challenges in terms of fulfilling the principles of equality and inclusivity, the PROSPECTS team was able to work on strengthening the application of such principles downstream, while also supporting the review of laws and policies to support them. The ILO's specialization in cooperative policy-making, capacity-building and development enabled it to work at both levels and as a strong technical partner to the JCC. The parallel upstream and downstream work helped facilitate a shift in understanding of the cooperative movement at large. As one interviewee noted, stakeholders such as the Ministries of Labour and Agriculture and the JCC now share a common vision and understanding, and "speak the same language" on cooperative development. The intervention in Jordan's cooperative sector also demonstrated the spillover benefits of horizontal integration. Cooperatives are pathways and entry points for various humanitarian and development interventions, as exemplified by the efforts to address child labour, OSH and social security. They also add value by localizing these services and adapting them so that they are relevant for the community they serve. ■

b PROSPECTS Jordan set up local committees to identify and address instances of child labour. These were made up of teachers and representatives of cooperatives, community-based organizations and and at the directorate level ofthe Ministry of Social Development.

# 9.2 Narrative and lessons learned

## Operational lessons learned

### Addressing gaps in national cooperative strategies and strengthening associated capacities

Addressing cooperative development within the framework of wider national development plans and strategies is one way to prompt action both up- and downstream. In Kenya, the PROSPECTS team worked on the issue in the context of the Cooperative Transformation Strategy and the prioritization of cooperative development under the national Bottom-Up Transformation Agenda (BETA). This then led to a request for PROSPECTS to support further review of cooperative legislation and to build capacities using COOP tools. The latter included training trainers from the Ministry of Cooperatives and MSMEs, the State Department of Cooperatives and county governments. In Jordan, the development of the Cooperative Strategy was led by the JCC and accompanied by an action plan, which prioritized areas in need of support. This too led to a request to review legislation, namely the Cooperative Law and associated bylaws. In parallel, the JCC built up its capacity to serve as a cooperative training institution, using ILO COOP tools. Revised legislation subsequently went before parliament, which served to enhance the importance of expressing cooperatives' principles and values in law. Having a national-level plan that is concrete and actionable also means there can be accountability. In the case of Jordan, the JCC had to report on progress under the Strategy to its Board of Directors. Accountability also makes it easier for development partners and external actors to channel support in a way that is grounded in assessment of cooperatives' strengths and weaknesses.

### Demonstrating the added value of cooperatives in contexts of forced displacement

As described above, the interest in and value of developing and strengthening cooperatives differed depending on the context in which PROSPECTS was operating. In Kenya, local camel-milk producers saw value in joining forces as part of the development of a wider value chain. In Uganda, cooperative structures, including VSLAs, were already established and could be built on and strengthened. In Sudan, a long period of awareness-raising, training and learning-by-doing was required before female groundnut producers from the refugee and host communities felt comfortable shifting from individual production to a cooperative structure. The added value of collective production was particularly relevant for female growers from the refugee community, who generally had lower levels of social and financial capital compared with their counterparts in the host community. It was important in this case for the programme to accompany cooperatives to the point where they saw the added value. In Uganda, refugee soya growers could not access land for cultivating beyond a subsistence level, but by forming a cooperative, they were able access more land alongside members of the host community. In Kenya, an association structure allowed beekeepers to collectively advocate for changes at the county level and use a shared platform to market their honey. Having tangible benefits in the short term was one measure to ensure the continued buy-in and ownership of members of cooperatives.

### Supporting the financial capacity of cooperatives and their members

In addition to training, cooperatives often received support in the form of financial education and access to finance. This helped maintain cooperative activities and support the livelihoods of cooperative members. In Uganda, the example of VSLAs has already been referred to as one measure to support the long-term financial sustainability of cooperatives and benefit their members. The soya-bean farmers who were organized into producer groups with Ripple Effect accessed a total of US$42,600 through their VSLAs, in the form of revolving loans. In Ethiopia, PROSPECTS used cooperative formation as a risk mitigation mechanism for engaging with commercial banks. The team partnered with Shabelle Bank to

extend financial products in refugee settlements. To facilitate the opening of bank accounts for refugees who lacked forms of collateral and were unable to meet know-your-customer (KYC) requirements,[73] the team helped form cooperatives, for which the commercial bank could then open group bank accounts.

### Refugees' legal right to form and join cooperatives

Self-help groups and informal community initiatives can be a source of support for refugees, but access to the government support and financial services that are provided to recognized cooperatives and cooperative members is more useful. For refugees, access to these depends on whether or not they may join cooperatives to support their income and livelihoods. With the exception of Ethiopia, none of the PROSPECTS countries has laws or policies that explicitly provide for refugees' right to join cooperatives. In Ethiopia, the Refugee Proclamation guarantees this right. In Jordan, non-nationals, who can be assumed to include refugees, are not allowed to become cooperative members or form their own cooperatives. They do, however, receive services that are facilitated by cooperatives, with donor support. In Uganda, Kenya and Sudan, they are not restricted from joining – and, in these countries, refugees are participating as active members of cooperatives and hold positions of leadership – but their right to do so is not made explicit. As demonstrated in the case of Jordan, changing the law to give membership rights to non-nationals can be sensitive and takes time. As demonstrated in the case of Kenya, however, having explicit references to refugee inclusion in country strategies can ensure cooperative movements address refugee inclusion as a cross-cutting area of concern.

## 9.3 Sustainability

Proof of the sustainability of the cooperative interventions under PROSPECTS would ultimately be their ability to provide enhanced services, including access to local markets, and added value for their members, including refugees. This raises questions around refugees' legal rights to form and join cooperatives, cooperative financing and capacities. Regarding legal rights to participate in cooperatives and the wider social solidarity economy, these are directly linked to the right to form and engage in enterprise (self-employment). Most PROSPECTS countries also have distinct laws and policies governing cooperatives in general. [74]

Programme teams tried to influence policy-makers to reinforce cooperative principles in existing cooperative strategies. Changes to laws are more time-consuming to bring about and are subject to approval by multiple levels of government. Work on national strategies and frameworks was quicker to have an effect. For example, in Jordan, the aim of the revision of the Cooperative Law was to align it with ILO Recommendation No. 193 and the ILO resolution concerning decent work and the social and solidarity economy. The process stalled, however, when the recommended amendments were referred by parliament to the Ministry of Finance. Nevertheless, in the absence of legislative change, PROSPECTS in Jordan was able to make progress in its work under the Cooperative Strategy.

Sustainability also depends on the capacities of cooperatives and apex cooperative organizations, at both national and local levels. Training trainers in Start.COOP, Think.COOP and My.COOP created a network of nationally based trainers and contributed to tailoring training content and methods to local contexts. In the case of Jordan, this training focused on the JCC. Institutionalizing capacities like this allows for continual capacity-building of cooperatives at a national level.

73 Know-your-customer requirements refer to the identifying information, such as name, address, national identification number and proof of assets, that commercial banks and other financial institutions typically require from customers to assess their risk and suitability.

74 Hagen Henrÿ, *Guidelines for Cooperative Legislation*, 3rd edition revised (Geneva: International Labour Organization, 2012).


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When it comes to creating and supporting cooperatives themselves, most PROSPECTS teams included a financial element to help cooperatives and SSE initiatives get started and keep going. The examples with Ripple Effect in Uganda and Shabelle Bank in Ethiopia illustrate how facilitating access to revolving loans and savings helps pool and sustain finance in the long term, independent of external support. Helping existing cooperatives expand services sustainably also needs to be linked to a forward-looking financial plan. Capacity needs to be aligned with financial feasibility, as there is risk in expanding cooperative services too quickly. For instance, in Jordan, the addition of AGEUs introduced new services within existing cooperatives. While there was a will to offer these employment services on the part of cooperatives, they lacked financing to continue them independently of the project.

## 9.4 Integration with other areas of work

When set up, cooperatives and SSE initiatives link to multiple areas of ILO work. They are key actors in value chains and stand to benefit from business development services, financial education and access to finance. They can also serve as an effective outreach body for raising the awareness and building the capacities of their members and workers regarding labour rights, including OSH and child-labour issues. In Jordan, the PROSPECTS team engaged the staff of one of the largest cooperatives in the country to conduct awareness-raising on labour rights with agriculture workers. The same representatives also served as members on local child-labour committees that the programme team had set up in response to the high incidence of refugee children working on farms.

In Ethiopia, Kenya, Uganda and Sudan, cooperative structures were supported as a part of value-chain development. This involved helping individual refugee and host community producers/farmers organize into collective groups where they could pool resources and production and therefore gain both bargaining power with buyers and access to markets. In Ethiopia, cooperative formation and development was part of a wider integrated market assessment. The cooperative structures there were particularly useful for refugee farmers/producers who lived at a distance from markets and buyers.

Linking cooperative structures to finance was also a measure of sustainability. In Uganda, the formation of a group of soya-bean farmers also included the establishment of VSLAs, which pooled financial resources among members. In Ethiopia, refugees and host community members who failed to meet KYC requirements were given access to a commercial bank account as a cooperative. This was negotiated and approved with a partner, Shabelle Bank, working on financial products for refugees and host community members. Access to the commercial bank account also came with financial education training.

The country where there were the most links with other programme areas was Jordan, as agriculture cooperatives took on the function of service providers for Syrian refugees. This included facilitating work permits for the refugees, supporting awareness-raising on labour rights and rolling out OSH training. Because cooperative representatives were at the local level, they could more easily access farms and hold information sessions for workers during break times.

## 9.5 Challenges

The first key challenge to emerge from the cases was moving towards formal cooperative and SSE structures. Most countries had laws and procedures to register and recognize cooperatives nationally, yet informal cooperative structures usually already existed. These included informal community initiatives, self-help groups and savings associations. These networks can be supported in terms of capacity-building and moving towards formalization and recognition. Whether or not they will do so, however, will largely depend on the costs and benefits as they perceive them. For example, in Kenya, Somali refugees in Garissa County were not interested in formal groups. They had informal cooperative networks and didn't want to formalize them for reasons of cost and government procedures. Women working along the camel-milk value chain also preferred to remain in a loose network and had not pursued registration.

In other instances, policies and procedures to register cooperatives were underdeveloped. For example, in the Kurdistan Region of Iraq, the absence of a cooperative law meant that cooperatives had no way to register formally. In this case, they registered as non-profit organizations. Similarly, in Lebanon, there was no category for social enterprises, so the SEs that did seek out formal recognition also had to do so as non-governmental organizations. This distanced them from the principles and values that are normally associated with SEs and cooperatives. PROSPECTS teams had to work on raising awareness regarding the principles of cooperatives to ensure common understanding in the absence of a unified vision.

The capacity of apex cooperative organizations was the second main challenge to the development and growth of informal and existing cooperatives. Where such organizations lack strong leaders, there may be a disconnect between cooperative needs and the services provided.

Lack of trust and social cohesion between groups was also a barrier to the formation of cooperatives and SSE entities. In times of heightened economic and social crises, fostering the development of cooperative structures can be difficult. For instance, in Lebanon, the PROSPECTS team had to make sure to select areas for SSE formation where there were good relations between members of the refugee and host communities – particularly in light of the heightened sensitivities around refugees' presence in Lebanon during the economic downturn. In Sudan, the formation of cooperatives of groundnut producers initially encountered pushback. A long period of awareness-raising on cooperative principles and added value was therefore necessary. Demonstrating the value of collective production through the provision of a groundnut shelling machine helped increase willingness to join the cooperatives.

Another challenge was the lack of regulation supporting the inclusion of refugees in cooperatives. As noted, in most countries, there weren't any specific laws that included or excluded refugees from forming or joining cooperatives. In the absence of an affirmative law or policy, such as Ethiopia's Refugee Proclamation, there is a risk that cooperatives may not meaningfully engage refugee members, or that refugee-led cooperatives may not be recognized formally. In Jordan, where non-nationals are explicitly barred from joining and forming cooperatives, refugees are merely recipients of donor-funded services facilitated by cooperatives. In comparison, Ethiopia's specific provision for including refugees in the cooperative movement made it easier for the PROSPECTS team to facilitate refugees' access to bank accounts by working with a partner bank, which agreed to open group accounts for the cooperatives.

# Key takeaways

- Most forcibly displaced people come from fragile and conflict-affected states, where social contracts have been undermined. Establishing structures that the local community trusts, as well as strengthening local governance, are both aspects of peace-building.
- There are seven possible pathways via which cooperatives can engage with host and refugee/displaced populations and frame relevant programming:
  - Host community cooperatives provide goods and services to displaced people and refugees.
  - Host community cooperatives recruit displaced people and refugees as workers.
  - Host community cooperatives include displaced people and refugees as members.
  - Host communities provide capacity-building and training for displaced people and refugees to set up their own cooperatives.
  - Refugees and displaced people form cooperatives to provide goods and services for themselves or their host community.
  - Refugees, displaced people and host communities organized into cooperatives by an international organization provide services for themselves and their communities.
  - Returning refugees and displaced people rebuild their own communities through cooperatives.
- Cooperative development helps localize service delivery and can facilitate market access for refugees, forcibly displaced people and members of the host community through both practical assistance and collective action.[75]
- For refugees, joining cooperatives to support their income and livelihoods depends on whether or not they are legally allowed to do so. With a few exceptions, cooperative legislation is not explicit regarding refugees' rights and participation. In contexts where this right is restricted, self-help groups and informal community initiatives can provide a source of support, but access to government help and financial services rests on formal recognition as a cooperative and/or cooperative member.
- The revision of cooperative laws and bylaws can be time-consuming and subject to multiple levels of government review and approval. Having a national strategy that is concrete and actionable can be an intermediary step to support cooperative development, which can occur in parallel to the review and/or drafting of laws and policies.
- Addressing cooperative development within the framework of wider national development plans and strategies, including the issues of localization and formalization, is one way to galvanize support from policy-makers and prompt action both up- and downstream.
- Highlighting cooperative principles such as solidarity and equality can help promote the inclusion of refugees in cooperatives. The ILO Promotion of Cooperatives Recommendation, 2002 (No. 193) is a reference point in this respect.
- The ILO's COOP training tools and approaches support apex cooperative organizations to expand their function as capacity-building institutions, extending services and support into refugee-hosting areas.
- By joining forces, refugee and host community farmers/producers can use their collective power to tackle such issues as access to land, negotiating prices with buyers and improved access to community infrastructure. This is particularly relevant for refugees, who generally have lower levels of capital and restricted rights to own land and register businesses.
- Alongside cooperative capacity-building and training, financial education for cooperatives and support to help them access financial services can help them maintain their activities and support the livelihoods of cooperative members. Such support can be provided by creating and/or strengthening savings groups, such as VSLAs, or engaging with commercial banks or microfinance institutions. Any provision of grants or cash assistance should be tied to relevant milestones, to ensure efficacy.
- Where cooperative members lack the necessary collateral and documentation to open a bank account or access financial products, engaging with commercial banks as a cooperative can serve as a guarantee mechanism.

75 ILO, Mapping Responses by Cooperatives and Social and Solidarity Economy Organizations to Forced Displacement, 2020.

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