GENERATING SUSTAINABLE LIVELIHOODS; THE ROLE OF CO-OPERATIVES

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INTRODUCTION

The recognition of co-operatives as self-help organizations with capacity to improve peoples’ livelihoods and wellbeing is global and widespread among institutions. The United Nations, in 1994, estimated that co-operatives provide livelihood security for three billion people. In effect, “co-operatives seek to harness and exploit collective latent and potential resources available to members that would have hitherto remained unexploited and ineffective.”

This paper highlights the role of co-operatives as transformative agents in building sustainable livelihoods in Canada and less-developed countries as seen through the work of our international development program.

THE CANADIAN CO-OPERATIVE ASSOCIATION

The Canadian Co-operative Association is a national association for co-operatives in Canada, representing more than nine million co-operative members from over 2,000 organizations. Individual co-op members are represented in CCA either directly through their co-operative, through their provincial co-operative associations or through sectoral organizations. CCA is itself a federally-incorporated co-operative, owned by its 43 member organizations.

Canadian Co-operative Association provides leadership to promote, develop and unite co-operatives and credit unions for the benefit of people in Canada and around the world. CCA’s members come from many sectors of the economy, including finance, insurance, agri-food and supply, wholesale and retail, housing, health, and the service sector. CCA’s members envision a world where people everywhere thrive economically, culturally and socially. For more than 40 years, CCA’s international development program has helped reduce poverty by establishing and growing co-operatives, credit unions and community based organizations.

CCA supports its members and the co-op sector through the provision of services in three core areas: development (Canadian and international), government affairs & public policy, and common table. CCA also works closely with its sister organization, the Conseil canadien de la coopération et de la mutualité, which represents Canada’s francophone co-operative sector.

CO-OPERATIVES IN CANADA

In the 19th century, Canada saw the emergence of insurance mutuals in Quebec and Ontario. Around the same time, farmers’ co-ops began forming in Ontario, Quebec and Atlantic Canada, which allowed farmers to market their product together. In 1900, Alphonse Desjardins created the first caisse populaire in Lévis, Quebec. Shortly following, in the early 1900s, farmers in Western Canada organized co-ops to market their products. They formed grain co-operatives as a resistance movement to the control of prices by the banks, railways and large grain merchants.
They also formed credit unions because banks refused to lend to farmers as agricultural loans were too risky.

As the movement continued to grow, the 1930s saw the development of the Antigonish movement in Atlantic Canada which began with a group of priests engaging local fishermen and others in resource-based communities to form co-operatives. They started with study groups to build literacy, market awareness and family financial management skills to address their economic needs. This was the beginnings of credit unions in Atlantic Canada and by the 1940s; credit unions were forming across the country.

Canada’s housing co-op movement underwent significant growth in the 1960s and 1970s and continue to provide viable housing for modest income families across the Country.

Co-operatives have an interesting history in Canada. They have contributed to building sustainable livelihoods by providing needed services, providing access to basic services in the community and enabling members to access and benefit from markets. This has resulted in members’ productive agriculture, small and medium enterprises and stable community development.

Today, a significant proportion of the Canadian population some 18 million people are members of one or more of the country’s 9,000 co-operatives.

Co-operatives exist in virtually every sector of Canada’s economy. In addition to agriculture, financial services, retail and housing co-ops, there are also health care co-ops, child care co-ops, renewable energy co-ops, car sharing co-ops, funeral co-ops, arts and culture co-ops, tourism or recreation co-ops, media co-ops and the list continues. If there is a need to be met, and a group of people who want to come together to meet that need, they can create a co-op.

Co-operatives also play a significant role in the Canadian economy. CCA recently analyzed the assets for all the major co-ops in Canadian networks, and came up with a figure of $370 billion.

Co-ops create jobs in the Canadian economy; more than 155,000 people across Canada are employed by co-ops. And more than 100,000 people participate as volunteers on co-op or credit union boards of directors. Canada’s 2,000 housing co-operatives are home to some 250,000 people.

Canadian financial co-operatives (credit unions and caisses populaires) have more than 11 million members. 46.2 per cent of the Canadian population aged 15-64 are members of a financial co-operative.

Farmer-owned co-operatives account for 42 per cent of all the dairy products produced in Canada, and over one-third of the world’s maple syrup is produced by Canadian co-operatives.

The largest co-operatives in Canada have been in existence for 75 – 100 years. They have met many challenges, and some, including very large ones, have demutualized or gone out of business.
However, it’s an evolving and vibrant sector and co-operatives continue to play a role in building sustainable livelihoods of Canadians. Today co-operatives are being formed in many economic and social sectors primarily through worker buyouts of companies that are closing; new job creation in times when economic growth is stagnant; and to provide services in communities where government has cut back.

Studies have shown that although co-operative businesses may take longer to set up, they last longer than privately owned small businesses. Co-operatives have proven to be a lasting, resilient approach to support people building sustainable livelihoods.

The role of government has been to enable registering, regulating and developing co-operatives in a constructive approach over their history. Co-operatives compete with privately owned companies in a competitive market-oriented economy.

**Co-operatives in less developed countries**

International development is part of Canada’s and CCA’s co-operative heritage. Our historical leaders first took on the challenge of international development more than 50 years ago as an expression of a co-operative commitment to improving the lives of people all over the world. The involvement of Canadian co-operatives and credit unions in international development is a pure expression of co-operative values. In Canada, we benefit, through our co-operatives, by working together. The world benefits when we come together to work with co-operators from other countries.

CCA’s international development work is co-operation among co-operatives, not because it will provide short term benefits to our own co-operatives, but because we believe, as co-operators, that the world can be a better place through co-operation on a global scale, and that we can play a role in easing the suffering that poverty causes in other parts of the world.

Over the years CCA has worked in more than 40 countries assisting a wide range of co-operatives. There has been a consistent focus throughout – to establish and grow co-operatives, credit unions, and community-based organizations to reduce poverty, build sustainable livelihoods and improve civil society in less developed countries; in short, to use the co-operative model to help poor people work their own way out of poverty.

CCA’s involvement in international development began at the end of the WWII, with efforts to raise dollars in cash and goods to help rebuild parts of post-war Europe. During the 1950s and 1960s, newly independent nations in Africa, Asia and the Americas informally sought help from Canada for ways to employ co-operatives to help develop their communities and economies. Canadians traveled overseas to offer assistance and people from abroad came to Canada to learn.

CCA uses the co-operative model to help poor people and communities in developing countries build sustainable livelihoods, thereby reducing poverty and vulnerability. The co-operative model offers a multidimensional, holistic approach to poverty reduction and recognizes the importance of non-economic factors in determining quality of life and standard of living.
Thorough focusing on three key sectors; financial services, agriculture, and micro, small, and medium enterprise, CCA addresses issues related to gender equality, human rights, democracy, governance, environment, and basic human needs.

By building sustainable institutions that are democratically owned and controlled by marginalised communities in less-developed countries, CCA and its network of partner organizations are investing in building sustainable livelihoods of people and communities.

**SUSTAINABLE LIVELIHOODS APPROACH**

Over the past decade, the sustainable livelihoods model has become a deliberate strategy by many international development organizations. Looking at this development model through a co-operative framework has particular strengths.

According to Chambers and Conway (1992:9) "a livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base." Adapted from Chambers, R. and G. Conway (1992) *Sustainable rural livelihoods: Practical concepts for the 21st century. IDS Discussion Paper 296. Brighton: IDS. Chambers and Conway identified key core concepts, and emphasized that development should be people-centered, holistic, and sustainable. Whereas previous development models may have measured a family’s relative prosperity, or poverty, at a single point in time, Chambers and Conway’s SLA model puts that prosperity on a time continuum.

Figure 1 also shows that *Transformative Structures* and processes are the conduits of change. We have seen that co-operatives are an ideal medium for change due to their local ownership, sustainable enterprising objectives, and ability to mobilise people to interact effectively with government and other institutions in the community. By working with co-operatives through this framework, it is clear that the assets of poor households can be increased, resulting in reduced poverty.

*Figure 1: Sustainable Livelihood Approach*
Much of CCA’s international partnerships are designed to improve the position of co-operatives, as transformative structures in the developing world, to build, strengthen and sustain all of the five livelihood assets. Through this work the role of co-operatives in building sustainable livelihoods is evident:

**Human Capital:** Co-operatives exist to serve their members. They provide goods and services to their members, who are not mere customers, but also the member-owners of the enterprise. Credit co-operatives, for example, often include financial literacy and business management training among the services they provide to members, and as democratic organizations, co-operatives are an ideal training ground in the development of governance and leadership skills.

**Financial Capital:** Co-operatives address the financial needs of members through credit unions, co-operative microfinance institutions, micro-insurance and mutual benefits associations. Agricultural co-operatives provide credit, commercialisation and or marketing support to their members. Co-operatives also create employment with worker cooperatives specifically focussing on employment creation.

Poverty is too often measured solely by a person’s access to financial capital. However, the sustainable livelihoods model demonstrates how cooperatives, among other transformative structures can also generate wealth, building on one asset category while also strengthening other assets.

**Natural Capital:** Clearly, co-operatives cannot create natural assets – land, water, or other natural resources, but through co-operatives members properly manage natural resources in the surrounding community, or provide access to those resources for people who would otherwise not have that access. Examples include co-operatively- managed irrigation systems for farmers, or co-operatives formed to provide fair and equitable access to land. By assessing the impact of activities on the physical environment, cooperatives have shown that viable businesses must take into account stewardship of natural assets.
**Physical Capital:** As viable businesses, co-operatives increase member equality through shared ownership of physical assets that serve as a spring board for further income generation and provide for basic human needs. Such assets may range from central storage or value-added processing facilities for agricultural produce to a safe for secure storage of savings as found in many rural credit unions. Co-operatives also provide mechanisms to acquire safe, affordable housing and equipment required for income generation.

**Social Capital:** Social capital is built through community-building and working together and developing relationships of trust, reciprocity and exchanges. Linkages can be developed to enhance all other asset categories. This includes linkages among members themselves and increased access to other institutions as well as governments. This process builds self-reliance of communities and connectivity to others. The collective nature of co-operatives gives people with little individual influence a collective voice to address the power structures in their society and advocate for services, legislation or regulations that affect the community.

Conclusions:

This paper brings to light the transformative nature and potential of co-operatives to address wide-ranging community needs and to build sustainable livelihoods.

Adherence to the co-operative principles distinguishes co-operatives from other forms of enterprise or community groups. The seven principles are guideposts for equitable development: 1) open and voluntary membership, 2) democratic member control, 3) member economic participation, 4) autonomy and independence, 5) education, training and information, 6) cooperation amongst co-operatives, and 7) concern for community. These principles are universal and are adhered to by independent co-operatives throughout the world, enabling common language and basic perspective among co-operative organisations worldwide.

The experience of Canadian co-operatives and CCA’s experience in international development over the past forty years has shown that development efforts must build on the strengths of communities and that achieving sustainability is a longer-term, multi-dimensional process. Working within the co-operative framework means building an effective co-operative system and building partnerships that last decades. This is the role of co-operatives in Building Sustainable Livelihoods.
THE IMPACT OF CO-OPERATIVE DEVELOPMENT ON LIVELIHOODS AND POVERTY

The scale and reach of CCA’s efforts to support co-operatives that build sustainable livelihoods is represented in the following summary of results from programming over a four-year period (2007-2011):

- Over 5 million people in 24 countries across Africa, Latin America, and Asia benefitted from increased livelihood security.
- CCA worked closely with 33 partners on over 60 large and small-scale projects.
- The program directly generated more than CAD $3 million in new income for women and men (62% realised by women), and mobilised over CAD $141 million of savings (60% saved by women).
- Access to productive and vital assets was increased for 706,500 individuals (415,000 men and 291,000 women), and 72,500 individuals gained control over new assets (58,000 women). These assets include land, houses, livestock, enterprises and micro-insurance policies.
- New jobs were created for 44,200 men and 68,000 women. Many of the jobs were a direct result of loans that were issued to small businesses. 169 new co-operatives were created, and 286,000 new members joined their local co-operative.
- CCA made great strides in targeting gender equality results across the program. Benefits to women have exceeded that of men in the key areas of income, savings, assets, jobs, and number of gender advocates, demonstrating the high degree of commitment among CCA, partners, and local communities.
- Numerous trainings in sustainable agriculture practices included reductions or elimination of chemical inputs, crop rotation systems, agro-forestry, improved water management, and sensitivity to ecological issues. Better quality soil, fewer pests, and improved soil moisture retention have resulted in long-lasting positive effects on community members and the environment.
- In Africa, the Program facilitated conferences of regulators and government to improve legislation, which results in increased investment and safety of savings. Regulators roundtables are a catalyst to increase the adoption of legislation and regulation for financial co-operatives throughout Africa, which is a key factor in protecting the savings of the poor and ensuring access to financial services for marginalized communities.
- More than 500 Canadian volunteers devoted over 57,000 hours to the international program in Canada and overseas.
- More than 4,215,000 Canadian co-operative and credit union members were willing to change their consumption patterns, including paying more for products, in order to support co-operatives and co-operative members in developing countries.
- Over 4.4 million individuals were reached by CCA’s International publications and materials.

In Uganda, 6,000 farmers are bulking and marketing their produce through the Area Co-operative Enterprises established under the Integrated Financial and Agricultural Production
project. Sales through bulking now total CAD $5.6 million. Further, the marketing centres are used as collateral for co-operative loans to credit unions, which enable farmers to increase their production for the following year. Farmers using this system save at least 14.6% of the total cost of inputs on the open market and have enjoyed an average increase of 30% in prices on production.

In **Ghana**, 44 youth savings clubs were created in schools across the country to encourage an early savings habit. 129,800 youth (50% female) were trained in how to reduce HIV-related risky behaviour through their youth savings clubs or credit unions.

In **India**, the country’s first women-only co-operative federation has grown from 33 to 103 member co-operatives of various types and sizes. Collective income of member co-operatives has increased 295 per cent since 2005, and 65,985 women have increased livelihoods.

In the **Philippines**, 1.4 million individuals and over 7.2 million dependants are protected under micro insurance policies. More than 70% of these policyholders are women. Over CAD $6 million in premiums has been mobilized.

In **Canada**, 151 women credit union leaders from developing countries have come to Canada for extensive training and exposure to the Canadian credit union system. Increased membership, new savings and loan products, reduced loan delinquency (from 16-20% to 2-8%), policy changes, computer and technical upgrades, and women’s improved social status back home are all proven results of the program. Almost 1,500 Canadians were directly involved in the program, the vast majority of which volunteered their time and expertise.
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