



# International Organisation of Industrial, Artisanal and Service Producers' Cooperatives

A sectoral organisation of the International  
Cooperative Alliance (ICA)



## WORLD DECLARATION ON WORKER COOPERATIVES

Approved by the ICA General Assembly in Cartagena ,Colombia, on 23 September 2005

*This Declaration shall be adapted to the different languages of the world, taking into account the various cultures, linguistic traditions and cooperative expressions in use, on the basis of the original English or Spanish version or both.*

### GENERAL CONSIDERATIONS

1. Humankind permanently seeks a qualitative improvement of the forms of organising work, and endeavours to achieve ever better, fairer and more dignifying labour relations.
2. At present, human beings carry out their occupational activities under three basic modalities: a) independently as self-employed, being then defined by one's own capacities and self-regulation; b) as wage earners, under the continuous subordination to an employer who provides a compensation resulting exclusively from individual or collective negotiations; or c) under a third form, called worker ownership, in which work and management are carried out jointly, without the typical limitations of individual work, nor exclusively under the rules of conventional wage-based labour.
3. Among the modalities of worker ownership, the one being organised through worker cooperatives has attained the highest level of development and importance at present in the world, and is structured on the basis of the universal cooperative principles, values and operational methods enshrined in the Statement on the Cooperative Identity (Manchester, 1995), agreed upon within the framework of the International Cooperative Alliance (ICA), and incorporated in the ILO Recommendation 193/2002 on the Promotion of Cooperatives.

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4. Worker cooperatives are committed to being governed by the above-mentioned Statement on the Cooperative Identity. Moreover, it has become necessary to define at world level some basic characters and internal operational rules that are exclusive to this type of cooperatives, which have specific goals and purposes that differ from cooperatives belonging to other categories. This definition will enhance the coherence and universal identity of cooperative worker ownership, stimulate its development, and produce recognition at world level of its social and economic function in creating decent and sustainable jobs, while also preventing deviations or abuses.
5. A world declaration is also needed in order to focus on the importance of cooperative worker ownership, the promotion of worker cooperatives, and their relations with cooperatives belonging to other categories, as well as with the State, international organisations, the entrepreneurial world and the trade unions. This is necessary to guarantee the development and promotion of worker cooperatives, as well as the full recognition of their role as actors in the solution of the problems of unemployment and social exclusion, and as proponents of one of the most advanced, fair and dignifying modalities of labour relations, generation and distribution of wealth, and democratisation of ownership and of the economy.
6. Although CICOPA also affiliates cooperatives of individual artisans and other forms of cooperative management that are based on the central concepts of work and production, the present declaration is aimed specifically at worker cooperatives. This does not preclude that it could be, in so far as possible, used by and applied to users' cooperatives that also grant membership and ownership to their workers as a differentiated part from the other members in such a way that their interests are represented adequately, as well as to all the forms of management that grant special recognition to human work and to those who carry it out, such as workers' limited societies (sociedades anónimas laborales – SALs) that apply benefits of cooperative nature to their workers, and in general all those enterprises of community character that provide special labour relations to their members besides offering them welfare services.

***On the basis of the above-mentioned considerations, CICOPA unanimously approves the following World Declaration on Worker Cooperatives.***

## **I. BASIC CHARACTERS**

On the basis of the definition, values and principles enshrined in the Statement on the Cooperative Identity (Manchester, 1995), and incorporated in ILO Recommendation 193 / 2002 on the Promotion of Cooperatives<sup>1</sup>, worker cooperatives contain the following basic characters:

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<sup>1</sup> 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” (ILO

1. They have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development.
2. The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces.
3. As a general rule, work shall be carried out by the members. This implies that the majority of the workers in a given worker cooperative enterprise are members and *vice versa*.
4. The worker-members' relation with their cooperative shall be considered as different to that of conventional wage-based labour and to that of autonomous individual work.
5. Their internal regulation is formally defined by regimes that are democratically agreed upon and accepted by the worker-members.
6. They shall be autonomous and independent, before the State and third parties, in their labour relations and management, and in the usage and management of the means of production.

## II. INTERNAL FUNCTIONING RULES

In their internal operations, worker cooperatives must take into account the following rules. They shall:

1. Compensate the work of their members equitably, taking in consideration the function, the responsibility, the complexity and the specificity requested by their positions, their productivity and the economic capacity of the enterprise, trying to reduce the difference between the highest and the lowest compensations.
2. Contribute to the capital increase and the appropriate growth of indivisible reserves and funds.

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R193, art. 2). The cooperative principles are: "*voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community*" (ILO R193, art. 3 (b)). The cooperative values are: "*self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others*" (ILO R 193, art 3 (a)).

3. Provide the workplaces with physical and technical facilities aimed at achieving an appropriate functioning and a good organisational climate.
4. Protect the worker-members with appropriate systems of welfare, social security and occupational health, and abide by the standards of protection in force in the areas of maternity, childcare and minors of age at work.
5. Practice democracy in the decisive instances of the organisation and in all the stages of the management process. co
6. Ensure permanent education and training for capacity building of members and information to the latter, in order to guarantee professional knowledge and the development of the worker cooperative model, and to stimulate innovation and good management.
7. Contribute to the improvement of the living conditions of the family nucleus and the sustainable development of the community.
8. Combat their being instruments aimed at making the labour conditions of wage-earning workers more flexible or precarious, and from acting as conventional intermediaries for jobs.

### **III. RELATIONS WITHIN THE COOPERATIVE MOVEMENT**

A strong invitation is made to the cooperative movement in general:

1. To make the promotion of worker cooperatives one of the main priorities within the world cooperative movement, and to effectively contribute to the creation of new enterprises of this type.
2. To establish strategic alliances that foster the development of worker cooperatives and to make their entrepreneurial projects possible, including the access to appropriate financing, and the promotion of the services that they offer and of the products that they produce.
3. To establish capital formation mechanisms in worker cooperatives, including the contribution to the latter of risk capital from cooperatives of other categories, with an economic compensation covering the opportunity cost and an appropriate participation in management, without endangering their autonomy and independence.
4. To promote the representative organisations of worker cooperatives at local, national, regional and international level, and the cooperation among them, and to support the creation of second-degree entities, entrepreneurial groups and consortia and common socio-economic agreements among cooperatives, in order to provide efficient

entrepreneurial services, reinforce the cooperative movement, and strive for a model of society characterized by social inclusion and solidarity<sup>2</sup>.

5. To promote initiatives that ensure that the State, in its different branches, create and improve the instruments for the development of this type of cooperatives, including relevant and appropriate legislation. This also implies furthering petitions to parliamentarians, in order to make such legislation possible.
6. To promote, in so far as possible, the integration of the wage-earning workers of the cooperatives as worker-members.

#### IV. RELATIONS WITH THE STATE AND WITH REGIONAL AND INTERGOVERNMENTAL INSTITUTIONS

1. Governments should understand the importance of the promotion and development of worker cooperatives as effective actors of job creation and inclusion to working life of unemployed social groups. For this reason, governments should not discriminate against worker cooperatives, and should include the promotion and development of this type of enterprises in their policies and programs, in order to fight some of the major problems which the world suffers from, generated as a consequence of exclusionary globalisation and development, such as unemployment and inequality.
2. In order to make cooperative worker ownership a real option, the States should establish national and regional regulatory schemes that recognize the specific legal nature of this type of cooperatives, allow them to generate goods or services under optimal conditions and to develop all their entrepreneurial creativity and potential in the interest of their worker-members and the community as a whole.
3. In particular, the States should:
  - Recognize in their legislation that cooperative worker ownership is conditioned by labour and industrial relations that are distinct from wage-based labour and self-employment or independent work, and accept that worker cooperatives apply corresponding norms and regulations.
  - Ensure the application of the general labour legislation to non-member workers of worker cooperatives, with whom conventional wage-based relations are established.
  - Apply to worker cooperatives the ILO concept of Decent Work and clear, precise and coherent provisions regulating social protection in the fields of health, pensions, unemployment insurance, occupational health and labour safety, taking into consideration their specific labour relations.

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<sup>2</sup> “The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion” (ILO Recommendation 193/2002, art. 5).

- Define specific legal provisions regulating the fiscal regime and the self-managed organisation of worker cooperatives that can enable and promote their development.

In order to receive an appropriate treatment from the State, cooperatives should be registered and/or audited.

4. Governments should ensure access to appropriate financing conditions for entrepreneurial projects launched by worker cooperatives by creating specific public funds, or loan guarantees or covenants for the access to financial resources and promoting economic alliances with the cooperative movement.
5. The States and the regional and inter-governmental organisations should promote projects based on exchanges of successful experiences, on information about, and development of structures of entrepreneurial and institutional support for worker cooperatives, within the framework of international and regional cooperation, for job creation, sustainable entrepreneurial initiatives, gender equality, and the fight against poverty and marginalisation.
6. Cooperative worker ownership should be promoted as an option and an entrepreneurial model as much in processes of entrepreneurial change and restructuring, start-ups, privatisations, conversion of enterprises in crisis, and transmission of enterprises without heirs, as in the concession of public services and public procurement, in which the State should define conditioning clauses that stimulate local development through worker cooperative enterprises.
7. In the context of the relations with the State, it is important to highlight the guideline of ILO Recommendation 193 concerning the necessity to endeavour towards the consolidation of a distinctive area of the economy, which includes the cooperatives<sup>3</sup>. It is an area in which profit is not the first motivation, and which is characterized by solidarity, participation and economic democracy.

## V. RELATIONS WITH EMPLOYERS' ORGANISATIONS

Employers' organisations can promote the development of cooperative worker ownership as an entrepreneurial form whose first objective is the creation of sustainable and decent jobs with an entrepreneurial added value, and as an appropriate exit strategy for the recovery of companies in crisis or in the process of liquidation, while respecting their autonomy, allowing their free entrepreneurial development and without abusing of this associative labour modality to violate the workers' labour rights.

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<sup>3</sup> "A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector." (ILO R.193, art.6); *Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to (...) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community*" (ILO R.193, art.4).

## VI. RELATIONS WITH WORKERS' ORGANISATIONS

The cooperative movement should maintain a permanent dialogue with the trade unions, as the representatives of the workers, in order to make sure that they understand the nature and essence of cooperative worker ownership as a distinctive modality of labour relations and ownership<sup>4</sup>, overcoming the typical conflicts of wage-based labour, and that they support it in view of its importance and the prospects that it offers to human society.

*This declaration is in correspondence with ILO Recommendation 193 approved by governments, employers' and workers' organisations worldwide<sup>5</sup>. Therefore, we hope that the latter consider it seriously, in order to contribute to the solution of the grave world problem of unemployment that affects humanity and endangers world peace and human rights.*

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<sup>4</sup> In this regard, the ILO Recommendation 193/2002 states that “Workers' organizations should be encouraged to (...) promote the exercise of the rights of worker-members of cooperatives” (art. 16 g).

<sup>5</sup> The Recommendation states that “The promotion of cooperatives (...) should be considered as one of the pillars of national and international economic and social development” (art 7 (1)).