



International  
Cooperative Alliance  
G20 Working Group

# Cooperatives recognized as an essential partner in accelerating sustainable development by the G20

2023



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# Introduction

The 18th G20 Summit was held in New Delhi, India on 9-10 September 2023 as India prepares to handover the G20 Presidency to Brazil. The Summit was a culmination of the G20 India processes and meetings held throughout the year. The G20 Presidency is responsible for bringing together the G20 agenda in consultation with other members and in response to developments in the global economy. To ensure continuity, the Presidency is supported by a “troika” made up of the current, immediate past and next host countries.

G20 has, over the last 20 years of its existence, evolved into an effective **international forum for economic cooperation** that not only attempts at addressing issues pertaining to financial sustainability but also often matters related to social development. It brings together leaders and representatives from every continent as well as governors of central banks, to collectively address the most significant challenges and propose impactful solutions for the whole world.

The G20 membership comprises a mix of the world’s largest advanced and emerging economies, representing about two-thirds of the world’s population, 85% of global gross domestic product, 80% of global investment and over 75% of global trade. The G20 is made up of 19 countries and the European Union along with representatives of the International Monetary Fund and the World Bank. The 19 countries are Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, the Russian Federation, Saudi Arabia, South Africa, South Korea, Turkey, the UK, and the US. During the G20 Summit in India, African Union joined the G20 as a permanent member and became the second regional organization to join G20 after the European Union.

As part of the G20 members' commitment to consult relevant stakeholders and communities, dialogue is facilitated through the Engagement Groups, comprising non-government participants from each G20 member. The G20 Engagement Groups are independent collectives that are led by organizations from the host country. They provide recommendations to the G20 Leaders and contribute towards the policy making processes. The Engagement Groups during India’s G20 Presidency included the Business 20 (B20), Civil 20 (C20), Youth 20 (Y20), Labour 20 (L20), Think 20 (T20), Women 20 (W20), Science 20 (S20), Urban 20 (U20), Startup20, SAI20 and Parliament20.





# Cooperatives' Engagement in the G20 Discussions



Cooperatives have a significant presence in the world's economy today. According to the 2022 World Cooperative Monitor, the top three hundred largest cooperatives and mutuals generate USD 2.2 trillion in turnover while providing services and infrastructure society needs to thrive[1]. They are among the larger contributors to national GDP around the world. For instance, in Europe, according to the European Commission research, cooperatives hold substantial market shares in several sectors; namely: Agriculture – 83% in the Netherlands, 79% in Finland, 55% in Italy and 50% in France; Forestry – 60% in Sweden and 31% in Finland; Banking – 50% in France, 37% in Cyprus, 35% in Finland, 31% in Austria and 21% in Germany; Retail – 36% in Finland and 20% in Sweden; and Pharmaceuticals and health care – 21% in Spain and 18% in Belgium[2].

Given the size and importance of cooperative movement, cooperatives have a lot to offer in terms of the economy, society, and environment. They bring diversity to the global economy, illustrating a different business model that is people-centred, values-driven, and sustainability builder. According to the International Organisation of Industrial and Service Cooperatives (CICOPA), employment in and within the cooperatives' scope includes 279.4 million jobs, accounting for 9.46% of the world's total employment. They also play a major role in developing local areas. Whereas private investors tend to be attracted to areas with cheap labour and move income and profits in urban centres or abroad, cooperatives are established by the members of the community where they are located and grow to serve that community.

To enhance the participation and recognition of cooperatives' contribution to sustainable development by the world's largest economies, the ICA Global Board approved having a cooperative working group for ICA Members to engage in the G20 Engagements Groups, particularly in the B20 and C20. Cooperatives have been active in the B20, C20, W20, and Y20 working groups this year and as a result of their participation and advocacy, the final policy papers providing recommendations to G20 governments contained several references to cooperatives.

[1] 2022 World Cooperative Monitor report: <https://www.monitor.coop/en/online-library/resources>

[2] European Commission: [https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/cooperatives\\_en](https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en)

Howard Brodsky, the ICA G20 Working Group Chair, said *“The G20’s uptake of the cooperative business model as a component of its evolving global economic policy recommendations will lead to a greater understanding of the cooperative business model around the world that will ultimately empower individuals and local communities to elevate themselves out of poverty and help protect our environment and natural resources. The B20 urges G20 nations to recognize the importance of cooperatives and deploy policy levers to facilitate the participation of cooperative societies in global trade.”*



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# RECOGNITION AND REFERENCES FOR COOPERATIVES' CONTRIBUTION IN 2023 G20 OUTCOME DOCUMENTS

## 01

### **B20**

The Business 20 (B20) is the official G20 dialogue forum with the global business community. Established in 2010, B20 is among the most prominent Engagement Groups in G20, with companies and business organizations as participants. The B20 leads the process of galvanizing global business leaders for their views on issues of global economic and trade governance and speaks in a single voice for the entire G20 business community.[3]

ICA started participating in the B20 taskforces in 2014 during the Australian G20 presidency. The cooperative representatives provided case studies from the cooperative movement offering a different perspective and illustrating examples of successful practices in the real economy to tackle the global economy's main challenges. They managed to change the skepticism about cooperatives by business leaders to understand that cooperatives are fundamental to the overall business community.

The below list shows where cooperatives have been mentioned/recognized for their contribution in the outcome documents of the B20 Task Forces. The list is not exhaustive.

I. **Communiqué:** (cooperatives mentioned 4 times)

- *Recommendation 6: Harnessing the power of Business Correspondents in financial inclusion*

a) *Policy action 6.1:* Promote **primary cooperatives** as the physical touchpoints for the digital delivery of last-mile financial services.

Key Performance Indicators: G20 governments to create a framework for collaborations between FinTechs and **primary cooperatives** to deliver financial services in a "phygital" mode, i.e., providing digital financial services at the last mile through agents, enterprises, and **cooperatives** within 3 years (pg 28)

b) *Policy action 3.2:* Mainstream gender inclusion and just transition for MSMEs dependent on larger producer companies facing phase-down or transition

Governments should implement policies addressing gender gaps in education, finance, and market opportunities. Assisting MSMEs, **cooperatives**, and entrepreneurs (particularly women-led enterprises) in transitioning to sustainable practices while building their resilience is necessary. (pg 58).

[3] About Business 20 (B20): <https://www.b20india2023.org/AboutB20>

## II. **Inclusive Global Value Chains for resilient global trade and investment:** (cooperatives mentioned 10 times)

- *MSMEs offer significant untapped potential for GVCs, but face obstacles limiting trade participation*

...collaborative and inclusive business models can also create competitive advantages for marginalised groups. Consider the example of **co-operative societies** (or **co-operatives**) which provide jobs to 10% of the employed population; the world's 300 largest **co-operative enterprises** represent collective revenues of over USD 2.2 trillion. Not only do these organisations contribute substantially to trade; they can also drive inclusion and make global trade accessible for marginalised groups. The people-centric business model adopted by

**co-operatives** can increase access to capital and market power, enhance growth and development at the grassroots level, enabling higher participation in trade and representation in decision-making bodies. The versatility of the model permits shared innovation and resilience through rapid response to crises. (pg 60).

...along with MSMEs, **co-operatives** form a major percentage of the workforce. While they can be large in scale, **co-operatives** especially in developing countries and LDCs face crucial challenges such as access to finance, access to markets, trade barriers and access to skilled labor. These barriers limit the GVC integration of **co-operatives** and thus limit their capabilities.

**The B20 thus urges G20 nations to recognise the importance of co-operatives and deploy policy levers to facilitate the participation of co-operative societies in global trade. (pg 66).**

## III. **Energy, climate change, and resource efficiency:** (cooperatives mentioned 4 times)

- a) Policy Action 3.2: Mainstream gender inclusion and just transition for MSMEs dependent on larger producer companies facing phase down or transition*

**Recommendation:** Provide assistance and resources to Micro, Small and Medium Enterprises (MSMEs), including **cooperatives** and entrepreneurs, to facilitate their transition towards sustainable practices (pg 35).

...ensuring an inclusive transition is paramount as we embark on the journey of energy transition. Whilst the focus is often on large producer organisations and their employees, it is crucial to also consider MSMEs, including **cooperatives** and entrepreneurs, who rely on larger producer companies. Assisting MSMEs in adopting and navigating transitional pathways is a vital aspect of a just transition. These organisations are particularly vulnerable to disruptions and require access to capacity building and financing to assess risks, enhance resilience and adopt transition mechanisms. (pg 40)

*Proposed Actions:*

- Foster a supportive environment for MSMEs: Provide assistance and resources to MSMEs, including cooperatives and entrepreneurs, to facilitate their transition towards sustainable practices. This can include offering capacity-building programmes, access to financing, and guidance in assessing and adopting transitional pathways. (pg 40)

b) *Policy Action 4.4 : Mainstreaming informal sector within the formal sector in the waste management especially in developing and emerging economies.*

It is important that mobilisation of the informal sector entails municipalities establishing direct contractual or covenant relations with informal sector organisations. But to facilitate this, the informal sector needs to organise itself into cooperatives or other legal or semi-legal structures. For efficient waste management, it is more appropriate and economical to integrate the concept of 7R's of Rethink, Refuse, Reduce, Repurpose, Reuse, Recycle and Recover products in informal sector. (pg 52).

IV. **Financial inclusion for economic empowerment:** (cooperatives mentioned 14 times)

*Priority Themes and Policy Actions*

a) *Priority theme 6: Harnessing the power of Business Correspondents in Financial inclusion: Promote **primary co-operatives** as the physical touchpoints for digital delivery of last-mile services; Establish a regulatory framework for managing and overseeing the SHG ecosystem (pg 11).*

b) *In terms of monitoring indicators, the proposed framework takes into account existing data systems such as Global Partnership for Financial Inclusion 2023 indicators, Alliance for Financial Inclusion Indicators, United Nations Environment Programme Finance Initiative indicators, and World Bank Findex. The Framework builds on existing data systems and proposes to strengthen them further by capturing some of the other critical dimensions, such as the role of Digital Public Infrastructure, Gender and Diversity, Capacity Building through incubation and financial literacy, Self Help Group (SHG), and **co-operative** promotion, etc., in achieving financial inclusion. (pg 12)*

c) *Priority Theme 3: Capacity Building through Incubation and Literacy: Individuals running Self-Help Groups (SHGs), **primary co-operatives**, and MSMEs require sustained assistance for the following: To gain access to markets (both physical and digital); Secure working capital for running their enterprises; Grow and scale their enterprises; Improve financial literacy and entrepreneurial skills; Overcome regulatory barriers; Reduce operating expenses and expand their network (pg 24).*

d) *Priority Theme 4: Gender & Diversity Inclusive Finance: It is important to enable affirmative and differential norms in financial products that incorporate gender at their core to provide women with equitable access to financial services. Similarly, the digital divide across genders also needs to be bridged. Other measures could include the creation of a fund for financing women-led collective and **co-operative enterprises**.*

e) **Primary co-operatives** are the bodies formed by the local people to cater to local needs. Thus, strengthening the capacities of these should be a top priority to promote both financial inclusion and economic empowerment. Strengthening the **primary co-operatives** into the first touch points for providing financial services to the financially illiterate, economically backward, and geographically isolated segments of society may help achieve the target of doorstep banking and address the trust deficit in financial institutions and government agencies.

f) FinTech companies, despite possessing innovative financial services and products, also need to grapple with a lack of last-mile physical presence, low financial and digital illiteracy levels, and trust deficits with digital products. In this context, a hybrid model (phygital) combining the technology of FinTech with the physical and social infrastructure of the **primary co-operatives** can be promoted to provide doorstep financial service delivery to the underserved segment. (pg 31).

## Way Forward

It is to be noted that a few additional critical dimensions need to be further captured. Therefore, the proposed framework, taking into account the Global Partnership for Financial Inclusion 2023 indicators, suitably strengthens it by capturing the criticality of some of the dimensions, such as Digital Public Infrastructure, Gender and Diversity, Capacity Building through incubation and financial literacy, SHG and **co-operative** promotion, etc., in achieving financial inclusion.

*Revised Financial Inclusion Evaluation Indicators:*

Harnessing the power of SHG & **Co-operatives** in Financial Inclusion:

- Is there a policy/scheme in the nation/jurisdiction to promote self-help groups and **co-operatives**?
- Is there a regulating authority for **co-operative** and SHGs in the Nation/Jurisdiction? (pg59)

### V. Action Council on African Economic Integration: An Agenda for Global Business Policy Paper (cooperatives mentioned 4 times)

**Policy Action 2.2:** Accelerate farming productivity through increasing penetration of irrigation systems, driving adoption of mechanized solutions and technologies and creating a global market for African agri-products:

2.2.d Add value to smallholder production including through enabling value-added markets' access and using agro-processing companies as change agents.

**Recommendation c.** Bringing smallholders together through **co-operatives**: Creating regulations supporting the growth of **co-operatives** would enable smallholders to come together and achieve scale, ultimately helping in better contract negotiation of prices, better contract negotiation for produce and sharing of skills and knowledge. G20 nations can introduce initiatives that encourage food processing companies to expand facilities to Africa and buy from such **co-operatives**, not only creating incentive for smallholder to collaborate and grow but also enabling integration into global value chains. (pg 33).



## **C20 Policy pack: (cooperatives mentioned 4 times)**

### **VI. Sustainable and Resilient Communities:**

*Compassion-Driven Approaches to Sustainable and Resilient Communities*

Unnat Kheti – Children’s Investment Fund Foundation

Selected best practices to showcase the achievements of high-impact projects undertaken by civil society organisations: The project, initiated three years ago, aims to promote Low Carbon Agriculture (LCA) and natural farming practices in India. It has successfully trained and supported 18,000 farmers including women. The project has also facilitated market linkages for LCA products, engaged **cooperatives** and corporations in sustainable sourcing, and provided research-based support to governments. The outcomes include the widespread adoption of natural farming practices, the establishment of natural farming boards in Uttar Pradesh, Gujarat, and Madhya Pradesh, and the operationalization of bio-resource production centers run by women Self-help groups. (pg 47).

### **VII. Traditional Arts, Crafts and Culture:**

*Key recommendations on traditional and innovative ways of livelihood and employment:*

Access to finance and resources:

Support **Artisan Cooperatives:** Establish and support **cooperatives** that bring together artisans and craftspeople to collectively produce and market their products. Provide them with training, access to resources, and marketing support to enhance their business skills and increase their market reach. (pg 181).

*Role of Civil Society in Development*

Cultivating a Sense of Responsibility and Reducing Dependency: Integrate civic education and awareness programs into school curricula to promote a sense of responsibility, active citizenship, and community engagement from an early age with a sense of service towards society. Encourage programs and initiatives that empower individuals and communities to address local challenges, such as community gardens, **cooperative enterprises**, and self-help groups. Governments can provide support through capacity building, technical assistance, and access to markets. (pg 212).

ICA thanks the Indian Cooperative Movement for their active participation in various working groups and ensuring cooperatives are recognized for their contribution to sustainable development.

# Moving forward



The ICA will continue coordinating with the members in the G20 countries to ensure cooperatives are represented in the working groups and taskforces of the G20 Engagement Groups. The ICA G20 Working Group's main objective is to bring the cooperative movement's voices to the G20 through their contribution in the discussions and in offering solutions to challenges being addressed by the G20 nations. It will also establish and strengthen partnerships between the international cooperative movement and other G20 countries' stakeholders.

Next year the G20 Presidency will be held by Brazil, and we will coordinate with the ICA members in Brazil to continue enhancing the visibility of cooperatives, strengthen their contribution to sustainable development and ensure their efforts are recognized by the G20.