

# The Neighboring Food Co-op Association

## Resolution on the Co-operative Legal Identity

- Whereas,** Since the founding of the first successful co-operatives more than 150 years ago, co-operative enterprise has been defined and guided by values and principles that are today represented by the International Co-operative Alliance's *Statement on the Co-operative Identity* (1995),
- Whereas,** The co-operative business model has empowered people around the world to improve their lives, reduce poverty and develop their communities through member-owned and governed enterprise,
- Whereas,** Co-ops are relevant across the economy, including food, agriculture, forestry, fisheries, energy, employment, finance, insurance, housing, healthcare and the arts,
- Whereas,** Generations of activists and organizations have worked to establish co-operative statutes in the United States, enabling people to use co-operative enterprise to meet their needs and achieve shared goals and aspirations,
- Whereas,** The statutes of some of the United States have recognized the unique nature of co-operative enterprise and prohibit the use of the term "co-op" or "co-operative" by any entity not duly incorporated as a co-operative and/or operating in a co-operative manner,
- Whereas,** Co-operative enterprise has received increased attention in recent years as a democratic, participatory and sustainable alternative that is relevant to contemporary social, economic and environmental issues,
- Whereas,** The International Co-operative Alliance's *Blueprint for a Co-operative Decade* (2013) recognizes that "the co-operative sector has a legitimate interest in seeking to protect the integrity of the 'co-operative' word so it is not misused,"
- Whereas,** The *Blueprint* asserts that statutes "play a critical role in the viability and existence of co-operatives" and seeks to ensure supportive legal frameworks that protect the *Co-operative Identity*,
- Whereas,** The International Labour Organization in its *Promotion of Co-operatives Recommendation* (2002) calls on governments to "adopt specific legislation and regulations on co-operatives, which are guided by the co-operative values and principles,"
- Whereas,** The Co-operative Law & Regulation Initiative's report, *Enabling Co-operative Development: Principles for Legal Reform* (2006), identifies the following priorities in protecting and promoting the *Co-operative Identity*:
- Protect the democratic character of co-operatives, vesting control of the organization in its members;
  - Protect the autonomy and independence of co-operatives from the government, persons, or entities other than members of the co-operative;
  - Protect the voluntary nature of membership in co-operatives, permitting membership to be determined by the co-operative, not mandated by law or government order; and
  - Protect and promote the responsibilities of membership, including the duties to contribute equitably to and democratically control the capital of the co-operative,
- Whereas,** The United Nations General Assembly Resolution 64/136 on Co-operatives in Social Development proclaimed the year 2012 as the *International Year of Co-operatives*, encouraging governments to promote co-operative enterprise and "keep under review, as appropriate, the legal and administrative provisions governing the activities of co-operatives in order to enhance the growth and sustainability of co-operatives in a rapidly changing socio-economic environment..."



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- Whereas,** Co-operative development in many States is limited by a lack of statutes enabling the full diversity of co-operative forms, sectors and industries,
- Whereas,** The ability of the co-operative movement to measure and communicate its impact and protect its unique character is hindered by the fact that many co-ops are incorporated under statutes other than those specific to co-operative enterprise,
- Whereas,** There have been introduced in some state legislatures in the United States proposed statutes using the word “co-operative” that many have interpreted as not reflecting the values and principles of the *Co-operative Identity*,
- Whereas,** Observers have noted increasing examples of enterprises that are described or promoted as “co-ops” but that are not incorporated as co-operatives and/or do not demonstrate the co-operative values and principles in their structure and operation, such as democratic member ownership and control, and autonomy and independence from external organizations, capital and other interests,
- Whereas,** The Neighboring Food Co-op Association has in recent years joined with other organizations such as the New England Farmers Union and the Valley Alliance of Worker Co-ops in defending the integrity of co-operative statutes in our region,
- Whereas,** The vision of the Neighboring Food Co-op Association is of a *thriving regional economy, rooted in a healthy just and sustainable food system and a vibrant community of co-operative enterprise*. Now, therefore, be it
- Resolved,** That the Neighboring Food Co-op Association
1. *Supports* efforts by the International Co-operative Alliance to clarify and protect the *Co-operative Identity* and to encourage the development on a global level of statutes that conform to the co-operative values and principles while facilitating the full potential of co-operative forms,
  2. *Commits* to supporting these efforts, to protecting the integrity of co-operative statutes, and to promoting adherence to the *Co-operative Identity* in co-operative structure and operation,
  3. *Encourages* organizations such as the National Co-operative Business Association, state and regional co-operative associations, and co-operative development organizations to support these efforts and the use of appropriate co-operative statutes,
  4. *Discourages* the use of the term “co-operative,” “cooperative,” “co-op,” or “coop” to describe, market or otherwise promote any organization that is not duly incorporated as a co-operative under an appropriate statute and/or does not operate in a co-operative manner reflective of the *Co-operative Identity*,
  5. *Encourages* people and organizations establishing co-ops and/or supporting co-operative development to use co-operative statutes rather than other legislation, and to include reference to the *Co-operative Identity*, including co-operative principles and values, in their documents such as articles of incorporation, bylaws, policies and measures of success,
  6. *Encourages* the development of appropriate co-operative statutes in States that do not yet have them in place, provided that they conform to the *Co-operative Identity* and to established standards such as democratic member control, allocation of surplus based on patronage, and limited return on capital, and
  7. *Encourages* its member food co-ops, other co-operatives and credit unions, and allied organizations to become involved in efforts to protect and promote the *Co-operative Identity*, to ensure the integrity of statutes and use of the co-operative name, and to promote use of the co-operative business model as an effective tool for self-help, poverty reduction, human development, and economic and social sustainability.

Adopted by the Neighboring Food Co-op Association Board of Directors, 2<sup>nd</sup> June 2014