

Policy Note: Lessons on support systems required for informal women workers' cooperatives and collective enterprises

The Self-Employed Women's Association (SEWA) has been organizing informal women workers into cooperatives for the last 50 years. The SEWA Cooperative Federation was established in 1992 as a state level secondary cooperative, to work as an enterprise support system to its 112 member cooperatives of informal women workers. Recently, the Federation carried out a study with the International Labour Organization, to understand the role of Federations in supporting the long-term sustainability and financial viability of cooperatives of informal women workers. It documented the lessons learned from SEWA's approach and the various opportunities and challenges faced by Women's Collective Enterprises (WCEs) like cooperatives in the current scenario.

A webinar was organized on the 14th of November, 2024, to share findings of the study and discuss learnings on supporting women's collective enterprises on their entrepreneurial journey.

Questions:

- What are the challenges and opportunities faced by women-owned and managed cooperatives and collective enterprises of informal workers?
- What kinds of structures and services are needed to support these collective enterprises to sustain and become financially viable amidst shifts in market conditions and the external environment?
- What lessons and good practices have emerged on promoting, strengthening and scaling collective enterprises that can be adapted and replicated in India and other parts of the Global South?

Panel One: Experiences of women leaders of cooperative and collective enterprises

Ms. Chariyan Oraon - Board Member, Gumla Mahila Kisan Swavlamban Trust¹ Food Producer Organisation shared that the objective of setting up their collective was to build stable livelihoods for women farmers. She highlighted the initial reluctance of women to farm collectively and the challenges they face in getting good prices for their produce. The board of this collective, helped members expand their horizons and forge linkages with markets which offered better prices. Going forward, they need access to affordable agricultural inputs and skill upgradation to compete in the market.

Ms. Hansaben Patni - Creche Worker, Former Board Member, Sangini Childcare Cooperative² talked about the cooperative's provision of childcare services for infants and young children

¹The Gumla Mahila Kisan Swavlamban Trust, is a Food Producer Organization with 3000 women farmer members. It is supported by PRADAN and the Jharkhand State Livelihoods Promotion Society.

² The Sangini Childcare Cooperative is a Gujarat-based cooperative providing childcare services since 1986. It runs centres for infants and young children of informal women workers to access quality childcare services.

in low income settlements in Ahmedabad and other cities in the state of Gujarat. Access to affordable childcare has enabled informal workers to pursue their livelihoods and increase their incomes. With changing times, Sangini has adapted the teaching methods used at their centers to make them comparable to mainstream creches and day care centers. The cooperative however, is not financially viable and accessing affordable spaces to run the centers as well as financial support to manage their operational costs remains a challenge.

Ms. Swati Kumari, General Manager of the state-level Bihar Credit Cooperative³ shared her experience in providing adequate credit and savings facilities to informal women workers. The cooperative has adapted to the competition faced from other microfinance institutions that offered larger loans with lesser credit-risk assessment. They have also adopted technology to speed up processes for loan disbursement. They need greater access to working capital and access to ratings by credit bureaus to better assess potential borrowers.

Panel Two: Lessons on support systems required for women's cooperative and collective enterprises

Dr. Isabel Guerrero, co-founder of Imago Global Grassroots⁴ emphasized that cooperatives and collective enterprises of informal women workers required a range of supportive inputs such as **sectoral expertise** through a series of **mentors** for **technical support**. These enterprises also **take time** to stabilize and become financially viable. She added that such collective enterprises also need grants for their support – it is unrealistic to expect these enterprises to self-finance enterprise support systems. Lastly she mentioned that **scale** is reached when revenue grows faster than costs, and it requires systems and standardization of procedures. She cited examples of SEWA Rudi, an enterprise of rural women farmers in Gujarat, and the Bangladesh Rural Advancement Committee (BRAC) in Bangladesh as successful cases of scaling up via government systems.

Ms. Smriti Sharan, Joint Secretary in the Ministry of Rural Development, Government of India shared the journey of the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)⁵. The programme has mobilized over 100 million women into self-help groups who have received Rs. 47,000 crores in funds. SHGs have been organized into Cluster Level Federations (CLFs) which are being encouraged to form business enterprises. Further, capacities of the women and community resource persons have been built to support women's livelihoods and overall empowerment. The programme has worked to strengthen value chains and provide access to markets. However, retaining human resources is a challenge.

³ The Bihar Credit Cooperative was started in 2013 as a state-level credit cooperative with the objective of providing adequate credit and savings facilities to informal women workers including SHG members.

⁴ IMAGO is a think-tank that works with social enterprises, non-profits, governments, and foundations to build capacity and scale their impact in a way that respects values, and context.

⁵ DAY-NRLM is the Indian Government's flagship collectives-led poverty alleviation programme.

Mr. Federico Parra Hinojosa, the Social Solidarity Economy (SSE) Specialist at WIEGO, elaborated on the principles of the social solidarity economy and how the values of cooperation and solidarity are fundamental to these collective enterprises.

He also talked about the impact of large networks on improving the livelihoods of informal economy workers. The SSE and associations such as cooperatives provide an identity to informal workers and facilitate collective bargaining. Federations of women's cooperative and collective enterprises provide an enabling ecosystem and help maintain the balance between markets and the stakeholders. The main function of networks is to represent the voices of informal workers in decision-making spaces.

Lessons learnt and the way forward

- At the level of the enterprise, it is crucial to **balance the business objectives of the enterprise with the social objectives** of the collective. Members need to feel a sense of ownership and agency as they drive the collective forward. In addition to the focus on business goals, it is important to set up social goals and listen to the voices of members. To meet its social objectives, it is desirable that the enterprise contribute to improving the education, health and social security of the members and make them self-reliant.
- It is important for members to learn the **values of solidarity and cooperation** upon which collective enterprises are built. The experiences of SEWA and SEWA Cooperative Federation have been foundational to realizing that no business can be built successfully if these foundation principles are not met and absorbed by the members, shareholders and the board of directors of any collective enterprise.
- **Accelerators** like an enterprise support system are extremely valuable in strengthening the WCEs. These accelerators have to work with these collectives without any preconceived notions and understand the context and the concerns and needs of the women members. The stability and growth of such enterprises **takes time** – the collectives and their supporting team need patience, perseverance and initial investment. Additionally, accelerators like the SEWA Cooperative Federation's Women's Enterprise Support System (WESS) cannot be financed by the WCEs. World-wide it has been seen that such services must be supported by grants.
- At the same time, **sectoral expertise** is crucial, depending on the nature of the enterprise and its products or services. The enterprise needs a series of mentors who are experts in the field and work intensively with the enterprise team.
- **Capacity-building** at various levels of the enterprise is required. In such a fast-changing world, capacities have to be constantly upgraded. Sometimes there is a challenge of retaining **human resources** that have been trained. It is not easy to retain people in the system after all the trainings. Committed human resources and community resource persons are crucial.

- For these enterprises to reach scale, and to have adequate profits that can be invested in strengthening and scaling up the enterprises, **timely financial support** and **working capital** are critical. Banks, however, are conservative in their lending – as women are perceived as high-risk borrowers. Banks should deploy more banking correspondents to widen financial inclusion amongst informal women workers. Banks and other financial institutions also need to streamline their processes and procedures such that they encourage workers’ enterprises to take loans to grow their businesses.
- The role of **partnerships** in this journey towards scale and financial sustainability is crucial. These include inter - sectoral collaboration and inputs from technical support agencies like the National Dairy Development Board, (NABARD) India, the Indian Institutes of Technology (IIT) and National Institutes of Fashion Technology (NIFT), India, for instance, which have technical knowledge and can bring in fresh ideas for the collectives.
- **Mentorship** from appropriate institutions and peer-to-peer learning from successful collective enterprises can help leaders of informal women workers’ cooperatives and collective enterprises to better understand about market demand and positioning. There is a need to help the WCEs walk the last mile so that the **products** produced by the women collectives are **positioned correctly in the market**.
- There is also a need for **convergence of programmes** and partnerships to develop a whole ecosystem that supports these WCEs. For a task as big as this – where the aim is to make every woman a part of the economy, no single agency can do it alone. Resources towards this effort need to be deployed without wasteful duplication of efforts, and with enabling government policies that are favourable for WCEs. The case of federated structures that act as support systems such as SEWA Cooperative Federation working in partnership with government systems can create and strengthen financially sustainable grassroots enterprise institutions.