

## COOPERATIVES IN IRAN

The ICA-AP Regional Board Meeting in Tehran, 2018.

### Contribution of cooperatives to Iran's economy

- 93,584 active cooperatives in Iran.
- 9.56 million (11.6% of the population) members of cooperatives
- 1.4 million (14.8%) cooperative members are women.
- More than 1.7 million people are employed by cooperatives.
- The cooperative sector contributes 7% to the national GDP.

(Figures as of 2018)

### Did you know?

- The Constitution of Iran considers cooperatives as the third economic sector alongside the public and private.
- The Ministry of Cooperatives, Labour and Social Welfare (MCLS) supervises and governs all non-rural cooperatives. Rural cooperatives are governed by the Ministry of Agriculture.
- The Iran Chamber of Cooperatives (ICC), founded in 1984, represents cooperatives in Iran. It is a voting member of many high-level Councils in the country, such as the Money and Credit Council.
- Taavon Insurance Company (TIC), established in 2007, is the first insurance cooperative in Iran.
- Tose'e Ta'avon Bank (TTB) was established by the government in 2009 to support the financial requirements of the cooperative sector. It replaced the Cooperative Fund which had been established in 1990.
- ICA has 10 members from Iran. The members with their years of affiliation are: Central Organisation for Rural Cooperatives of Iran (CORC, 1988); Central Union of Rural and Agricultural Cooperatives of Iran (CURACI, 1991); ICC (2000); Iran Oilseeds and Vegetable Oil Processing Factories Co-operative Co. (Farda, 2010); Supervision and Coordination Central Union of Rural and Agricultural Cooperatives (SCURA, 2010); TTB (2011); Pishgaman Cooperative Group (PCG, 2012); Central Union of Rural Production Cooperatives (CURPC, 2018); Rah-e-Roshd Cooperative Educational Complex (RCEC, 2018); and TIC (2019).

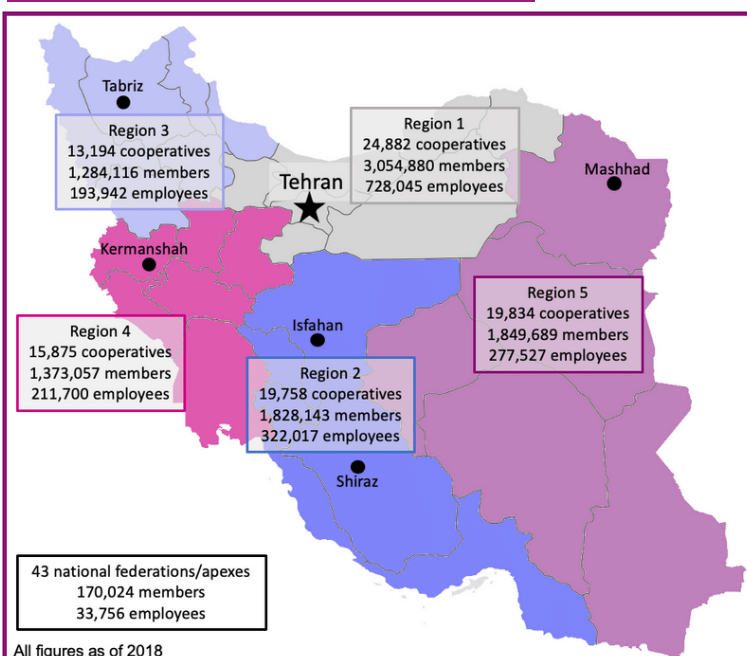
Iran's trust with cooperatives can be traced to ancient times when farmers would participate in collective cultivation and harvesting. Following the revolution in 1979, when Iran was facing external and internal shocks, cooperatives were promoted as a tool to serve the social and economic needs of the people. As a result, cooperatives' role in employment generation and 'production by the people and for the people' became the focus of the national development plans. Cooperatives are expected to contribute 25% to the GDP by 2022.

### Types of cooperatives

Cooperatives operate in over 120 sectors and sub-sectors of the economy.

Sector	Cooperatives	Members	Employees
Service	26,327	641,864	346,324
Agriculture	22,895	320,830	238,806
Industrial	16,451	188,457	181,615
Housing	9,718	1,474,646	364,577
Distribution	6,489	5,402,513	271,826
Consumer	4,143	754,561	145,316
Transportation	2,169	177,133	57,826
Hand-woven carpet	1,803	64,769	42,977
Construction	1,665	31,351	44,414
Mining	1,229	55,832	14,380
Credit	695	447,936	58,909

### Geographical presence of cooperatives



## Evolution of the cooperative movement

### → 1924-1954

- Traditional cooperatives, called *boneh* or *haraseh*, had existed since ancient times. Formal cooperatives can be traced to amendments in the Trade Law of 1924 which mentioned producer and consumer cooperatives. A rural cooperative society in Garmsar, Semnan province, established by the government in 1935, was the first registered cooperative. Illiteracy and the social divide hampered the growth of cooperative societies.
- In 1941, the monarch, Reza Shah Pahlavi, assigned the Minister of the Interior to develop cooperatives by raising people's awareness about the model and training the cooperative staff. The Shah wanted to instil the spirit of collective responsibility, especially among the producing class.
- The government began to promote consumer and agricultural cooperatives with technical assistance from the U.S. government, UN agencies, and from cooperatives in Europe. This was done to address the rapidly increasing cost of living post World War II. Progress remained slow and by 1951, there were barely 100 cooperative societies.

### → 1955-1991

- The first Cooperative Act of Iran was inspired by the existing cooperative laws in Western countries. It was approved and passed by the Iranian parliament in 1955.
- Due to reforms in land ownership in 1962, all farmers who received land had to be members of rural cooperatives. Thus, more than 8,000 cooperatives were established.
- To mark the Year of Cooperation in 1967, the National Central Cooperative Organisation (for non-employee urban cooperatives) and CORC (for rural producer cooperatives) were established and promoted extensively. By 1979, there were 1,673 employee cooperatives and 2,939 rural cooperatives.
- The Islamic Revolution in 1979 made cooperatives a manifestation of the people's belief in collective cooperation in the course of fair distribution of goods. Cooperatives were incorporated into Constitutional Law.
- The Ministry of Cooperatives was established in 1991 and in 2011 merged with the Ministry of Labour and the Ministry of Social Welfare to become the MCLS.

### → 2000-Present

- In 2005, the ministry held the first National Festival of 'Superior Cooperatives' to recognise successful cooperatives.
- The government simplified the registration process by setting up an online system in 2008 for the establishment, registration, legal oversight and monitoring of new cooperatives.
- The Fifth Five-Year Development Plan (2011-2016) outlined policies to increase the share of cooperative sector in the national economy from around 5% to 25%. Unfavourable economic conditions and improper implementation of laws were some of the hurdles that MCLS faced. This goal carried over to the Sixth Five-Year Development Plan (2017-2022).
- In 2018, around 160,000 cooperatives were registered, of which only 93,584 were operational. The rest had closed due to financial problems and over-dependence on government support.
- When sanctions hit the economy in 2019, it affected producer cooperatives; there was a decline in the number of new cooperatives registering.
- In 2020, the government and CORC launched the Seed Agricultural Cooperative of the Capital to boost the quantity and quality of seeds in agricultural cooperatives. The CORC also announced the development of a National Union of Rural Women Cooperatives.

## Laws on cooperatives

- 1971: The Cooperative Societies Law (*Qanoon-e serkatha-ye ta'avoni*) detailed the constitution, provisions, organisation and procedures for rural and urban cooperatives. The Ministry of Cooperation and Rural Affairs was the governing and regulatory body for cooperatives and there were provisions for setting up a Supreme Council for Coordination of Cooperatives.
- 1979: The new Constitution of the Islamic Republic of Iran (*Qanoon-e asasi-e jomhuri-e eslami Iran*) laid down the importance of cooperatives in the economic, social and spiritual welfare and advancement of Islamic brotherhood among the population. This made cooperatives part of the Constitutional Law.
  - Article 44 declared that the economic system of Iran will consist of three sectors – state, cooperative and private. The cooperative sector included production and distribution oriented cooperative companies and enterprises, in both rural and urban areas, based on Islamic criteria. The details of the regulations, areas and boundaries of the three sectors would be determined by law.
  - Article 43 promoted cooperatives as a tool to guarantee the economic independence of society, to root out poverty and deprivation, to fulfil basic human needs – while also maintaining liberty. The cooperative sector was promoted to provide decent employment for qualified individuals who had been denied the needed facilities. The cooperative sector was seen as the necessary middle ground that would impede the concentration of wealth in the hand of a few (as under capitalism) and prevent the transformation of the state into an absolute employer (as under socialism).
- 1991: The Act on the Cooperative Sector of the Islamic Republic of Iran (*Qanoon baks-e ta'avoni-e eqtesad-e eslami Iran*) started off as a bill in 1983 and was finally approved and passed in 1991. It outlines the objectives of the cooperative sector in keeping with the Constitutional Laws.
  - A minimum of seven members are needed to set up a cooperative. The maximum membership is determined by the Ministry in proportion to the capital, employment opportunity and the society's nature of activity.
  - The government and all its affiliated organisations, under equal conditions, have to prioritise the cooperative sector for implementation of their plans and projects.
  - If public organisations help establish a cooperative, the share of the government investments will be gradually repaid in full.
  - Only one cooperative union can be established per city for each subject of cooperative activity.
  - The Ministry of Cooperatives is the supervisory body and will assist the development of the sector.
  - Rural cooperatives are excluded from the provisions of the law and remain under the Ministry of Agriculture.



## Cooperative landscape of Iran

Enshrined in Iran's Constitution is the belief that cooperatives are closely linked with all areas of development. Over the last four decades, the cooperative sector has undergone huge shifts due to new trends in business models, technologies, demographics and government policies. Cooperatives have also weathered global challenges and emerged as an important player in furthering the achievement of Sustainable Development Goals (SDG) by reducing poverty, promoting quality education, and empowering women.

**4** QUALITY EDUCATION

**5** GENDER EQUALITY

**17** PARTNERSHIPS FOR THE GOALS

### Rah-e-Roshd Cooperative Educational Complex (RCEC)

Rah-e-Roshd (*the way of growth*) was started by seven mothers who pooled their money to start a kindergarten in Tehran in 1985 during the Iran-Iraq war. In 1996, they registered as a cooperative. Today, RCEC has grown to become the largest educational cooperative and educates students up to high school level. It has 200 members (teachers and parents) in the cooperative and 3,000 students. Over 80% of its members and 70% of workers are women – making it a leading women's cooperative in the country. RCEC works with other women cooperatives in the areas of gender equality and women's economic integration.



A meeting of RCEC principals and supervisors.  
Image credit: RCEC



Image credit: ADP Fairtrade, Fairtrade Korea



**8** DECENT WORK AND ECONOMIC GROWTH

**11** SUSTAINABLE CITIES AND COMMUNITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

### Arghavan Dasht-e Paezan (ADP Co-op)

Based in Khorasan province, the global hub of saffron production, ADP Co-op was formed by 60 small-holder farmers in 2013. They are the world's only saffron farmers' cooperative to be Fairtrade certified. The cooperative follows the certification's guidelines in all aspects of farming and supplies saffron directly to a Fairtrade partner in Switzerland. ADP Co-op uses the premium from the sales to improve their member's agricultural implements and farming techniques. The cooperative prides itself in being 'an honest arm to the home from the farm.'

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

### Pishgaman Cooperative Group (PCG)

Pishgaman (*pioneer*) is a leading communication and IT cooperative that was founded in 1996 in Yazd province. PCG has diversified its activities and now has more than five companies and nearly 6,000 shareholders. The companies are Pishgaman Solar Cooperative Production and Distribution Company; Pishgaman Sports Culture Club to promote athletes; Pishgaman Innovation Accelerator Cooperative, a technology incubator; Pishgaman Green Cooperative Company, a stone paper production facility; and Pars Central Plateau Water Cooperative Company that supplies desalinated potable water to the region. PCG has won various accolades for its work such and has been ranked as MCLS' Top Cooperative (2006-2018) and the Top National Cooperative (2011, 2016 and 2018).



Top: Awards won by PCG. Bottom: The Pishgaman Cycling Team.  
Image credit: PCG



(L) An Iran Peyma driver with his bus. (R) A web booking kiosk.  
Image credit: Iran Peyma



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

### Iran Peyma Isfahan Passenger Company

In 1991, around 100 transport operators came together to form Iran's first cooperative passenger and cargo transportation company. In 1993, they became the first company to use specialist European buses such as Volvo, Benz and Scania in their fleet. They have multiple branches across the country and are well-known for their extensive route coverage, expert staff and efficient services. They are also the only transportation company in Isfahan that is licensed for international travel.



- ICC's Exhibition Unit has been organising the International Exhibition of Building and Construction Industry (IranCONfair) in Tehran since 2000 and the International Civil Engineering and Building Exhibition (CEBEX) in Kish Island since 2004.
- Delegations from Iran visited India (2009 and 2011) to study cooperative-government relationship and discuss areas of cooperation with the National Cooperative Union of India and Indian Farmers Fertiliser Cooperative Limited.
- In 2012, Iran hosted the International Festival of Superior Cooperatives led by Muslim Women and an exhibition, to recognise exemplary work of women in the cooperative sector. Over 900 women from the cooperative sectors in the U.S., Europe and Asia participated.
- Ms. Anahita Eslahpazir, founding member and CEO of RCEC, was featured in the 'ILO Spotlight Interviews with Cooperators' in 2017.
- Iranian apicultural cooperatives started exporting honey to South Africa in 2017.
- In 2018, ICC and the Embassy of South Korea in Tehran organised the first Iran-South Korea Joint Seminar on Cooperative Affairs on the topic 'supply chain management, e-commerce and international marketing.' The second seminar was held in 2019 where the two sides explored avenues of mutual cooperation in the SME sector.
- CORC started a joint project with Spanish agricultural cooperative, Cellbitech, in 2020, to produce new varieties of horticultural crops including pomegranate and barberry.
- ICC and the Embassy of South Africa in Tehran organised a Joint Seminar on the Role of Women in Cooperative Economy in 2020. The highlight of the seminar was the establishment of the Joint Economic and Cultural Committee for Women which would annually host the seminar and other workshops and events to facilitate knowledge and skill transfer programmes to empower Iranian and South African women cooperators and entrepreneurs.

## Engagement with ICA-AP

- Iran was a founding member of the erstwhile International Cooperative Trading Organisation in 1974 and also of the International Cooperative Trade Network (ICTN) in 2007. The ICTN facilitated the trade of palm oil and dried fish between Indonesian and Iranian cooperatives.
- Iran has hosted several ICA-AP events such as the International Cooperative Trade Fair and Symposium (2006), Workshop on enhancing role of women in cooperative business (2010), Training Programme on management capacity building of women for cooperative development (2013), and the ICA-AP and ILO Joint Seminar on Middle-East Cooperatives (2014).
- In 2018, Iran hosted the 13th ICA-AP Regional Assembly, the 10th Cooperative Forum and related committee meetings. The events were attended by 300 delegates from 18 countries.
- ICA has been represented by Mr. Abolhassan Khalili on the Global Board (2011-2013) and Mr. Alireza Gharagozlou on the Regional Board (2016-Present). Ms. Tamineh Toliat Kashani, as chairperson of the regional youth committee, was the co-opted youth representative to the Regional Board from 2010-2013.
- Iranian cooperators have benefitted from the various international trainings, seminars, meetings and workshops organized and co-hosted by the ICA-AP and its committees. Some of these are: the ICA-Japan Training Course on enhancing farmers' income and poverty reduction through cooperatives (2008, 2009, 2010), Eighth Asia Pacific Cooperative Forum on cooperatives for sustainable development (2014), 'Tagaytay+20' Third Regional Conference on status of women in cooperatives in Asia-Pacific (2016), 10th Asia Pacific Cooperative Ministers' Conference (2017), and the ICA-AP and ILO Joint Conference on cooperatives and the future of work (2019).

## What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

## Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

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## About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 109 members from 32 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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