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PLC Internationalisation strategies

Template for case study of good practices

Title: *¡Cooperatives of the world, unite! COOPCycle from France to Mexico...and to the world.*

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1. Background: Social and Solidarity Economy sector, institutions and policy framework in the region/State/country where the organisation is located

In recent years, the Social and Solidarity Economy (SSE) has emerged more strongly in different regions worldwide and its study has become more relevant, both theoretically and practically¹. Although its origins are marked by the contextual realities where SSE expressions have emerged, in general, France is pioneer in the development of the concept and the place where the name "Solidarity" formally emerged for what had previously been known throughout Europe as the Social Economy.

a mis en forme : Anglais (États-Unis)

The origins of SSE in France is a manifestation of popular associative movements. In 1847, there were already 2,500 mutualist organisations. However, the notion of the SSE as it is known today began in the 1970s, when organisations representing cooperatives, mutuals and associations created the National Liaison Committee for Mutual, Cooperative and Associative Activities (CNLAMCA). With the adoption of a law focused on the Social and Solidarity Economy (SSE) in 2014, France provided a legal basis to this term and opted for a broader definition of the Social and Solidarity Economy.

Although its origins are marked by the contextual realities where SSE expressions have emerged, in general France is a pioneer in the development of the concept and where the name "Solidarity" formally emerged for what had previously been spreading throughout Europe as the Social Economy²

It is estimated that approximately 96,603 SSE enterprises existed in France in 2015. The number of public programmes available and the general interest of the French government in the development of the SSE is growing. Support for SSE initiatives have been strengthened and reactivated since the 2008 crisis. In September 2017, the High Commissioner for the Social and Solidarity Economy (SSE) and Social Innovation was appointed, with a cabinet attached to the Ministry of Ecological Transition and Solidarity. With the aim of fostering social innovation and bringing together all socially innovative initiatives, the governmental initiative French Impact was launched in 2018. This initiative is now part of the SSE Growth Pact (Pacte de croissance de l'ESS). It aims to promote a comprehensive development strategy for the SSE. In September 2019, a mobilisation of €375 million was announced under the French Impact initiative³.

In Latin America, Mexico has one of the strongest traditions regarding the SSE, from the rural to the urban context. In 1983, the Constitution recognised the Social Sector of the Economy for the first time, and in 2012 the Law of Social and Solidarity Economy (LESS) was enacted. The Law is the legal instrument that establishes the mechanisms to promote, strengthen and give visibility to the economic activity of the SSE.

1 Barth, S., Barraket, J., Luke, B., & McLaughlin, J. (2015). Acquaintance or partner? Social economy organizations, institutional logics and regional development in Australia. *Entrepreneurship and Regional Development*, 27(3-4), 219-254. <https://doi.org/10.1080/08985626.2015.1030458>

2 The social economy in the European Union. *CIRIEC International, European Economic and Social Committee, Brussels. Unpublished, retrieved from http://www.eesc.europa.eu.*

3 Petrella, F., Richez-Battesti, N. (2020). Social enterprises and their ecosystems in Europe. Country Report France: Luxembourg Publications Office of the European Union.



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The Law defines the rules to facilitate the organisation and expansion of the economic activity of the social sector of the economy, so that it contributes to the social and economic development through the generation of decent work, the strengthening of democratic practices, a more equitable distribution of income and the increased generation of social capital. The Law governs the Organisms of the Social Sector of the Economy (OSSE), including *nucleos agrarios* (*ejidos* and communities), workers' organisations, cooperatives, and enterprises entirely or mostly owned by workers, and, in general, all forms of social organisation for the production, distribution and consumption of goods and services necessary for societies.

According to the Law, the National Institute of Social Economy (INAES) is the administrative body with technical, operational and managerial autonomy, in charge of implementing public policies for the promotion and development of the social sector of the economy in Mexico. It comprises about 61,000 OSSE with 12 million members³. In addition, the SSE in Mexico generates around 4.1 million jobs and its productive activity represents approximately 1.2% of GDP.⁴

Since 2018, INAES' public policy has focused on building the capacities of OSSEs. In particular, efforts have been made to promote knowledge transfer and know-how via international multilateral networks for cooperative training and support. Under the principle of inter-cooperation, collaborative learning and the development of new and improved SSE initiatives are promoted through the transfer of good practices. In the wake of the health crisis caused by COVID-19, this approach in public policy has favoured the creation of innovative multi-stakeholder projects with the participation of international organisations that have guided the generation of new OSSE based on the importation and adaptation of organisational business models, and the adoption of new technologies.

In short, both France and Mexico, have the regulatory frameworks and institutions in place to foster and promote strategies for the internationalisation of the SSE to address global social issues that benefit workers.

2. Summary of main characteristics of good practice approach

The health crisis caused by COVID-19 has further accelerated the development and relevance of the digital economy. Local delivery service platforms have provided employment opportunities for people of diverse backgrounds in the face of unemployment, exacerbated by the pandemic, as well as by the increased demand for these services, given the confinement and social distancing. Employment associated with the digital platform economy has been characterised by its precariousness, exploitation and informality. The lack of rights and recognition of the existence of a labor relationship between delivery workers and the digital platforms on which they are employed is a global issue and has triggered and driven international cooperative dialogue.

In response to the need to strengthen workers' bargaining power over their rights, as well as to reduce costs through more efficient processes, CoopCycle was created. CoopCycle is a European mutual cooperative whose aim is to provide the necessary services for any "last mile" delivery activity by bicycle. For this purpose, delivery drivers organise themselves into local collectives (at the city or neighbourhood level) and,



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from there, join the cooperative⁴. CoopCycle was founded by former workers of a private food delivery platform after its closure in 2016. Company's bankruptcy and the detrimental effects it had on the workers - some of whom lost their livelihoods - pushed them to organise and develop innovative collective technological strategies.

The Federation of Bicycle Delivery Cooperatives CoopCycle was created in 2017 in Paris. Democratically governed by the cooperatives, its foundation is solidarity among them. Thus, all local members of the federation have to offer contracts to their couriers as soon as possible and decide democratically on the distribution of revenues. Decisions regarding the contribution of each member to the mutual fund according to their income, the uses of this fund, among other things, are made democratically by the local cooperatives.

Since its birth, CoopCycle has had the intention to internationalise and share the platform they have created. Their main activity is in France, from where they have accompanied and promoted the expansion of the federation to more than 30 collectives in 12 European countries such as Germany, Belgium, Spain, Italy, Poland, United Kingdom, Sweden, and is currently developing new nodes in Eastern Europe, North America (Canada, United States, and Mexico), Latin America (Argentina) and Australia. CoopCycle shows great openness in the internationalisation process in order to adapt to local contexts.

CoopCycle has an economic model of federated growth and progressively decentralised governance. Currently, in general, each local cooperative around the world may mutualise according to its income (2% of its added value) and, with that, can benefit from CoopCycle's services. Some of these services include: 1) A platform software that allows members to manage their deliveries and offer an e-commerce solution to their customers. 2) A smartphone application that facilitates delivery by bike couriers, and another one that allows the customer/restaurants to place orders; 3) Commercial prospecting with large corporations, shops and restaurants; 4) Visibility and branding; 5) Consolidated purchasing; 6) Legal assistance and accounting services; 7) Incubation of nascent local delivery cooperatives, among others⁵. The services provided in Europe are fully financed by the contribution of the members of the federation. However, this contribution may be different in specific cases. For example, in Mexico, the *bicimensajerías* (bicycle messengers) are not yet contributing 2%, as it is still a pilot project, but, in exchange, ITDP takes care of the financing of the programmer who adapts the platform to the local context. This mutualisation strategy, based on solidarity and autonomy, is inspired by the idea that "to each according to his means, and to each according to his needs"⁶. That is, not all cooperatives require the same services during their development process.

CoopCycle's internationalisation strategy is therefore an outward one. As can be seen, the fundamental flow is that of intangible assets (brand, software, management models, international support networks, etc). What drives CoopCycle to promote these internationalisation strategies is the fulfilment of its non-profit mission: to build an international network of local bicycle delivery

4 Poperl, K. (2020). CoopCycle, back to the future. *Études digitales*, 2019(8), 135-152.

5 Poperl, K.

6 Poperl, K.



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cooperatives to fight the precarious employment conditions of delivery workers around the world. To this end, it seeks to develop an alternative to capitalist digital platforms, where the primary interest is the mutual or social objective rather than maximising profits for capitalists. The aim is to replace the arbitrariness of the competitive market with a productive model where governance is democratic and participatory; where relationships "between people" are privileged over relationships "between things". At the heart of CoopCycle's mission is the desire to strengthen local structures of workers' ownership through the power of collectivity⁷.

The software that is transferred in solidarity to the member collectives is a digital platform with two modules: one for e-commerce (placing orders by customers and managing orders and menus by establishments) and one for logistics for the management and organisation of bicycle delivery (receiving orders, assigning drivers, grouping orders by rounds, etc.). It allows both a digital and cash payment option, adequate to the Latin American context. The software is a complete cyclo-logistics tool and is freely accessible to companies whose principle is to guarantee workers' rights and internal inclusive governance. Based on previous work by Dimytri Kleiner and the p2p Foundation, the legal team developed a new licence: the Coopyleft. With this licence, cooperatives using the CoopCycle software must comply with the following rules: 1) Adopting a cooperative model and employing their workers; and 2) Conforming to the definition of social economy as established by the European Union, in the case of European countries, and, in general, aligning themselves with cooperative practices, values and principles that are universal. In other words, the CoopCycle software is not open source: it is available on Github, but cannot be used for conventional commercial purposes.

The precarious situation of delivery workers in platform economies is no exception in Mexico. It is estimated that there are around 50,000 delivery workers in the digital platform economy, although companies have not disclosed their numbers. Assuming that these delivery workers are at least partially supporting their household, it is estimated that the precarious conditions in the industry are affecting at least 200,000 people in the country. Among the population of delivery drivers, 87% are men and their average age is 30 years old⁸.

Moreover, 60% of delivery workers work six or seven days per week, and only 20% work less than five days. On average, these workers work 43 hours per week and 23% work more than 60 hours per week. Workers earn an average income of \$2,000 Mexican pesos per week (approximately US \$94), but the costs of doing their work are very high: \$1,220 Mexican pesos per week (approximately US \$57). Profits generated are, on average, about \$3,376 Mexican pesos per month

⁷ Poperl, K.

⁸ Jaramillo-Molina, M. (2020). Precariedad y riesgo: diagnóstico sobre las condiciones laborales de los repartidores en apps en México. In *Precarización laboral en plataformas digitales: una lectura desde América Latina* (Kruskaya H, Vol. 1, pp. 135–148).



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on average (just over US \$158), before taxes. This income is less than the minimum wage in Mexico (\$3,746 pesos or US \$176 per month); in other words, the average income of delivery drivers is barely 90% of the legal minimum wage in the country.⁹.

Aware of this problem, in 2020 an international multilateral alliance was consolidated to develop and implement a pilot project in Mexico through internationalisation strategies involving seven bike messaging collectives. The name of this pilot is Rodando Juntas.

The pilot project is managed by the Institute for Transportation and Development Policy (ITDP) Mexico and is funded by the Inter-American Development Bank (IDB) via its transport division (USD 9,300 to cover the salary of a programmer who adapts the CoopCycle platform to the Mexican context). ITDP co-financing is in-kind and consists of 5 mobility specialists partially involved in the project. In addition, the pilot has benefited from an important flow of intangible goods from multiple national and international organisations, particularly CoopCycle and INAES.

To understand the internationalisation process of Mexican bike messaging, it is important to understand the origins of the Rodando Juntas pilot. This is the continuation of the Rodando Ayuda project, which emerged as part of the Ideamos programme. The Ideamos programme has a total funding of USD \$785,000 from the IDB and USD \$785,000 from ITDP, for a total of USD \$1,570,000. Rodando Ayuda, also managed by ITDP with the support of the IDB and the IDB Lab, seeks to "promote a sustainable and inclusive mobility ecosystem, focused on people and their right to move safely¹⁰. From the Ideamos project arose the need to develop a code that would allow efficient deliveries considering the types of transport and scheduled deliveries. In the development and implementation of Rodando Ayuda, ITDP realised that the bicimensajerías were working with rudimentary tools and systems (they received orders by WhatsApp, used manual spreadsheets, looked for the best route to reach the destination on google maps and contacted a bicimensajero member to be in charge of delivering the shipment).

However, developing the tool itself had very high costs, so in the search for other existing solutions to address the same problem, the case of CoopCycle was found. Thus, a relationship was established between the different actors with CoopCycle and they established an inter-cooperation network to implement the federation's model in Mexico.

As part of CoopCycle's requirements, it was necessary for the platform to be self-managed, i.e. managed by the bicycle messaging cooperatives themselves. Therefore, a training programme was

⁹ Jaramillo-Molina, M

¹⁰ Para obtener más información sobre este proceso, puede consultar el documento PLCs Internationalisation policies. Building capacities not cooperatives: an inward approach for the internationalization of social economy policies in Mexico



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first needed to develop this capacity in people. In addition, INAES also considered training in SSE issues to be relevant, as few bicimensajerías were aware of cooperativism in Mexico, and in order to make the project sustainable, it was necessary to train cooperativists as well.

Since the software is protected by a reciprocity licence, which reserves its use to the cooperatives, the requirement established by CoopCycle to grant the franchising and licensing of the platform is the commitment of the bike messaging collectives to be trained as cooperativists and, in no more than two years, to become legally constituted.

This is how Rodando Juntas was born, a group of bike messenger collectives internationalising "inward" or "inwards" from its origin by being part of CoopCycle's "outward" internationalisation strategy. Rodando Juntas is the genesis of CoopCycle Mexico, which is a group of previously formed bike messaging collectives that should be legally constituted as a cooperative by the end of 2023. While the relationship of the bike messaging collectives with CoopCycle was facilitated by ITDP, they can now interact directly and exchange information within the accompaniment and capacity building process managed by INAES for the dissemination of knowledge and best practices, in which CoopCycle experts participate.

3. Evidence/Justification for Good Practice

CoopCycle's internationalisation process in Mexico is visible through its first results in the creation and execution of the project called Rodando Juntas, which was designed with the international cooperation of CoopCycle, ITDP's Ideamos, the IDB, the IDB LAB, and with national actors such as the Ministry of Labour and Employment Promotion and INAES.

This project is a pilot that is currently being implemented in its initial stage. A call for proposals has been made with the participation of 30 registered bicimensajeros. A diagnostic process was carried out to select seven bicycle messaging collectives in Mexico, in which there are 88 participants, 23% of them being women. With them, the first cycles of capacity building, training and adaptation of the platform have begun. The collectives are: Envici, Tlok , TIG- Bicimensajería, Libelubike, TWC, Bicientrega and SirApps Union.

So far, 22 sessions of the training cycle and 3 master classes have been carried out (the total number of sessions of the programme is 80) As this initial phase is still under development, the CoopCycle internationalisation pilot in Mexico has not yet been monitored and verified for outcome/impact indicators. Measurements are expected to be carried out at the end of the projects between late 2021 and early 2022.



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Another important part of the internationalisation has been the adaptation of the French platform to Mexico, therefore, with the international cooperation of ITDP, a programming professional is leading the process of adapting the technological tool. The platform is currently undergoing its first tests by the seven Mexican bike messaging companies that are part of Rodando Juntas.

4. Context and history of how it developed

The internationalisation of CoopCycle was born out of their objective of social change at a global level in terms of their concern for people's working conditions, as they noticed that throughout the world capitalism has institutionalised precarious work, particularly in countries where the minimum wage does not guarantee decent working and living conditions for people.

The desire for ecological transformation was also latent from the beginning of the creation of CoopCycle and its internationalisation. Therefore, aware that a 100% use of bicycles in courier logistics might not be possible in the short term, the transition could begin with the work of the cooperative and its extension to other parts of the world, thus reducing the environmental impact of mobility in the long run.

Taking into account the two previous dimensions: labour precariousness and negative environmental impact, and that these are a reality in most countries, CoopCycle sought to internationalise its model in order to share its social, environmental and economic benefits with other regions of the world.

In the process of internationalisation, two elements have been key for CoopCycle: first, the possibility of this internationalisation thanks to the fact that, despite the contextual nuances of cooperativism, it shares its ideological bases of democracy, participation and collaboration worldwide; and secondly, that the technology can be adapted and continue to be functional in other contexts.

In the Mexican context, the internationalisation of CoopCycle has faced different challenges, among others: legislative differences with regards to the French law on cooperatives; however, the close collaboration with INAES has been relevant to clarify and guide the best ways of adapting the model; the characteristics of the informality of the bike messaging sector in Mexico, and the need to seek practices and technology that ensures safety for workers; the lack of knowledge of economic issues and of financial education for people in the organisations; and finally, project sustainability in the long run, which needs to be projected from the beginning of the development of the model in Mexico, so that it is a self-managed initiative that does not depend on government support to develop, consolidate and grow in the long run.

Looking towards the future of the internationalisation process in Mexico, Coopcycle seeks to establish commercial contracts at the national level in order to increase the number of members belonging to the cooperative, allowing the entry of more bike messengers and broadening the scope of the social, economic and environmental impact.

5. Outcomes (for different stakeholders)



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The achievements so far in the internationalisation process of Coopcycle in Mexico can be identified according to the different parties involved in the process. Firstly, regarding the bicimensajerías in Mexico, their interest in SSE and sustainable messaging has been awakened in a large number of them through the call of the Rodando Juntas project, where 7 collectives of bicimensajerías that currently operate informally but were already collaborating previously, have been trained in capacity building sessions on different SSE topics and are testing the digital platform that will allow them to operate.

From the perspective of the national institutions involved (INAES and STyFE), the main achievement has been the realisation of a multilateral project with a great diversity of national and international stakeholders (governments, universities, cooperatives and collectives, including Coopcycle, ITDP, IDB and IDB LAB), who are specialists in different disciplines. This achievement is based on the principle of inter-cooperation that has favoured the process of internationalisation of knowledge to be applied in the Mexican context and has left as a legacy a network of allies with a great potential to continue collaborating in different areas.

Finally, from the perspective of the participating international organisations, the achievements have been diverse. Firstly, for CoopCycle, the main achievement lies in the internationalisation of its model in Mexico and the transfer and technological adaptation of the tool for bicycle courier cooperatives, as well as continuing to move towards its goal of achieving social and environmental change at a global level through the model created in France. Like CoopCycle, the achievement in the multilateral organisations involved (ITDP, IDB, and IDB LAB) is focused on the integral impact they are generating through their support of the internationalisation project.

6. Drivers and Barriers

Determinants and barriers have been identified through questionnaires and semi-structured interviews with all relevant stakeholders.

Drivers	Barriers
Increased local economic spillover (higher income for restaurants and businesses, as platform fees are lower).	Unfavourable consolidated competition in last-mile shipping, lower price from other private platforms
The precariousness experienced by courier workers on other international platforms at the global level.	Legal loopholes
The need for job recovery in the face of COVID losses.	Management complexity and organisational difficulties.



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The ideal of labour justice, social security, decent work.	Economic sustainability due to competition and long-term return on investment. Initially requires public support or support from other OSSEs until it consolidates and becomes self-sufficient.
Being part of a community and having a support network (federation)	Scalability
Participating in democratic and participatory governance processes	Poor visibility and understanding of the mission and functioning of SSE enterprises.
Promotion of sustainable messaging	Difficulty in using complex digital tools. Limited to informal tools such as whatsapp.
Strengthening the market presence of collaborative sustainable messaging platforms based on SSE and open knowledge in relation to extractivist platforms embedded in platform capitalism	Absence of specialised SSE agencies such as INAES for internationalisation in other Latin American countries.
Environmental, social, economic paradigm shift	Limited financial literacy of deliverers.

7. Overall assessment

The internationalisation case of CoopCycle in Mexico is very useful for different SSE actors in the process of identifying and replicating good practices. In this sense, inter-cooperative work and the establishment of collaborative networks of trust and reciprocity have been key to initiate the process of transferring the model. Therefore, through this case, different international actors can understand the relevance of the processes necessary to carry out this inter-cooperation between actors of different nature (government, SSE organisations, international organisations, universities).

The case study also highlights the relevance of new SSE organisations based on digital platforms given the global context conditions, and how they can contribute to the generation of decent work and care for the environment. Thus, the challenge that the case study presents is to make use of international experiences that have demonstrated positive impacts and to take advantage of the



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accumulated knowledge that can be translated into innovations by contextualising them in other regions.

Finally, in order to achieve inter-cooperation and collaborative learning in the SSE, the genuine will of the parties involved and the deep desire to contribute to social, economic and environmental transformation through their own actions and the combination of knowledge are indispensable. This was a relevant contribution of the case study that allowed the actors and will allow other stakeholders to start from solid bases to collaborate in projects of internationalisation of practice in the SSE.