
Empowering communities with platform cooperatives: A catalyst for local development

OECD Global Action Promoting
Social & Solidarity Economy Ecosystems



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Empowering communities with platform cooperatives: A catalyst for local development

This policy paper explores the contribution of platform cooperatives to local development as an alternative model to conventional digital platforms. It considers their role in reducing potential negative effects of the digital transition on local communities and places, as well as the new opportunities they present to provide greater quality of life for local residents. The paper introduces the main features of platform cooperatives, explores their contributions to local development and identifies the challenges to their emergence and expansion. It then provides policy orientations that could support the development of platform cooperatives and enhance their contributions to local development. This paper was produced as part of the OECD Global Action on Promoting Social and Solidarity Economy Ecosystems, funded by the European Union's Foreign Partnership Instrument.

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Executive summary

Online platforms transform daily activities and create opportunities for businesses and individuals, but can have some negative effects on local firms and communities. Communicating, socialising, learning, shopping, travelling, listening to music, working and other daily activities have been transformed by the widespread development of online platforms. Platforms can boost innovation and productivity for businesses by providing them with opportunities to expand into new markets, access global value chains and collaborate with other companies. Individuals also benefit from new options to obtain goods and services, as well as increased convenience, choice and competition, which can reduce prices and improve quality. However, platforms raise concerns about data management and use, job quality, and local development. For example, they can negatively affect local businesses by introducing dependence to online platforms as well as leading to a decrease of “offline” activity and local availability of goods and services. They may also have negative consequences on local quality of life, for example by reducing housing opportunities through tourism rentals in places facing housing shortages.

Platform cooperatives provide alternative models that overcome some limitations of conventional platforms by relying on shared ownership and democratic decision-making. They offer similar services to conventional platforms through digital tools (e.g. websites and/or mobile applications), but they operate differently. Platform cooperatives address as a priority the needs of their members. Their members (who include workers, users, customers, and institutional partners such as businesses and public administrations), control the platform cooperative and digital tool. They collectively make decisions regarding how it is designed, operated and managed. Platform cooperatives also usually function at the local level, arising within communities and responding to their needs and aspirations. For example, Co-op Taxi, operating in Edmonton (Canada), is an employee-owned cooperative in the ride-hailing sector. It has a fleet of 1 200 drivers that complete over 4 million rides a year through their platform. Co-op Taxi shares profit among its 70 stakeholders, mostly constituted by the cooperative’s employees.

Platform cooperativism emerged at the intersection of many movements in reaction to the shortcomings of the sharing and gig economy, while building on the benefits of the open-source and cooperative movements. Platform cooperatives are active in sectors as diverse as transport, delivery, data entry, urban recycling, accommodation, culture and catering. They can be broadly classified into four types – worker, producer, multi-stakeholder and data platform cooperatives – depending on who are the owners and the most represented in governance bodies. These platform cooperatives, typically known as first-level cooperatives, mostly gather individuals and tend to be small in size and number of users, which strongly contrasts with global conventional platforms. Local platform cooperatives can form second-level cooperatives to help collaboration, pool resources and facilitate scaling through replication in different geographical locations. For example, CoopCycle is a federation of 72 local worker cooperatives operating in 12 countries that provides an alternative to conventional platforms in the bike delivery sector. CoopCycle pools resources for technology development, marketing and sales, allowing local cooperatives to collectively reduce costs, exchange knowledge and leverage network effects.

Platform cooperatives operate from the grassroots, favour a long-term vision and initiate local collaborations to provide services and infrastructure, thereby contributing to local development.

Through engaging with communities, they develop a good understanding of their needs and challenges and have access to local information and resources, which allows them to better serve local markets. They favour maintaining value locally through investment in local projects and infrastructure, which is reinforced by their membership, usually made up of local residents who will use incomes in the locality. They also help local development in general by expanding social innovation and favouring community wealth-building strategies. Platform cooperatives can facilitate interactions among local actors, such as public authorities, social economy entities, small and medium-sized enterprises, researchers, and citizens, which allows for the experimentation and design of place-based solutions to address collective needs, including the development of common (digital) infrastructure. They can also help local development in specific areas, for example by supporting the provision of local services, such as retail facilities in places that may not be attractive to conventional platforms (e.g. rural areas or less-affluent regions). They can also reach disadvantaged or specific groups, such as women or young people, bringing opportunities to involve them in both digital transition and local development strategies. They can support the provision of goods and services in times of crisis, as demonstrated during the COVID-19 crisis or during natural disasters. For example, in Türkiye, platform cooperatives such as NeedsMap have played a crucial role in co-ordinating solidarity efforts and distributing assistance and resources to individuals impacted by natural disasters.

Platform cooperatives can also contribute to improving job quality for workers and data protection for users, by prioritising their members' and communities' interests in their business models and activities.

Workers can become members and co-owners of platform cooperatives, which provide them with the opportunity to participate in strategic decisions about how the platform is designed and operated. This can encourage the implementation of fair and decent working conditions (e.g. permanent contracts, investment in trainings, stable working hours, higher wages and appropriate equipment). Likewise, platform cooperatives usually follow ethical and transparent rules on data management, and their business models do not rely on the capture and monetisation of personal data. Data cooperatives, a specific type of platform cooperative, are explicitly established to govern the data of their members and provide an alternative model for personal data exchange that rely on voluntary, collaborative pooling by individuals of their data for the benefit of members or communities. For example, MIDATA.coop in Switzerland was jointly created by ETH Zurich and Bern University to enable access to personal health data for research purposes.

Platform cooperativism offers unique solutions with positive impact, but their scale remains limited.

They face challenges that include limited access to finance, constraining legislative frameworks, limited capacity-building opportunities, and a lack of awareness about the solutions they offer to overcome some of the shortcomings of the broader platform economy. Building the digital infrastructure requires significant investments that cooperatives may struggle to achieve through conventional financial mechanisms (e.g. venture capital) because of shared ownership and limitations on profit distribution. They may also not have the salary scales to attract needed information technology talent. Local platform cooperatives, as they usually remain small in size, may also have difficulties to provide a cost-competitive offer in an industry characterised by economies of scale and network effects. Platform cooperatives could therefore focus on a subset of platform economy activities in which they can play to their strengths, such as providing alternative models and propositions that respond to consumer aspirations for ethical behaviours or that reinforce social and non-monetary benefits for communities, such as social cohesion and pride in place. They can also adopt appropriate scaling strategies to reinforce their reach, for example by engaging in open diffusion of social innovations and digital infrastructure, or encouraging replication in other places. Collaboration among local platform cooperatives, for example through second-level cooperatives, can also help them thrive by allowing joint investments, pooling of resources, increased production and research and development capacities, and sharing of best practices.

Policy makers at the national and subnational levels can help platform cooperatives start and grow.

Policy action can build on measures that already support cooperatives or the digital transition of firms more generally. Some adaptations to these existing programmes may be needed to accommodate features of cooperatives, such as shared ownership, democratic governance and limitations on profit distribution, as well as the digital and cross-border components of platform cooperatives. Policy orientations can:

- **Promote platform cooperatives as alternative models to conventional platforms by:**
 - *increasing their visibility and recognition within local communities*, for example through promotion campaigns and contests to feature success stories
 - *recognising the potential contributions of platform cooperatives* in strategies and action plans to support the digital transition
 - *helping build the evidence base* to better understand their size and scope, as well as demonstrate their economic and social value in the digital transition.
- **Strengthen their business models by:**
 - *assessing legal frameworks* and considering legal adjustments if necessary, for example to the cooperative legislation, if existing laws hinder the development of platform cooperatives (e.g. by restraining the types of actors that can participate in the capital, by preventing them from using e-voting systems in general assembly meetings, or by limiting their ability to operate across borders)
 - *using public funding to help cover development costs* of community-owned digital infrastructure, through participation in platform cooperative capital or by leveraging private investment, e.g. through publicly supported guarantee systems
 - *considering the use of fiscal frameworks* to encourage investment in such projects or transfer digital technologies and expertise from the private sector to platform cooperatives
 - *promoting dedicated capacity-building initiatives*, such as hubs and incubators, especially in the early stages of their development,
 - *supporting the development of open-source solutions*, which could favour community-owned digital infrastructure.
- **Reinforce platform cooperatives as drivers for local development by:**
 - *facilitating local experimentation and strategic partnerships* that bring together local authorities, platform cooperatives, social and solidarity economy actors at large, researchers, and businesses, for example by initiating these collaborations through hackathon-style events, or via the support to high-potential pilot projects to test novel solutions, especially in areas less served by conventional platforms, such as medium-sized cities and rural areas
 - *actively engaging in and with platform cooperatives*, for example by using public procurement to provide a certain level of activity, and by facilitating their access to collective resources (e.g. public space, buildings, knowledge, etc.).

1 Setting the scene

The platform economy is growing at a fast pace and brings opportunities for people, businesses and public actors

The platform economy includes online platforms^{1,2} that connect two or more distinct but interdependent sets of users, whether firms or individuals (OECD, 2019^[1]). Online platforms provide business-to-business, business-to-consumer, consumer-to-consumer or mixed services, and operate in many sectors, such as e-commerce, social media, entertainment, transportation or accommodation, among others. Online platforms largely act as intermediaries rather than producers or owners of goods and services, providing marketplaces where those with products or services and those seeking them can engage with each other (Murthy and Deshpande, 2022^[2]), although they may also use the platforms to derive other sources of revenue such as through data analytics, advertising and subscriptions. Examples of platform economy businesses include e-commerce platforms (e.g. Amazon, Alibaba and eBay), food delivery platforms (e.g. DoorDash and Deliveroo), accommodation platforms (e.g. Airbnb and Booking), education platforms (e.g. Coursera and Udemy), and social media platforms (e.g. Facebook and TikTok).

The platform economy has grown significantly in recent years. The platform economy's revenues³ increased almost fivefold from EUR 3 billion to around EUR 14 billion in the European Union between 2016 and 2020, while the number of people working through digital labour platforms is expected to rise from 28 million to 43 million by 2025 (European Commission, 2021^[3]). In Denmark, online platforms facilitated transactions worth between EUR 57 million and EUR 84 million in the property rental and transport sectors in 2015. In France, around 200 to 300 peer-to-peer online platforms provide services, with an estimated total turnover of between EUR 3 billion and EUR 4 billion. Likewise, in Spain, the emergence of online platforms has brought significant changes in the accommodation sector, resulting in household provision of tourism accommodation now offering more beds than hotels (OECD, 2019^[4]).

Online platforms are transforming daily activities, enhancing innovation and productivity, while providing opportunities for people, businesses and public actors. Daily activities such as communicating, socialising, learning, shopping, travelling, listening to music or working have been transformed by the widespread development of online platforms (Conseil d'Analyse Economique, 2020^[5]). They can enhance innovation by providing easier and faster access to information and good ideas, which is beneficial for the platform ecosystem as well as for small and medium-sized enterprises (OECD, 2019^[1]). They can also increase productivity by allowing providers and consumers to reach each other more easily, helping a faster and more efficient allocation of resources through global communication channels but also by enhancing the use of underutilised resources, as promoted by the sharing economy. Additionally, they provide businesses, including smaller firms, in all regions with opportunities to expand into foreign markets, access global value chains and collaborate with other companies. Consumers benefit from new options to obtain goods and services and greater utility, also in previously poorly served or more remote areas, as well as increased convenience, choice and competition, which can reduce prices and improve quality (OECD, 2019^[1]). Likewise, public administrations can use online platforms to deliver services to citizens via Internet or mobile phones, reducing the need for phone calls or in-person visits.

Despite these benefits, the platform economy can have negative effects on individuals, local firms and places

Negative effects on local businesses and communities

The activities of online platforms can have adverse effects on local businesses, including increased dependence on platforms and possible closures. Online platforms can negatively impact small businesses that rely, and may become dependent, on them (Sahan and Schneider, 2023^[6]), due to power asymmetries, limited discretion about how small businesses can use the platform and limited substitutes available to develop activity online (Asadullah, Faik and Lim, 2023^[7]). Online platforms can also jeopardise local shops and lead to a decrease in “offline” activity, causing potential closures and reducing local offers of goods and services (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]), with impacts on social cohesion and certain population groups – for example, the elderly – who may be less well equipped to use online platforms.

Conventional platforms may distort competition. Several online platforms have entered new markets by operating at the margin of existing regulatory frameworks (Brail, 2018^[9]; Chesterman, 2020^[10]), in some cases because these regulations were not adapted to online platforms. The specific features of the platform economy, including the strong network effects, can introduce a risk that platform providers achieve dominant market power and potentially distort competition (OECD, 2021^[11]; OECD, 2020^[12]). For example, ride-hailing platforms have been progressively substituting for traditional taxis (Tirachini, 2019^[13]; Marin et al., 2019^[14]). A study conducted in Brazil showed that nearly 50% of respondents would choose a taxi if a large ride-hailing platform were not an option, demonstrating the direct impact of ride-hailing companies on conventional taxi demand (de Souza Silva, de Andrade and Alves Maia, 2018^[15]). Hotel industries in Spain and France have also raised concerns about unfair competition from online platforms (Gradt, 2018^[16]; The New York Times, 2021^[17]). In response, some countries have taken measures to review existing legislation that may have created unintentional loopholes and uneven playing fields. For example, Germany has banned a ride-hailing platform multiple times due to violations of competition rules, leading the company to change its business model within the country (Reuters, 2019^[18]).

Online platforms can also have negative consequences for local communities and places, such as environmental pressures and damages due to intensive use of public space. Online platforms, such as the ones in the ride-hailing sector, could have potential environmental consequences. For example, while they have potential to reduce traffic congestion through for example pool-sharing and better matching supply and demand, some studies in larger cities point to increased congestion (Sutherland, 2019^[19]; Barrios, Hochberg and Yi, 2022^[20]; Clewlow and Mishra, 2017^[21]) and they may also replace environmentally friendly modes of transportation, such as walking, cycling and public transport (Tirachini, 2019^[13]; Coulombel et al., 2019^[22]; Clewlow and Mishra, 2017^[21]). Furthermore, some types of online platforms often exercise an intensive use of public spaces to operate. For example, workers of online platforms in the food delivery sector often park in prohibited zones or block public spaces while making deliveries. Moreover, numerous online platforms for urban mobility use public streets and sidewalks as parking spaces for their bikes and scooters, appropriating public areas for private use. This was partly behind the dissatisfaction recently expressed in Paris through a ballot, resulting in an overwhelming 89% voting in favour of discontinuing self-service scooters in the city (Municipality of Paris, 2023^[23]).

Online platforms can also lead to an increased commercialisation of residential areas, limiting housing opportunities and reducing the quality of life for their inhabitants. Short-term rental platforms in the accommodation sector can be a great opportunity for homeowners and local businesses in locations without housing shortages. However, they can have various adverse effects in tighter housing markets by reducing the availability of long-term rental properties or contributing to a general rise in real estate and rental prices (Espinosa, 2016^[24]; Lee, 2016^[25]; Wilson, Garay-Tamajon and Morales-Perez, 2021^[26]). This has intensified the displacement of residents in some communities (La Coop des Communs;

Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). It also contributes to the transformation of housing from a basic need into a commodity, resulting in limited access to affordable housing for low-income and vulnerable local residents, further complicating an already precarious housing situation in many areas (Santiago-Bartolomei, 2022^[27]). This situation can also bring overcrowding by tourists (García-Hernández, de la Calle-Vaquero and Yubero, 2017^[28]) and exacerbate noise, traffic and safety issues for local residents (Espinosa, 2016^[24]). In many areas, restrictions on short-term rentals have been introduced to reduce these negative effects. For example, Amsterdam, London, Munich and Paris limit short-term rentals to a certain number of days per year, Berlin and Memphis, Tennessee (United States) require a licence, and the island of Penang in Malaysia introduced a ban on short-term holiday rentals (Symons, 2023^[29]).

Poor working conditions

Many digital labour platforms have also received criticism for their poor working conditions, in part due to worker (mis)classification as self-employed instead of employee. Online platform workers share characteristics of both self-employed and employee status. For example, they can usually choose when and where to work but have to follow specific requirements regarding the way the work is carried out (OECD, 2019^[30]). Although the self-employed model is widely used, platform workers do not always enjoy the flexibility and autonomy that comes with such a model because platforms often decide working time, pricing, pay rates and conditions of interaction with clients (Muszyński, Pulignano and Domecka, forthcoming^[31]; OECD, 2018^[32]). The European Commission estimates that 5.5 million workers in the European Union are incorrectly classified as self-employed (European Commission, 2021^[3]). Such misclassification can deprive platform workers of essential rights, such as access to social protection, while also raising concerns about collective representation and employment protection (OECD, 2019^[30]; OECD, 2021^[33]).

Employment status in online platforms affects worker rights and bargaining power. Challenges for workers in platforms include regularity of work and income, working conditions, social protection, skills utilisation, freedom of association and the right to collective bargaining (International Labour Organization, 2021^[34]). Employment status determines the obligations imposed on digital labour platforms and the rights that should be granted to individuals working for or through these platforms (European Commission, 2021^[3]), potentially depriving those who are misclassified of the protections that are normally granted to employees. Furthermore, self-employed platform workers are often banned from collective bargaining by antitrust regulation (OECD, 2021^[35]), limiting their ability to negotiate working conditions. Poor working conditions can have detrimental health effects and lead to increased rates of fatal and non-fatal injuries. For example, drivers and riders in the gig economy face fatigue and distractions from their phones, which can result in accidents (Christie and Ward, 2019^[36]).

Excessive personal data collection and non-transparent data management and use

Many online platforms collect large amounts of data about the preferences and behaviours of their users, which increases concerns about the protection of individual rights and data. These platforms often build their business models on the monetisation of data, for example through targeted advertising, which raises questions about consumer and data protection (European Commission, 2019^[37]). Users may struggle to understand how online platforms monetise their personal information in exchange for services (OECD, 2019^[1]). In most cases, users provide their personal information with insufficient knowledge and limited comprehension of the quantity, nature or application of the data gathered by these online platforms (Brookings, 2019^[38]). Online platforms could also invest in robust cybersecurity measures, regular audits and user education to improve ethical stewardship of data, build trust and mitigate potential risks, such as data breaches, phishing attacks, malware and ransomware attacks, or fraudulent transactions.

Multiple surveys highlight widespread concern among adults regarding the risks and use of their personal data. According to a survey conducted in the United States, 81% of adults believe that the potential risks arising from data collection by companies are greater than the benefits. Additionally, 79% expressed concern about how their data are being used by such entities (Pew Research Center, 2019^[39]). Likewise, a global survey found that 87% of respondents in Korea, 87% in Spain, 86% in India, 83% in Brazil, 82% in Canada, 81% in Poland, 80% in Mexico, 77% in the United Kingdom, and 70% in France expressed similar concern about online privacy (Ipsos, 2022^[40]). In Australia, 62% of the respondents see the protection of their personal information as a major concern in their life, while 84% declared that they wanted more control and choice over the collection and use of their personal information (OAIC, 2023^[41]).

Platform cooperatives can advance a more inclusive digital transition, including for local development

The social and solidarity economy (SSE) is well-suited to support a responsible and inclusive digital transition. The need for a fair and inclusive digital transition is emphasised by the aforementioned challenges of the platform economy, as well as other concerns such as job displacements due to automation, the risk of leaving people and businesses behind due to digital skills gaps, worsening job quality due to increased flexibilisation of work and the exacerbation of inequalities caused by unequal access to digital technologies (OECD, 2022^[42]; European Parliament, 2022^[43]; OECD, 2019^[44]; OECD, 2023 forthcoming^[45]). The SSE, which typically encompasses associations, cooperatives, foundations, mutual societies and social enterprises, can contribute to some challenges raised by the digital transition (OECD, 2022^[46]; European Commission, 2021^[47]). Driven by societal objectives, values of solidarity, and democratic and participative governance, SSE entities tend to prioritise social impact and long-term perspective; favour people-centred and inclusive approaches, especially for vulnerable groups; and build strong local communities (OECD, 2023 forthcoming^[48]; OECD, 2022^[46]; Greffe, 2008^[49]). SSE-specific business models, which rely on collaboration and prioritise the needs and interests of users, workers and other stakeholders, further enhance its position in contributing to drive a fair digital transition (OECD, 2022^[46]; European Commission, 2021^[47]).

Platform cooperatives⁴ have developed as an alternative that can help address some of the shortcomings of conventional platforms and bring the benefits of the digital transition to all individuals and places. They developed within the SSE in the mid-2010s as a countermovement to offer concrete solutions to some of the negative impacts of the sharing and gig economy, especially on workers and places (Scholz, 2016^[50]). Platform cooperatives, although a recent model, are based on a rich history of cooperative societies, principles and values (Scholz et al., 2021^[51]). They rely on democratic decision-making and shared ownership, which allows their members, who are both the owners and the users of the platform, to keep control of the technology, participate in the platform development, and collectively make decisions on its design, management and use. This makes the platform cooperative grow in line with members' needs and capacities while favouring people-centred and fairer approaches.

The way platform cooperatives work also tends to promote local provision of goods and services, as well as foster connections and co-operation among the community. Their local roots can also favour maintaining value created within local communities, for example through reinvestments of surplus in local projects. Platform cooperatives are therefore in a good position to bring solutions to local development challenges, as specifically explored in this policy paper. They can also contribute to other challenges, such as improving job quality and working conditions (OECD, 2023 forthcoming^[45]) as well as increasing data protection for users (Box 1.1). Leveraging their potential and increasing their scale require, however, overcoming significant challenges, such as the need to increase awareness about cooperative models, as well as the necessity to access financial resources, notably to develop the digital infrastructure, while remaining democratically controlled by their members.

Box 1.1. Platform cooperatives can contribute to other challenges of the digital transition

Data management. While data mainly come from recording the behaviour of individuals, their collection, storage and analysis is starkly concentrated in the hand of a few governments and companies (Pentland and Hardjono, 2020^[52]). In the platform economy, data are used to improve or personalise products for users and can be monetised through targeted advertising, which can raise concerns about data use and privacy. Platform cooperatives usually follow ethical and transparent rules on data collection, management and use, and their business models do not rely on the capture and monetisation of personal data. Ethical stewardship of data can contribute to increased citizens' trust in new digital tools and is perceived as one criterion to define platform cooperatives (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). Specifically, data cooperatives are explicitly established to govern the data of their members and constitute an alternative model for personal data exchange that rely on voluntary, collaborative pooling by individuals of their personal data for the benefit of members or communities (Pentland and Hardjono, 2020^[52]; Bühler et al., 2023^[53]). Their activities entail managing, curating and protecting access to members' personal data, which can include the safe storage of their data, the safeguarding of their rights and their representation in negotiations with third parties about the use of their personal data. An example of such data cooperatives is provided by MIDATA.coop in Switzerland, jointly created by ETH Zurich and Bern University, with the purpose of enabling access to personal health data for research purposes (Blasimme, Vayena and Hafen, 2018^[54]).

Job quality. In many countries and regions, workers in conventional platforms are recognised to experience difficulties, such as the lack of social protection, job insecurity and poor working conditions (flexible working hours, lack of minimum hours, wages, inappropriate equipment). Platform cooperatives aim to improve job quality and the working conditions of their members. As co-owners of the cooperative, platform cooperative workers participate in the governance of the platform and as such take part in the decision-making processes. This gives them a voice in how their platform is designed and operated, thereby promoting fair and decent working conditions (e.g. permanent contracts, investment in trainings, stable working hours, higher wages and appropriate equipment) as well as giving them more control over their data (OECD, 2023 forthcoming^[45]).

Notes

¹ The terms "online platforms" and "digital platforms" are sometimes used interchangeably to designate a "digital interface" or an "online service provider" acting as an intermediary between providers of services or goods and their clients or customers (OECD/ILO/European Union, 2023^[118]). In this paper, the term "online platform" is used since it refers to platforms that operate via the Internet while digital platforms can also include platforms that are not necessarily online, such as an operating system.

² There is no single definition of the online platforms, which can be classified according to what they do, how they do it, the users they have, the kinds of data they collect, what they do with the data, and what their sources of revenue are (OECD, 2019^[11]). These definitions underline different aspects and can imply different scopes, for example by limiting to online platforms that mainly intermediate services, or provide labour.

³ In terms of revenues, many online platforms provide services free of charge to one or more of their users. They can earn money from different sources, including advertisers, sellers or buyers who pay transaction fees, users who pay to subscribe to a service, employers who pay transaction fees, workers who pay transaction fees, and subscription fees (OECD, 2019^[1]).

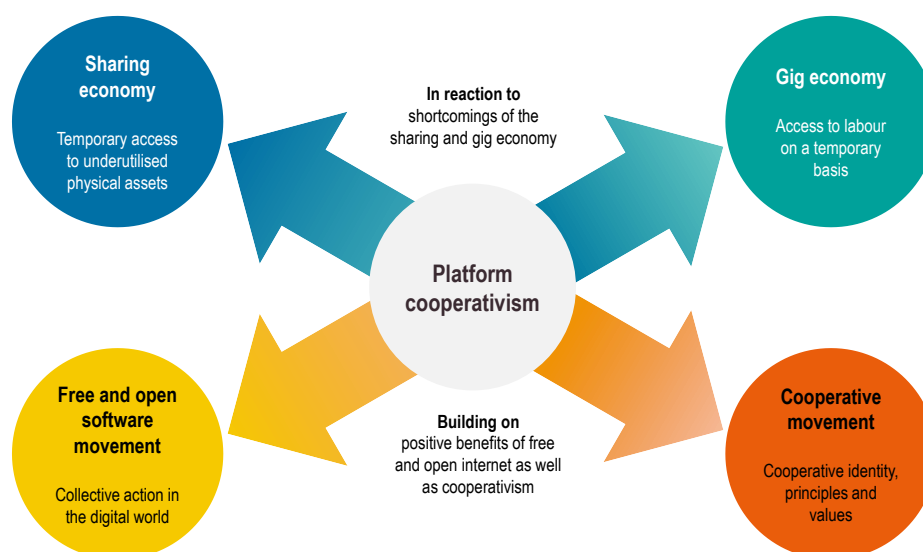
⁴ In the framework of this paper, and as widely used by academia and in practice, the terms "platform cooperative(s)" and "cooperative platform(s)" are used interchangeably and thus mean the same. Both terms hold no designation as to the legal form of a cooperative as these terms can also refer to entities that adhere to the cooperative principles, irrespective of whether they formally adopt the legal form of a cooperative (Mannan, 2021^[59]).

2 The potential of platform cooperatives to foster local development

The origins and features of platform cooperatives

Platform cooperativism is at the crossroads of the sharing economy, the gig economy, the free and open-source software movement, and the cooperative movement. The platform cooperative model emerged in reaction to the shortcomings of the sharing and gig economy, while building on the benefits of the free and open software movement and on the long-standing experience of the cooperative movement (Figure 2.1). The sharing economy introduced the idea of consumers granting each other temporary access to underutilised physical assets, such as sharing one's home or car (Frenken and Schor, 2017^[55]), while the gig economy deviated from traditional long-term employer-employee relationship towards access to labour on a temporary basis and through independent contract work, often via online platforms (Scholz et al., 2021^[51]). The free and open software movement promoted free exchange and collaborative approaches to software development (Raymond, 1999^[56]), bringing large-scale projects such as Linux and Wikipedia that influenced people's perception of the viability of collective action in the digital world. Lastly, the cooperative movement provides the identity, values and principles that rule platform cooperatives, bringing people together to address their common economic, social and cultural needs and aspirations through an organisation that is owned and controlled democratically by all members (International Cooperative Alliance, 1995^[57]).

Figure 2.1. The emergence of platform cooperatives: At the intersection of many movements



Source: Authors' elaboration

Platform cooperatives offer similar services through similar technologies as conventional platforms, but they operate differently, relying on shared ownership and democratic decision-making. Platform cooperatives use digital environments (e.g. websites and/or mobile applications) in which their members, who are both the owners and the users of the platform, interact to exchange goods or services (Scholz et al., 2021^[51]). Two components are essential to define these initiatives, namely the existence of a digital interface and democratic ownership and control (Scholz et al., 2021^[51]; Saner, Yiu and Nguyen, 2018^[58]). In this perspective, platform cooperatives also include entities that adhere to the cooperative principles,¹ irrespective of whether they formally adopt the legal form of a cooperative (Mannan, 2021^[59]). Platform cooperatives implement alternative models for digital entrepreneurship, which can be featured as *collective* – relying on the participation of many actors; *social* – favouring people-centred approaches; and *local* – maintaining value created in local communities (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). They are therefore increasingly recognised as partners for public authorities and local communities to drive a fair and inclusive digital transition. Table 2.1 compares how platform cooperatives and conventional platforms active in the food delivery sector operate differently on a few dimensions.

Table 2.1. Comparing platform cooperatives and conventional platforms in the food delivery sector

	Platform cooperatives	Conventional platforms
Funding	Capital mainly from members of the cooperative. Revenues usually from different sources, such as memberships, contributions of restaurants, public subsidies and grants, volunteering, and other revenues from sales (e.g. services provided to business partners).	Venture capital allowing for the emergence and growth of new platforms. Revenues through commissions to restaurants and drivers, and initial public offering or other financial operations for additional funding.
Technology	Usually open-source solutions.	Protection of the code through Intellectual property and trade secrets laws.
Employment relation	Self-employed, employees or worker-members. Usually, no task-allocating algorithm and no rating and review mechanisms to avoid unnecessary competition among riders and placing the blame of operational dysfunctions on them.	Self-employed workers or employees. Extensive use of algorithm for price setting and task allocation. Rating and review mechanisms to rate, reward or fire drivers.
Operations	Bottom-up operations. Targeted and fitted towards the local level .	Top-down operations. Often standardised services replicated in similar areas (mainly urban).
Decision-making	Democratic and participative decision-making, usually allowing workers to participate in decision-making about their working conditions.	No involvement of workers in the decisions about the platform's terms of use and working conditions, such as price change or termination of operations.
Scaling	Potential for scaling through specific strategies , such as open diffusion of innovations, replication in other places and collaboration among platform cooperatives.	Internationalisation appears as an important objective, as it allows growth. This can lead to standardised processes and little local engagement .

Note: Not all platform cooperatives or conventional platforms operate as described in the table. The table points out how platform cooperatives or conventional platforms active in the food delivery sector may operate differently and does not provide a portrait applicable to all.

Source: Authors' elaboration

Shared ownership and democratic decision-making guarantee platform cooperatives operate according to their members' needs and capacities and favour community well-being. Like all cooperatives, platform cooperatives are established to realise the common economic, social and cultural needs and aspirations of their members (International Cooperative Alliance, 1995^[57]), which can include producers, workers and consumers/users. Many platform cooperatives implement "multi-stakeholder" models, encompassing various types of co-owners from local communities, such as workers, users, customers and institutional funders/partners such as businesses and public administrations (Schneider, 2018^[60]; Scholz, 2016^[50]). Cooperative members are both co-owners and users, meaning that they own

the capital of the cooperative and participate in collective decision-making on the strategic orientations while benefiting from the cooperatives' activities. Consequently, members of platform cooperatives can collectively control, develop and grow the platform based on their needs and capacities, which can bring benefits, such as easy access to data collected, worker protection, more equitable distribution of surplus to those contributing to value creation, and retaining money flows within local communities (Scholz, 2018^[61]; Scholz et al., 2021^[51]; Schneider, 2021^[62]). Research about platform worker cooperatives also identifies challenges, especially linked to low or unequal levels of member participation, as well as to the inability of platform worker-members to participate in decision-making about some types of issues relevant to their cooperative (Mannan and Pek, 2023^[63]).

Platform cooperatives emerged to provide alternative models for digital entrepreneurship and overcome market failures (Borzaga and Tortia, 2007^[64]; Hansmann, 1988^[65]). Specific features of digital markets may create market inefficiencies, such as imperfect circulation of information or market concentration. Lack of transparency about how a platform operates and collects/uses personal data may be associated with asymmetries of information. Network effects, which occur when platform users' experience improves with a growing number of users, can favour the emergence of large and concentrated platforms. The often-large upfront investments to develop online platforms also tend to favour large actors that can spread out these initial costs on a larger number of users. Situations where there is a concentration of actors may lead to unbalanced transactions for some users or to the exclusion of the most vulnerable ones (Spear, 2000^[66]; Noya and Clarence, 2007^[67]). This is where platform cooperatives can provide attractive solutions.

Platform cooperatives in practice

Platform cooperatives can be broadly classified into four types, emphasising different settings of collective ownership and management to meet the needs of their members. Platform cooperatives, while operating in numerous sectors (Box 2.1), can be broadly categorised as worker, producer, multi-stakeholder and data platform cooperatives, although some of these categories also apply to cooperatives that do not rely on digital interfaces. The worker type involves the workers owning the organisation and deciding how to manage it and distribute surplus when available, while the producer type centres around users and producers owning the platform and exchanging content, goods or services. The multi-stakeholder type emphasises cooperative ownership and management of community services, while the data type² focuses on pooling and storing data (Calzada, 2020^[68]). All these platform cooperatives typically correspond to what is commonly known as first-level cooperatives, i.e. mostly composed of individuals whose main purpose is to meet the needs of their members. These platforms tend to be small in size and number of users, which strongly contrasts with global conventional platforms that operate in similar sectors.

Box 2.1. Platform cooperatives have developed in many sectors

The Platform Cooperativism Consortium's Directory references about 545 projects active in a diversity of sectors across 49 countries, most of them being located in North America and Western Europe. These actors have developed in sectors as diverse as transport, delivery, childcare, data entry, urban recycling, accommodation, catering and agri-food.

- Active in the **ride-hailing sector**, the Co-op Taxi, operating in Edmonton (Canada), is the largest fleet in the area with 1 200 drivers, 560 vehicles and over 4 million rides a year. The employee-owned cooperative provides a digital interface as well as vehicles to the drivers, while sharing profit among its 70 stakeholders, mostly constituted by the cooperative's employees.
- In the **delivery sector**, the Spanish platform cooperative Mensakas offers various delivery services (last mile, food delivery, immediate delivery) for both private and professional customers. The cooperative was created by ex-riders from conventional food delivery platforms to implement democracy in decision-making processes and improve their rights and working conditions. The last-mile delivery services are directly supported by Barcelona City Council, which pushed for the creation of nine urban distribution centres managed by social economy organisations, among them Mensakas. Products are delivered through electric cargo bikes to reduce the carbon impact of the cooperative.
- In the **tourism sector**, the travel accommodation app Fairbnb charges a commission, half of which is used to fund projects in the local communities in which it operates. As of October 2022, Fairbnb has reached 1 800 listings across multiple destinations in 12 European countries. The platform is developing further destinations. Fairbnb also provides an impact calculator by using data on the prices and the number of short-term rentals in a given destination.
- In the **cultural sector**, 1D Lab is a French multimedia online platform cooperative that aims to increase the visibility and growth of independent artists and creators, and help the public to discover them. 1D Lab developed diMusic, the first fair music streaming platform that counted 7 million tracks by 400 000 artists and represented about 50 000 labels as of 2020, thus remaining a small actor compared with mainstream platforms. However, revenue from the subscriptions is distributed among beneficiaries and 10% is allocated to a solidarity savings fund that supports producers and funds community projects.
- In the **housecleaning sector**, Up&Go provides a platform through which users can book cleanings with worker-owners from three cooperatives based in New York City (United States): Ecomundo Cleaning, Brightly Cleaning Cooperative and Cooperative Cleaning of New York. Together, the three cooperatives represent 51 worker-members. These operate on a self-employment basis and receive 95% of their fees, namely USD 22.5 on average, which is about USD 5 higher than the average wage of the sector in the area. The remaining 5% is reinvested into the development and maintenance of the application. Up&Go adopts a participative governance model, where worker-owners actively engage in decision-making processes.

Platforms coops can also have transversal roles in the economy, especially in the support to freelancers and of small and medium-sized enterprises (SMEs). In the **support of artists and freelancers**, the cooperative Smart mutualises management, administrative, fiscal and legal tasks for independent workers. First developed for artists in Belgium in 1998, the cooperative extended its scope to all freelancers and proposes formal employment solutions to give independent workers access to the social protection linked to traditional employment. Since 2005, the cooperative uses an online platform to manage its activities and its community. In 2022, the cooperative formally employed 20 031 independent workers among its 34 163 members, with a turnover of EUR 189.5 million. From 2009, Smart's model expanded to other European countries, namely Austria, France, Germany, Italy, Spain and Sweden, through independent cooperatives that have access to financial and technical support from Smart Belgium to kick-start their activity. Altogether, the Smart cooperatives have a turnover of EUR 218.5 million.

Sources: <https://co-optaxi.com/>, <https://fairbnb.coop>, <https://www.upandgo.coop/>, <https://www.mensakas.com/>, <https://www.upandgo.coop/>, <http://1d-lab.eu/>, <https://smartbe.be/>

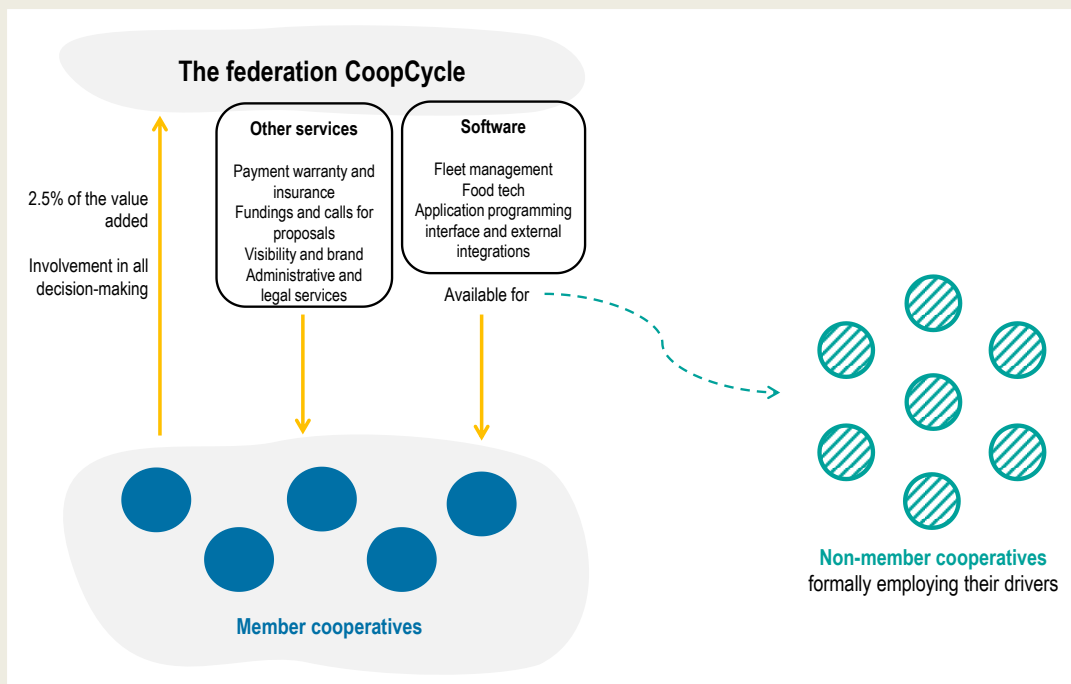
Second-level cooperatives are being formed to scale platform cooperatives through replication in different geographical locations. Cooperatives primarily operate from the grassroots, addressing in priority the needs of their members and local communities. When scaling, they need to maintain their focus on the pursuit of members' needs, local value and societal benefits, and keep their distinctive features, especially shared ownership and democratic governance (Rijpens, Jonet and Mertens, 2015^[69]). Second-level cooperatives, which are organisations whose members are first-level cooperatives, could bring together local cooperatives to collaborate and to pool resources to develop and maintain the platform (Cossey, Dedeurwaerdere and Périlleux, 2023^[70]; Mannan, 2020^[71]). Collaboration among cooperatives through such second-level organisations could maximise the capabilities of the cooperative movement by promoting knowledge sharing, enabling exchange of resources and services, facilitating common projects, and fostering the creation of national and international networks (Como et al., 2016^[72]). Additionally, this approach keeps local cooperatives accountable, embedded in their respective communities, and able to keep governance costs low. For example, the Open Food Network is an open-source platform that operates in 18 countries and follows cooperative principles. Its digital marketplace allows local food producers to form local supply chains to consumers or to collaborate with other farmers. Another example is CoopCycle, a federation of local worker cooperatives that provides an alternative to conventional platforms in the bike delivery sector (Box 2.2).

Appropriate scaling strategies, such as the strawberry field strategy or collaboration, may help platform cooperatives to improve or increase the positive impact on individuals, places and society. Increased membership, geographical expansion and digitalisation may weaken interactions among the cooperative and its members, potentially jeopardising the sense of co-operation and solidarity (Nilsson, 2001^[73]; Jones and Kalmi, 2012^[74]). To tackle this challenge, cooperatives can adopt scaling strategies other than growth in the size, such as diversifying activities, engaging in open diffusion of social innovations and digital infrastructure, or encouraging replication in other places, a strategy known as the strawberry field strategy (Grefe, 2008^[49]; Carbognin, 1999^[75]; Borzaga and Ianes, 2011^[76]). Although this scaling approach gives the original innovators less control over their initiative, it does enable them to maximise their impact while avoiding the potential downsides of expansion. Safeguards can also be established to ensure alignment with the purposes of the initial project, as illustrated by the example of CoopCycle (Box 2.2). Additionally, collaboration is proven to be an important scaling strategy for social economy organisations and platform cooperatives. Partnerships, for example through the formation of second-level cooperatives, can help them thrive by allowing joint investments, increased production and research and development capacities, mutual learning, and sharing of best practices.

Box 2.2. CoopCycle, challenging the gig economy from the bottom up

Founded in 2016, CoopCycle operates as a federation of 72 local bike delivery cooperatives operating in 12 countries. The French delivery platform cooperative provides local cooperatives formally hiring their drivers with a software and an application to support their delivery services. The platform cooperative intends to offer an alternative business model, different from what the gig economy provides, that relies on democratic governance, at both the local and the federation levels, and formally recognises their bike riders as employees. As shown in the figure below, CoopCycle is set up as a federation of local worker cooperatives in which resources are pooled, mainly for technology development, marketing and sales. This allows the local cooperatives to share costs, learn from each other and take advantage of network effects. Working modalities of the cooperatives and other business aspects are decentralised to the local member cooperatives. Non-members can also access the software if they comply with two criteria, namely operate as cooperatives and formally hire their workers as employees to avoid any worker misclassification.

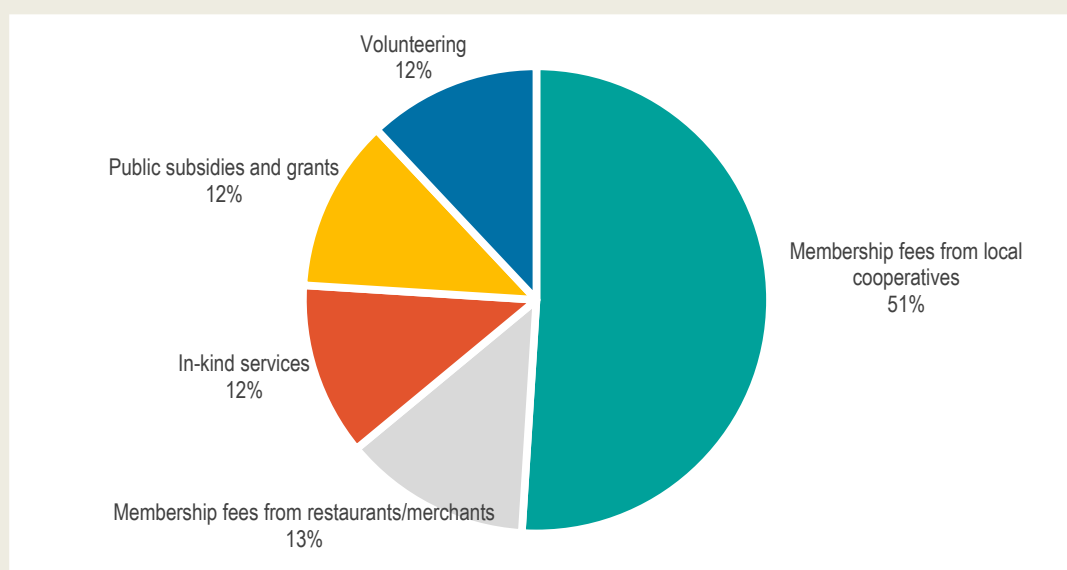
Figure 2.2. CoopCycle, organisational chart



Source: Authors' elaboration

- Funding:** The pooled services are funded by membership fees from local cooperatives, namely 3% commission of their turnover of the previous year. Other financial resources are required to cover operational costs and scale the initiative, which come from contributions from restaurants and merchants, revenues from services provided to business partners, public subsidies and grants (e.g. City of Paris, European and French regional subsidies) for the federation development, and volunteering.

Figure 2.3. Coopcycle's funding



Source: <https://coopcycle.org/fr/federation/>

- **Technology:** The platform software and smartphone application are developed through open-source technologies and made available to other users provided that they are a cooperative and formally employ the riders.
- **Employment relationship:** Workers are formally contracted as employees. No task-allocating algorithm, nor rating and review mechanisms are used to organise work in the platform cooperative. The quality control of work is managed through the employment relationship.
- **Decision-making:** Democratic and participative decision-making is organised in local cooperatives (horizontal decision-making involving riders) and at the federation level (local member cooperatives involved in every decision).
- **Scaling:** There is a potential for scaling at the federation level as the platform is non-rival and cost reductions can cancel out the increased costs of decision-making (e.g. economies of scale, brand recognition).

Sources: (Borzaga and lanes, 2011^[76]); (CoopCycle, n.d.^[77]) (Eurofound, 2021^[78])

Contributions to local development

Local development has attracted growing interest to achieve sustainable development, but it requires certain framework conditions, such as institutional leadership, long-term approach and collaboration, to be effective. Local development aims to provide a place, often a municipality or region, with the capacity to improve its economic future and the quality of life for inhabitants, in complement to national programmes (Clark, Huxley and Mountford, 2010^[79]; OECD, 2013^[80]; OECD, 2001^[81]). It can help in increasing job opportunities, reducing inequalities, maintaining supply of goods and services locally, and providing local communities with all necessary services and infrastructure (e.g. in housing, education, health and culture industries). The local level is also appropriate to experiment innovative approaches before being scaled up (OECD, 2003^[82]). Effective local development depends on a set of framework

conditions, including institutional leadership, available resources and infrastructure, and long-term vision, as well as ongoing collaboration among local actors (OECD, 2013^[80]; Greffe, 2008^[49]).

Platform cooperatives operate from the grassroots, favour a long-term vision, and initiate local collaborations to provide services and infrastructure, thereby helping local development. They implement business models based on shared ownership, democratic and participative governance, and proximity with their members and communities. They also primarily address their members' and communities' needs and aspirations and are not committed to maximisation of return on capital. These specific features allow them to stay attuned to local needs of communities but also to favour long-term perspectives and voluntarily integrate social and environmental concerns into their mission and accountability (Greffe, 2008^[49]; OECD, 2023 forthcoming^[48]; Noya and Clarence, 2007^[67]). They can therefore develop activities that benefit local development and society but may appear as less profitable from a capital investor's perspective. This is also encouraged by shared ownership and participative governance, which often involves multiple actors, such as donors, consumers, users and public authorities (Nicholls, 2010^[83]).

Platform cooperatives are responsive to local economic and social needs, and tend to favour positive benefits for communities and places. Like other social economy entities, they engage with communities and thereby develop a fine understanding of local needs and challenges (Noya and Clarence, 2007^[67]), also through accessing information from the grassroots that would not be available from national level. This enables them to mobilise local resources and offer tailor-made solutions, grown from the local populations' aspirations and needs. They usually serve local markets and can therefore improve the provision of local goods and services, which can help retain incomes in the locality (OECD, 2003^[82]). While conventional platforms tend to centralise value and return it to the platform's owners with limited effects on local wealth building, platform cooperatives will favour maintaining value locally through investment in local projects and infrastructure. This is also reinforced by the cooperative membership, which is usually made up of local residents who will circulate the surplus within the community (Dubb, 2016^[84]). Arising within local communities, platform cooperatives also usually pay attention to conducting their activities in such a way that minimises negative effects and nuisances, such as unfair conditions for formerly established operators, increased pressures on public space and reduced housing opportunities at affordable prices.

Numerous examples are illustrative of how platform cooperatives adjust to local conditions, which often goes along with additional benefits for communities and can help reduce barriers for new platform cooperatives. The platform cooperative Fairbnb, founded in Italy and currently offering accommodations in 12 countries throughout Europe, promotes sustainable tourism (Spier, 2022^[85]). Regulatory compliance and collaboration with local authorities are a priority when establishing in a place, as well as developing through bottom-up initiatives supported by groups of citizens (referred to as "local nodes"). When operating, it also reinvests a substantial amount of its revenues in local, social projects. Through its approach, Fairbnb is seen as a partner for cities and regions to develop towards a more sustainable form of tourism (Mannan and Pek, 2021^[86]). Likewise, CoopCycle is illustrative of how platform cooperatives adjust to local conditions (Box). Similar initiatives, such as Mobility Factory, active across Europe to facilitate car sharing, have used such collaborative and modular approach to technology development, which substantially reduces entry barriers for new local initiatives and allows for accommodating to local contexts (Cossey, Dedeurwaerdere and Périlleux, 2023^[70]).

Platform cooperatives can help local development in general through expanding social innovation and favouring alternative approaches, such as community wealth building. They can mobilise local actors, including public authorities, social economy entities, SMEs, researchers and citizens, and facilitate their collaboration, which contributes to successful local development approaches (OECD, 2001^[81]). Through fostering social innovation, platform cooperatives allow for the experimentation and design of place-based solutions to collective needs, including the development of common (digital) infrastructure. They also rely on community-based approaches and provide forms of businesses that allow for community ownership and control, meaning that actors in the community, including citizens, can get involved in their

operations and decision-making processes (Dubb, 2016^[84]). Thereby, they help distribute resources more equally among communities and favour the involvement of vulnerable groups to shaping local development approaches. They also develop new types of interactions, for example with local authorities who can actively participate in these platforms through public investment or in-kind contributions. For example, the French car-sharing cooperative network Citiz is supported by local authorities through various channels, including the provision of capital, commitment to use, financing of installations, and support for development and communication.

Platform cooperatives can also help local development in specific areas, for example by supporting the provision of local services in places that may not be attractive to conventional platforms, such as rural areas or less-affluent regions (Mannan and Pek, 2021^[86]; Dubb, 2016^[84]). Platform cooperatives are well placed to reach the disadvantaged groups and neighbourhoods being targeted by local development approaches (Greffe, 2008^[49]). In the same way that cooperatives played an integral role in developing rural utilities in many countries (e.g. in the United States during the mid-1900s), platform cooperatives can unite local communities around initiatives to channel collective community-based investment in common digital infrastructure, such as open-source solutions to support shared mobility infrastructure. Having access to digital infrastructure developed by second-level cooperatives, once available, can empower local communities in other contexts to use and adjust it to local conditions, thereby developing activities in a cost-effective way (Cossey, Dedeurwaerdere and Périlleux, 2023^[70]).

The inclusion of specific groups, such as women or young people, can be among the goals that platform cooperatives can help to achieve. They can foster local development by empowering women and giving them leadership roles in their communities (OECD, 2023^[87]). The use of technology allows women to connect, access information, and share resources and knowledge. Pooling their work and capital in platform cooperatives, as well as data, puts women in a stronger position to negotiate for their interests (Kapoor and Vaitla, 2022^[88]). Likewise, digitalisation can also bring opportunities to involve young people in local development strategies if obstacles to their participation, such as limited access to financial resources and skill gaps, are reduced (OECD, 2022^[89]).

Platform cooperatives can also support the provision of goods and services in times of crisis. For example, in Türkiye, platform cooperatives, such as NeedsMap launched in 2015, have been instrumental to organise solidarity channels and distribute aid and other resources to those affected by natural disasters. Likewise, the COVID-19 crisis demonstrated how platform cooperatives can contribute to community resilience, when lockdowns disrupted supply chains and social interactions. Local solidarity initiatives emerged, such as the provision of essential services for vulnerable groups and local production of protection equipment (OECD, 2020^[90]).

Opportunities and challenges of platform cooperatives

Digital technologies in cooperatives can bring significant opportunities for them to address their members' needs and fulfil their societal objectives. The use of e-governance tools (e.g. e-voting systems, digital interfaces for communication) can strengthen member and community participation despite geographical distance or large number of members, which can ultimately enhance decision-making quality (Mannan and Pek, 2023^[63]).³ New technologies could also increase interactions and collaborations among cooperatives and reinforce the cooperative sector using platforms or establishing second-level platform cooperatives (Cossey, Dedeurwaerdere and Périlleux, 2023^[70]). Additionally, cooperatives can innovate their business models through new forms of sharing and of solidarity and collective action using new technologies (Brülisauer, Costantini and Pastorelli, 2020^[91]; Scholz et al., 2021^[51]). Ultimately, the use of technology can bring cooperatives closer to fulfilling their mission by allowing them to mobilise community resources, renew their ways of operating, develop new markets and scale their efforts to accomplish their social, economic and environmental goals (Como et al., 2016^[72]; Scholz et al., 2021^[51]).

Platforms also offer opportunities for networking and collaborations that can benefit social economy actors as a whole by increasing community engagement and fostering collaborations with public and private actors (European Commission, 2020^[92]).

The scale of platform cooperativism remains limited and leveraging its full potential requires overcoming a range of challenges. Like other social economy organisations, challenges of platform cooperatives include:

- lack of awareness that cooperative models exist and can provide solutions to shortcomings of conventional platforms, such as negative effects on places and poor working conditions
- access to appropriate financial instruments to support their emergence and expansion
- constraining or inadequate legislative frameworks
- scarce business support and capacity-building initiatives tailored to cooperative entrepreneurship.

The digital dimension can also exacerbate some of these challenges (van Doorn, 2017^[93]), **especially financial ones.** Access to finance, which includes capital raising, is among the main challenges for growing platform cooperativism (Borkin, 2019^[94]; Philipp et al., 2021^[95]). The digital infrastructure requires significant investments that cooperatives may struggle to access (Schneider, 2021^[62]) through conventional financial mechanisms, such as venture capital, because of their features, including shared ownership and limitations on profit distribution. Without proper investment infrastructure, business development support, as provided by accelerators, incubators and mentorship programmes, can be missing (Schneider, 2021^[62]). As platform cooperatives usually favour local dimension and remain relatively small in size, they may have difficulties providing a cost-competitive offer in an industry characterised by economies of scale and network effects (McCann and Yazici, 2018^[96]). They may also struggle to attract and retain technical profiles.

Platform cooperatives may struggle to compete with conventional platforms and could focus on a subset of platform economy activities in which they can play to their strengths, including shared ownership and local roots. As they may have difficulties to provide a cost-competitive offer in an industry characterised by economies of scale and network effects, they may prioritise activities that build on their advantages, such as providing alternative models and propositions that respond to consumer aspirations for ethical behaviours or that reinforce social and non-monetary benefits for communities, such as social cohesion and pride in place. Platform cooperatives provide models to put resources, skills and labour in common, for example for individuals to increase their negotiation power, or for local cooperatives to co-develop a platform and share the technological costs. In this way, they can support digitalisation of cooperatives and other social economy actors. Their involvement in local communities as well as shared ownership and democratic governance can be perceived as valuable factors of differentiation by local authorities and communities. In the United Kingdom, successful platform cooperatives are reported to be those able to attract grant funding by demonstrating that they are working in a local community, supporting and protecting them. Furthermore, platform cooperatives can provide goods and services in niche sectors, for example mediating transactions rooted in local contexts, or complement services provided by conventional platforms. They can also foster collaboration among cooperatives, and within the social and solidarity economy more widely, opening new paths for development.

Notes

¹ The cooperative principles defined by the International Cooperative Alliance (1995^[57]) include voluntary and open membership; democratic member control; member economic participation; autonomy and

independence; education, training and information; co-operation among cooperatives; and concern for the community.

² Data platform cooperatives can help address shortcomings about data collection, management and use, which may contribute to increase citizens' trust in new digital tools (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). They are explicitly established to govern the data of their members and constitute an alternative model for personal data exchange that relies on voluntary, collaborative pooling by individuals of their personal data for the benefit of members or communities (Pentland and Hardjono, 2020^[52]; Bühler et al., 2023^[53]). An example of such data cooperatives is provided by MIDATA.coop in Switzerland, jointly created by ETH Zurich and Bern University, with the purpose of enabling access to personal health data for research purposes (Blasimme, Vayena and Hafen, 2018^[54]).

³ A study relying on interviews with managers and founders of platform worker cooperatives revealed that increasing member participation is a core objective as it helps to ensure responsiveness to concerns about working conditions; to enhance the quality of decision-making by involving a broader set of members, including those who had traditionally been marginalised; and to foster members' capacity development. Digital tools, especially those that allow for the creation of virtual communities and for the attendance to meetings and working groups, can help foster member participation (Mannan and Pek, 2023^[63]).

3 Policy orientations

Policy makers at the national and subnational levels can support the emergence and development of platform cooperatives and help to leverage their potential in the digital transition. Several levers, often at the crossroads of multiple policy areas and jurisdictions, are available to support platform cooperatives as strategic allies for local development and community wealth building. Policy orientations can contribute to position platform cooperatives as alternative models, to consolidate their business models and to foster their contributions to local development. They can build on measures that already support cooperatives or the digital transition of firms while paying attention to making them available to platform cooperatives and adjusting them to their features, such as shared ownership, local roots and specific scaling strategies. Adopting an integrated approach is also required to ensure that policies designed to influence area-based development are not taken in isolation.

Positioning platform cooperatives as alternative models

Policy makers can increase the recognition and visibility of platform cooperatives to position them as alternative models to conventional platforms. Creating awareness within local communities about platform cooperatives is a necessary condition to make sure they are visible and can attract funders and users. Policy makers can organise promotion campaigns or awards for such initiatives to feature success stories, as well as use their services. They can also clearly identify platform cooperatives in strategies, which can also drive policy coherence and allow for cross-cutting policy measures. As many countries, regions and cities publish strategies and action plans to support the digital transition of firms, recognising the specific contributions of platform cooperatives could help position these actors as an alternative option. Public recognition can also support the implementation of appropriate policy support. In Barcelona, the initiatives La Comunicadora and MatchImpulsa aim to raise this awareness and demonstrate the value and relevance of cooperative models in this area (Box 3.1). When the cooperative movement, or the social and solidarity economy (SSE), is already well-established and benefits from public recognition, platform cooperatives can have a better chance to emerge and succeed. For example, in France and Spain, the well-developed social economy ecosystems serve as a reference point to provide resources for supporting the emergence of platform cooperatives.

Policy makers could also help to build the evidence base on platform cooperatives to better understand their size, scope and added value in the digital transition. Data collection on platform cooperatives is scarce. Yet collecting data and producing statistics on platform cooperatives can help document their economic, environmental and social impacts, including at the local level (Pentzien, 2020^[97]; Bunders et al., 2022^[98]). It can also enhance their visibility, better demonstrate their contribution to local development and help to assess the effectiveness of policy actions. In addition to building the evidence base, policy makers can initiate or support research programmes to refine knowledge on the impacts of platform cooperatives as well as better understand their added value according to the type of business model implemented and the sector in which they operate. This would help orienting practice and policy efforts towards making the most of the platform cooperatives' contributions to local development and other aspects of the digital transition. In parallel, policy initiatives can also be implemented to improve the development of appropriate impact measurement practices and methodologies. This can help platform cooperatives gain more visibility, demonstrate their benefits and prompt more efficient policy measures.

Box 3.1. Co-designing better policies for platform cooperatives at the local level: The case of Barcelona

Barcelona City Council is raising awareness on these alternative models by supporting the development of cooperatives, including platform cooperatives, at the local level. In the last seven years, Barcelona City Council, through the mayor's commissioner for Social Economy and Local Development and Consumption and Barcelona Activa, has implemented a series of actions targeted to platform cooperatives, and more broadly to social economy. In 2021, the programme MatchImpulsa was designed with the objective of promoting and scaling up platform cooperatives. The three-phase programme accompanied 100 projects in its first phase to rethink and improve their digital strategies. In the second phase, 20 projects were selected to lead them towards the creation of a platform through training and assistance. The last phase selected nine projects to be prototyped and financed. The innovative financing scheme combined crowdfunding and public subsidies, with the City of Barcelona doubling contributions, mostly from individuals, up to EUR 10 000 per project. Out of the initial pool, eight projects received a total of EUR 125 312, 68% of which was contributions made by the City Council.

To design fitted local policies for platform cooperatives, Barcelona City Council includes diverse actors in the drafting and implementation of its strategies, decrees and subsidy schemes. In 2016, the Barcelona Colabora (BarCola) working group was created as a co-initiative between the City Council and the platform economy ecosystem. BarCola aims to study, promote and make recommendations around the platform economy. It includes academic research institutions, social organisations, businesses, platforms and public representatives. BarCola played a central role in the design of MatchImpulsa, which was initiated from one of their suggestions. In addition, the group organised a three-day gathering (called "unconference") where over 400 participants shared ideas and co-created about 120 public policies proposals to foster the local platform economy environment. These were further discussed online, and included in the Municipal Action Plan, a temporary process gathering over 10 000 proposals for public consultation. The consultation was organised on Decidim, a digital participatory and community-based platform, used for public participation processes by Barcelona City Council. More than 70% of the proposals were accepted through this process and considered by the City Council.

Barcelona's innovative schemes for co-creating better policies for the platform economy have inspired others, both at the national and European levels. The platform Decidim, born in Barcelona, is now used by 240 public institutions (cities, regional and national governments, international organisations) and 150 civil organisations in 30 countries to allow for democratic participation in their decision-making processes. Overall, the platform hosted over 100 000 proposals in 427 processes. Goteo, the Barcelona-based platform that hosted the MatchImpulsa final phase, is now active throughout Europe with 300 000 users and over EUR 17 million raised. Finally, Barcelona took part in the Decode project for increased data ownership and protection for citizens. The European Union-funded project created citizen-owned and -designed platforms that gather demographic data to improve the design of public policy proposals on Decidim.

Sources: (Fuster Morell and Senabre Hidalgo, 2020^[99]); (MatchImpulsa, 2021^[100]); (Goteo.org, n.d.^[101]); (Procomuns, n.d.^[102]); (Balcells et al., 2019^[103])

Strengthening platform cooperatives as viable business models

Helping to establish fair competition among online platforms, small and big players, conventional and cooperative ones, can contribute to a fairer digital transition. The features of the platform economy, including the strong network effects, can introduce a risk that platforms achieve dominant market power, thus distorting competition (OECD, 2021^[11]; OECD, 2020^[12]). The centrality of online platforms in certain markets can go hand in hand with the imposition of constraints that limit the intensity of competition (OECD, 2022^[104]). Following a “move fast and break things” approach, conventional platforms have sometimes entered new places outside existing regulations (Brail, 2018^[9]; Chesterman, 2020^[10]), in some cases because these regulations were not adapted to the specific situation of online platforms. Several countries and cities have approved regulations that enable online platforms to legally operate. In other contexts, such platforms have been forbidden to operate to avoid unfair competitive conditions and negative effects on local communities, as is the case in localities in Canada, Germany, Japan, the Netherlands, Spain and the United States (Brail, 2018^[9]; Saner, Yiu and Nguyen, 2018^[58]; Schneider, 2021^[62]). Within this policy dilemma, namely reaping the benefits of new technologies while minimising their negative effects, platform cooperatives can help achieve both when provided with the enabling conditions to emerge and grow. Policy frameworks can be adjusted to reduce regulatory barriers and competition distortions that may arise in certain markets (OECD, 2022^[104]; OECD, 2021^[11]; Schwellnus et al., 2019^[105]).

Legal frameworks

Platform cooperatives operate in a complex regulatory context that may benefit from legal adjustments to accommodate their twofold nature as cooperatives active in the digital world. They can be subject to different regulations that comprise cooperative laws or SSE-specific legislation, regulations on digitalisation and data protection (as platform economy actors), and regulations on taxes, labour and competition (as economic actors) (Pentzien, 2020^[97]). It may be necessary to assess to what extent existing regulations facilitate or constrain the development of platform cooperatives. Policy makers could evaluate whether existing laws sufficiently reflect the needs and operating mechanisms of platform cooperatives. Adjustments to long-established cooperative laws might also be required (Box), especially in some jurisdictions where general or sectoral cooperative laws might constrain the emergence and development of platform cooperatives (Mannan, 2021^[59]). The 2012 revision of the Act on Cooperatives in Korea provides an example of a legislation that has simplified the requirements to establish a cooperative (e.g. reducing the number of founding members, limiting the involvement of public authorities, facilitating conversion of existing businesses into cooperatives, favouring societal benefits and co-operation within the cooperative sector) (Mannan, 2021^[59]). This resulted in a significant increase in the number of cooperatives being registered (about 7 100 new cooperatives within the first 30 months of the revision enactment), a large part of which were freelancers’ cooperatives active in the cultural and tech industries (Jang, 2016^[106]).

Legal adjustments may also be required to allow platform cooperatives to operate efficiently in the digital space as well as to ensure ethical stewardship of data. Operating in a digital space might require organising the interactions among the cooperative members but also with other stakeholders, such as institutional funders, on a digital basis. Allowing online voting systems in general assembly but also online registration of (platform) cooperatives for their constitution might facilitate their emergence and operations. In 2020, Italy allowed cooperatives to hold remote general assemblies as a preventive measure against COVID-19. The measure, which also regulates online and postal voting for the members, was extended several times until 31 July 2023. Making this type of measure permanent could help platform cooperatives function effectively across various locations. Data privacy law is another area where policy makers can provide clarity on how platforms, including cooperative ones, can source, refine and use data (Pentzien, 2020^[97]; Calzada, 2020^[68]). Some cities are pioneering in this regard. For example, the network

Cities Coalition for Digital Rights, made up of over 50 cities worldwide, provides peer learning on digital rights-based-policy making and advocates for the ethical use of data to protect citizens from the risks inherent in new, data-intensive technologies.

While platform cooperatives often respond to locally emerging issues, their operations may entail a transnational component through their membership base or the scope of their activities. They can operate across several countries or comprise members resident in multiple jurisdictions (Mannan, 2021^[59]). The transnational element should therefore be accounted for as policy makers shape the regulatory frameworks in which platform cooperatives operate. Legal frameworks for cooperatives were designed for local or regional settings with relatively stable memberships (Schneider, 2021^[62]). There is a need to ensure flexible incorporation through legal forms and statuses that allow globe-spanning communities with diverse types of stakeholders, including individuals, firms and public sector, to participate (Sahan and Schneider, 2023^[6]; OECD, 2023 forthcoming^[107]; Kumar, 2023^[108]). The European Cooperative Society can facilitate cross-border collaboration by providing a legal framework for the establishment of a transnational cooperative that would be recognised equally in several European countries, but very few European Cooperative Societies have been incorporated so far (Mannan, 2021^[59]; Schneider, 2021^[62]). It might be helpful to assess whether existing regulations support international membership to facilitate platform cooperatives' expansion across jurisdictions. This can call for a legislative benchmarking study to evaluate the friendliness of different jurisdictions towards platform cooperatives at national or subnational levels.

Box 3.2. Adapting existing frameworks for platform cooperatives: French cooperative laws

With the fast development of the gig economy, the French government recognised the cooperative as a model to combine new labour possibilities brought by platforms and the protection of worker rights. Although no specific legislation was created, the existing regulatory framework for cooperatives allowed for platform cooperative development. The French cooperative law dates to 1947 but has evolved multiple times since. In 2001, the Cooperative Society of Collective Interest (Société Coopérative d'Interêt Collectif [SCIC]) status was created, and in 2014, the Law on Social and Solidarity Economy introduced the Cooperative for Activity and Employment (Coopérative d'Activité et d'Emploi [CAE]). These two forms are non-exclusive and can be combined to fit the needs of platform cooperatives.

The CAE and the associated Contrat Entrepreneur Salarié Associé (Associate Entrepreneur Salaried Contract) renders the cooperative legal form particularly attractive for platforms. It gives workers the opportunity to be entrepreneurs, salaried employees and members-owners in the cooperative at the same time. After a test period, the entrepreneur becomes an employee, benefiting from the legally attached protections and advantages. This status is immediately available to be used by platforms that want to become cooperatives and platform cooperatives willing to provide social protection and better labour conditions to their workers and members. The 2020 Rapport Frouin recommends promoting and disseminating this lever in the design of the platform economy.

To complement this status, cooperatives in France can be legally defined as SCIC, putting forward their societal impact. It affirms the social component of some cooperatives and their goals to pursue the general interest, beyond their members' interests. The SCIC also allows for the involvement of multiple actors, including workers, producers and users, but also private legal entities and public authorities, the latter being allowed to take participation up to 50% of the cooperative's capital. The explicit social mission, combined with shared ownership and work flexibility, renders the use of both statuses together – the SCIC and CAE – particularly attractive for platform cooperatives. However, engagement around these two forms is still low, with 1 060 SCIC and 155 CAE registered in 2020.

Sources: (Fédération des Coopératives d'Activité et d'Emploi, n.d.^[109]); (Confédération générale des Scop, n.d.^[110]); (Frouin, 2020^[111]); (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8])

Access to finance

The emergence and development of platform cooperatives can be encouraged through appropriate financial instruments. Financial support, in the form of loans, grants, subsidies or calls for projects, already exists for cooperatives or to support the digital transformation of firms. An option is to make sure that these financial schemes are adapted and made available for platform cooperatives, considering their specific features such as digital infrastructure, shared ownership, small and medium size, and possibly transborder dimension.

Covering upfront investment needs in digital infrastructure is also critical as platform cooperatives often lack access to capital because of their shared ownership model, where conventional tech entrepreneurs typically rely on venture capital to fund their start-ups' development until they have an established user base (Schneider, 2018^[60]). This type of risk capital is usually not available for cooperatives, which are largely self-financed by members. One option is to permit the involvement of "investor members" if the cooperative legislation allows it, which can be coupled with limitations on voting power, distribution of dividends and interest rates (Mannan, 2021^[59]) to maintain the not-for-profit nature of cooperatives. In France, the Cooperative Society of Collective Interest (Société Coopérative d'Interêt Collectif [SCIC]) status allows multiple actors, including workers, producers and users, as well as private legal entities and public authorities, to participate in the capital. Public funding could also be linked to requirements for (partial) open-source sharing of the developed technology, which contributes to the development of digital commons and benefits society as a whole. Establishing a publicly supported guarantee system could incentivise the financial industry to invest in platform cooperatives and community ownership models. In Colorado (United States), a loan guarantee programme for employee ownership conversions has created a model for shared ownership equivalent to that of investors in stock markets.

Improving access to finance can also connect with the importance of building and strengthening community-based and cooperative finance. Cooperatives, and more widely social economy entities, are already active in the financial sector, providing sustainable finance, that is financial products to support community-based activities alongside social inclusion and ecological transition. These financial institutions, such as cooperative banks, credit unions, savings and credit cooperatives, microfinance institutions, and solidarity finance institutions are at the forefront to finance community-based initiatives to favour fair and inclusive digital transition. For example, the Réseau d'investissement social du Québec (RISQ), a non-profit organisation funded by both private and public partners, facilitates financial support for social economy organisations. In 2022, RISQ granted a CAD 100 000 (Canadian dollars) loan to Radish, a platform cooperative active in the food delivery sector, to support Radish's efforts in fostering a more equitable relationship among restaurateurs, delivery people and consumers (Réseau d'investissement social du Québec, n.d.^[112]). Moreover, collaborative finance and local community-based crowdfunding can also contribute to this effort with citizens directly financing platform cooperatives without intermediaries. Policy makers can play a role in strengthening the community-based and cooperative financial sector as well as facilitate citizen's financial contributions through crowdfunding for example by adopting appropriate incentives (see Box 3.1). Policy instruments that could help de-risk investments in platform cooperatives could also help, as the risky nature of digital markets can dissuade individuals from participating in platform cooperatives' capital and thereby taking substantial risks.

Fiscal frameworks

Fiscal frameworks and tax incentives can be important tools to enable the emergence of platform cooperatives and channel investment efforts towards these initiatives. Tax incentives can be used to encourage investment in such projects or to transfer digital technologies and expertise from the private sector to platform cooperatives, and more widely the social economy, for example through on-the-job training (European Commission, 2020^[92]). There are wide differences in terms of fiscal frameworks and tax incentives between jurisdictions, which may affect the development of platform cooperatives. While conventional platforms may incorporate wherever the tax base is best for them, platform cooperatives will favour establishing

themselves in the local community where their member base is situated. Yet some countries, such as Greece, Hungary, Italy and Spain, provide fiscal benefits, for example through tax reduction, for certain types of cooperatives. Securing access to this type of measure to platform cooperatives could help them grow.

(Digital) capacity building

Dedicated business development support is required to support platform cooperatives to emerge and grow, especially in early stages. Business development support structures, such as hubs, incubators and accelerators, that provide training, coaching, consultancy, office space and networking opportunities, may be in short supply in the cooperative sector (Schneider, 2021^[62]) while platform cooperatives initiatives, especially at early stages, “are finding their feet in hypercompetitive markets” (Mannan, 2021^[59]). Policy makers can leverage public funding to support the creation of targeted business support and programmes as well as foster complementarities between support structures. Launched by Cooperatives UK, UnFound provides business support to platform coop founders through diverse programmes, including the UnFound Accelerator and the Platform Co-ops Now online course, run in collaboration with Mondragon University (Basque Country, Spain) and the New School (New York, United States). Likewise, Start.Coop aims to grow the cooperative entrepreneurship pipeline and strengthen the cooperative ecosystem through an accelerator and other dedicated programmes.

Supporting the development of open-source software is important for the development of platform cooperatives, and more widely to support digitalisation of social economy actors. There is a need for technological resources and sharing of protocols to help platform cooperatives, which requires additional co-ordination efforts among technology developers at the global level as well as strategic investments, including by public authorities, in the long run. Many European governments are supporting the development of open-source software to make it widely available, as well as the establishment of networks of open-source builders. Public support for the development of open-source technology can generate efficiency gains as it can also benefit state-supported (social) services (European Commission, 2020^[92]). Since 2012, Italian administrations are legally required to prefer open-source solutions in their digital procurements. France implemented similar policies, in addition to creating networks and platforms for collaboration among educational institutions, governmental agencies, associations and companies on the development of open-source software (European Commission, 2021^[113]). There is also a need to guarantee compatibility and interoperability among various platform cooperatives available in a given place to enable local users to have access to all of them without undergoing discouraging switching costs (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). Supporting investment in robust cybersecurity measures, regular audits and user education can also help to mitigate potential risks, such as data breaches, phishing attacks, malware and ransomware attacks, or fraudulent transactions.

While supporting increasing digitalisation, policy makers also have a crucial role to address the digital divide in infrastructure, access and skills, in partnership with social economy actors. The digital divide can be a barrier because of insufficient internet coverage, improper internet connection, lack of digital skills, or limited access to affordable mobile phones and digital tools. Some regions, especially rural areas, and some groups of individuals, for example women in some countries, are more vulnerable to this digital gap. Policy makers can address digital gaps through policy design in collaboration with citizens. Such approaches can guarantee that the people’s needs are taken into account, thereby preventing exclusions in the delivery of digital services, as recommended by Australia’s myGov Platform User Audit (Australian Government, 2023^[114]). Furthermore, policy makers can help build the necessary infrastructure to improve access to Internet in all regions, including remote areas, as well as to facilitate access to digital devices. Supporting platform cooperatives and providing them with funding to develop their technology, which in turn can be shared with local communities, can reduce the digital gap. Social economy actors are also active in tackling the digital divide by providing educational programmes and trainings to support digital skills development as well as making digital tools and devices affordable for all. Supporting these actors is another option for policy makers to address the digital divide.

Reinforcing platform cooperatives as drivers of local development

Policy makers can facilitate local experimentation and strategic partnerships among local authorities, platform cooperatives, social and solidarity economy actors at large, researchers and businesses. There is a need to support high-potential pilot projects and experimentation of novel solutions to drive inclusive and fair digital transition (OECD, 2021^[115]). Public authorities could be facilitators of these collaborations among local actors by initiating these dynamics (e.g. through hackathon-style events) as well as through financial support and in-kind contributions (e.g. providing spaces for meetings). This can encourage the mobilisation of local actors, a common understanding of the local challenges, the generation of innovative proposals for action and the experimentation of platform cooperatives that respond to local needs, relying on local resources and competencies to help develop and consolidate their business models (OECD, 2001^[81]). Such collaborations among local actors can act as catalysts for local development strategies, as well as to support the expansion of platform cooperatives in areas less served by conventional platforms, such as medium-sized cities and rural areas (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). These collaborations can also draw on the ideas, resources and commitment of local actors to pilot platform cooperative initiatives before replication in other localities or scaling up at the national level. This might require not favouring a national policy approach but rather encouraging local initiatives and policy developments and supporting mutual learning among experiences in local places.

Supporting partnerships among local actors and involving them in local development strategies provides opportunities for co-designing policies and improving their effective implementation. The co-creation of policies allows citizens and local actors to add value to economic development and social policies, leading to policy solutions aligned with specific local conditions as well as to more effective implementation and support for these measures (OECD, 2001^[81]). It is also a way to collect feedback on the effectiveness of the actions that are undertaken locally and to contribute to building the evidence base to inform policy making. For instance, the city of Barcelona created such spaces and dynamics for co-creation of policy, enabling more support and implication from citizens and local actors (Box).

Local authorities can also actively engage in setting up platform cooperatives, and their involvement can take various forms, such as participating in the capital or using public procurement. The options include a participation in the capital of these platform cooperatives,¹ public support to cover investment needs in infrastructure and the use of their services to guarantee a certain amount of activity (La Coop des Communs; Institut pour la recherche du groupe Caisse des Dépôts, 2020^[8]). In doing so, public authorities can facilitate the platform cooperatives' access to collective resources (public space, land, buildings, knowledge, etc.), through measures such as procurement and better access to finance, thereby recognising their potential to organise and manage these resources in a socially and environmentally responsible way. For example, the French car-sharing cooperatives network Citiz is supported by local public authorities through various channels, namely the provision of capital, commitment to use, financing of installations, and support for development and communication. Likewise, the county (*département*) of Seine-Saint-Denis (France) decided to take a stake in an upcoming drivers' platform cooperative by granting EUR 25 000 for its creation. Similarly, the city of Bologna has collaborated with other actors in the local ecosystem, including the Foundation for Urban Innovation, the University of Bologna, social economy actors and businesses, to create Consegne Etiche, a platform cooperative providing home delivery services while respecting workers' rights and environmental sustainability. Public authorities can also set up local alternative projects that can afterwards transform into platform cooperatives owned by local communities (Box 3.3).

Box 3.3. Platform cooperatives supporting the public transportation network: Yatri and AuSa (India)

Kochi Metropolitan Transport Authority (KMTA) introduced public platform cooperatives for taxi and rickshaw* rides to improve mobility and drivers' working conditions. KMTA was created in 2020 as the first public authority in India to manage the public transportation system of a city. Designed as a community-centric institution, KMTA created two platform cooperatives, with two applications aimed at first- and last-mile transportation. Yatri proposes taxi rides, and AuSa is centred in auto rickshaw rides. Although developed by the public sector, both entities use the platform cooperative structure. They are owned by their workers (the taxi and rickshaw drivers respectively for Yatri and AuSa). The development of the application and the following technical support is operated by KMTA, although decisions are made by the members. This allows both platforms not to take any commission on the drivers, as their operational costs are supported by the public sector.

The cooperative model provides social protection and advantages to the workers without the complexity linked to public employment in KMTA. Members enjoy a series of advantages, such as minimum wage, pension plans and a six-day work week. Fuel procurements are pooled, and the platform cooperatives propose a vehicle lending system for drivers, such as students or others, who do not have a car for the time of shift. The apps provide first- and last-mile connectivity to the public transportation system, as well as traditional mobility services with safety insurances. For now, costs, such as cloud hosting, are assumed by the KMTA, levelling the field for the two platforms against competitors.

The recent initiatives have yet to fully develop. Around 2 200 auto rickshaws have joined the AuSa cooperative, whose launch was delayed due to the COVID-19 pandemic. The integration of the two platform cooperatives to the broader public transportation system gives them a critical advantage to compete against the conventional platforms. Yatri is now an important actor of the transportation industry in the region, operating over 15 000 daily rides, with 45 000 drivers having joined the platform. While still being shaped, these new hybrid models provide local development opportunities and are easily implementable for local authorities.

* Rickshaws are two- or three-wheeled passenger carts widely used in Asian cities.

Sources: (Bardia and Scholz, 2022^[116]); (OpenKochi, n.d.^[117])

Note

¹ In some countries, new cooperative legal forms have been established to enable multiple actors, including public authorities, to formally participate in cooperatives and allow cooperatives to pursue the general interest, beyond the mutual interest of their members (OECD, 2022^[119]). The “collective interest cooperative society” established in 2001 in France, the “social cooperative” established in 1991 in Italy and the “solidarity cooperative” created in 1997 in Quebec (Canada) are examples of this trend.

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