



SEOUL 2001
GENERAL ASSEMBLY

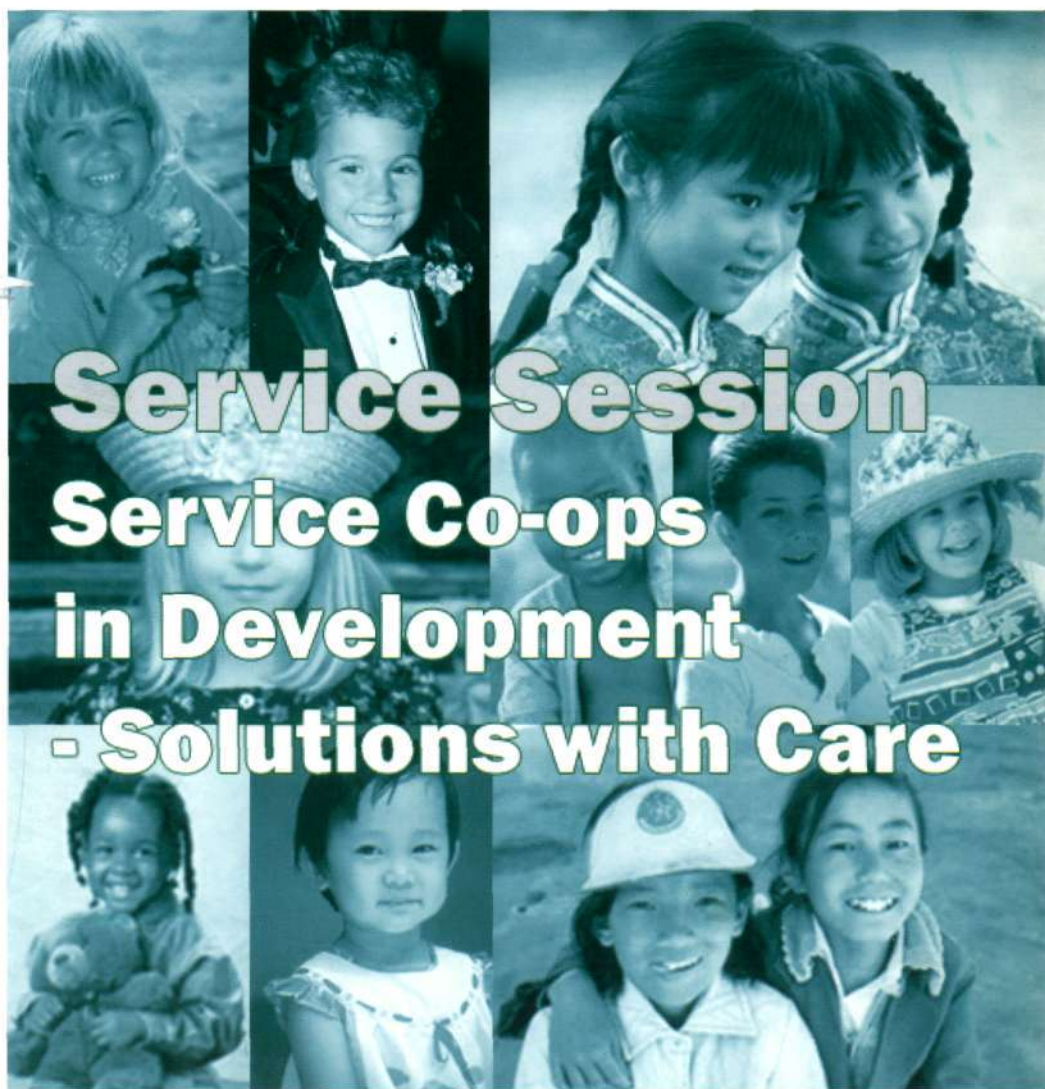
International Co-operative Alliance
General Assembly
Seoul, Korea

17 October 2001

BUSINESS FORUM



Co-operation and Peace
in the Era of Globalisation



Service Session Service Co-ops in Development - Solutions with Care

Speakers :

Jens Heiser, GdW (Germany)

Malcom Corbett, Poptel (UK)

Shanta S. Sharma, Mount Everest Co-op (Nepal)

Bruno Busacca, Legacoop (Italy)

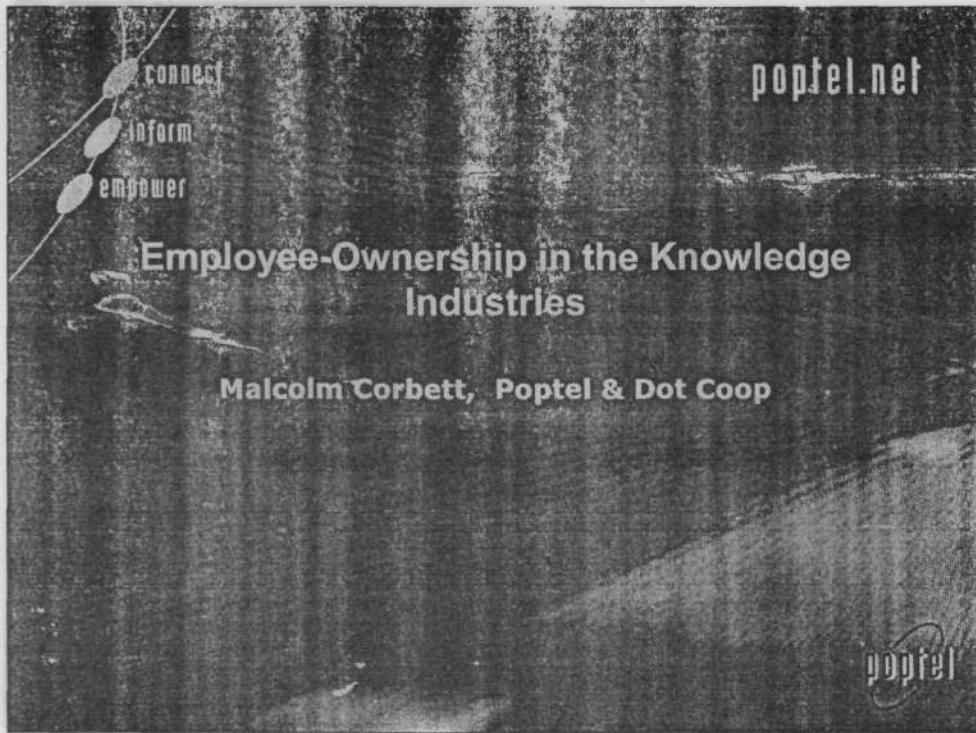
Richard D. Arceno, BBMC, Philippine

Youth seminar speaker: Carlos Santiago Palacino

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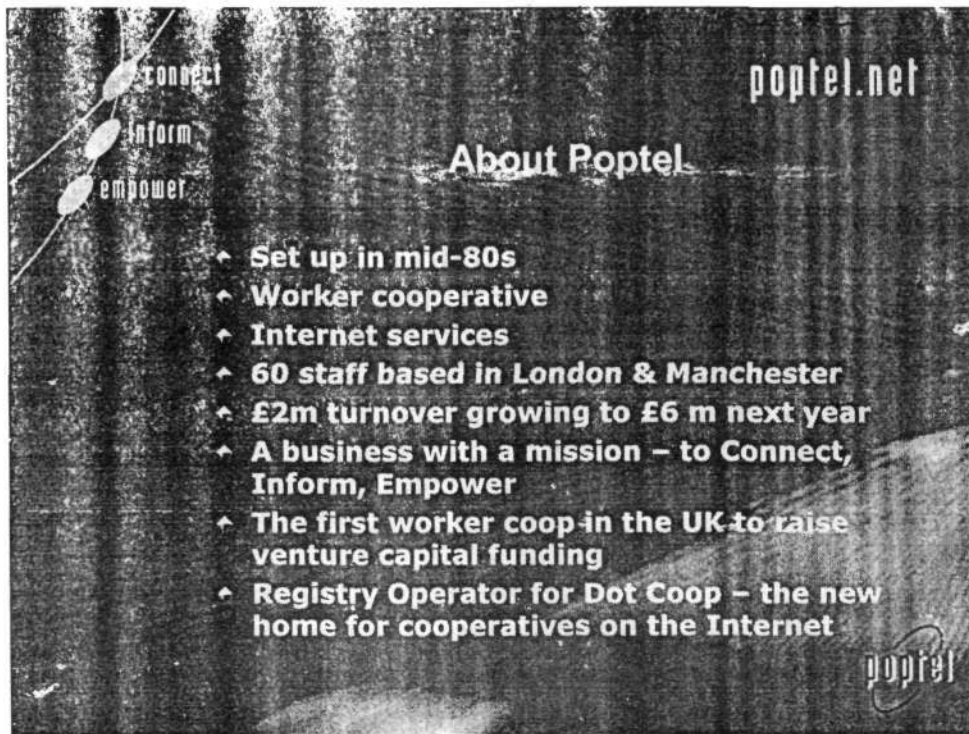
Employee-Ownership in the Knowledge Industries

My name is Malcolm Corbett, I am a director and Vice Chair of Poptel, a successful worker cooperative in the UK providing Internet services. I am also one of the inventors of the Dot Coop project, the new cooperative Internet identity. I want to thank the ICA for giving me this platform to discuss with you the opportunities that lie in front of us.

You may have noticed that I have subtly changed the title of this presentation. Out goes the term 'New Economy' and in comes 'Knowledge Industries'. This is partly because the phrase 'new economy' has become so unfashionable that hardly anyone in the business will admit to being a part of the new economy craze, but partly the term knowledge industries better reflects the content of this presentation.

My focus is on opportunities for employee owned cooperatives in the knowledge industries, but I think there are great opportunities for all sorts of cooperatives to benefit from the information revolution.





About Poptel

Poptel was set up in mid-1980s by four friends

It is a worker cooperative – originally a small software development house called Soft Solution but with great ambitions for developing on-line services – the Poptel project was born in 1985.

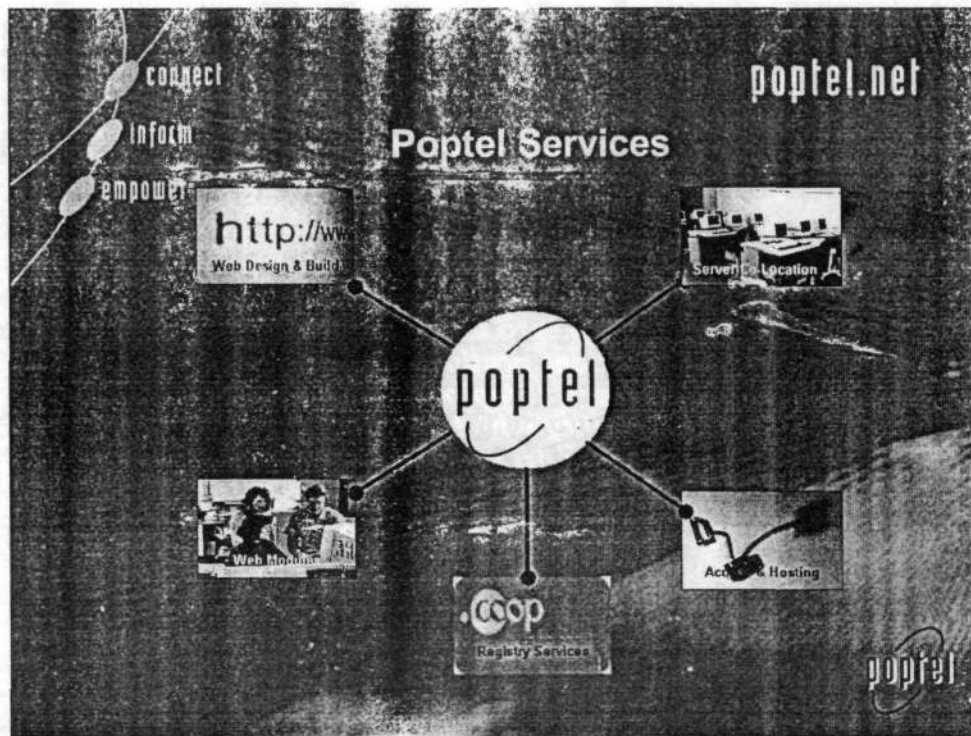
Today we are one of the top 20 Internet companies in the UK by financial performance and usually in the top 5 for quality.

We have 60 staff based in London & Manchester.

Turnover this year will be about £2m and is expected to grow to £6m next year.

We are a business with a mission – to Connect, Inform, Empower – this reflects the original purpose of Poptel – POPular TELEmatics – providing the technical services for on-line networks working for social development.

We are the first worker coop in the UK to raise venture capital funding, and we have retained a recognisably mutual structure.



Poptel Services

These are the services offered by Poptel:

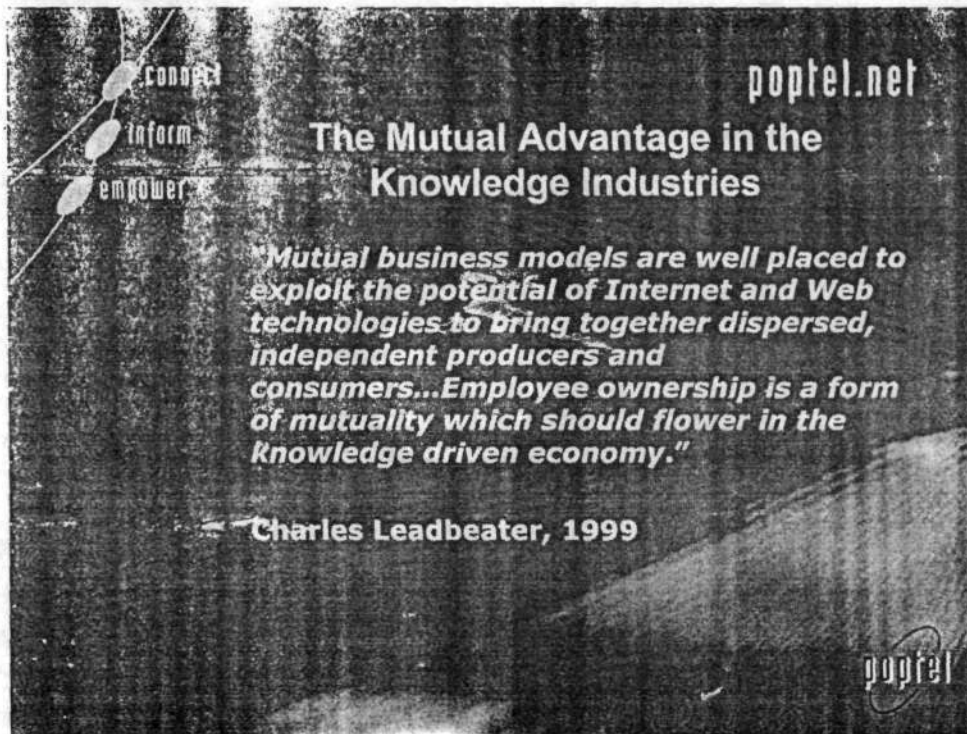
Web design and build – our Professional Services Team develops award winning sites.

Plug-in modules for your web site: a shop, library, press office, market research tool etc.

Server co-location – we can house your Internet services in our highly secure Network Operations Centre.

Internet connectivity, mail and web hosting packages, the original Poptel business.

And of course, the new Dot Coop registry.

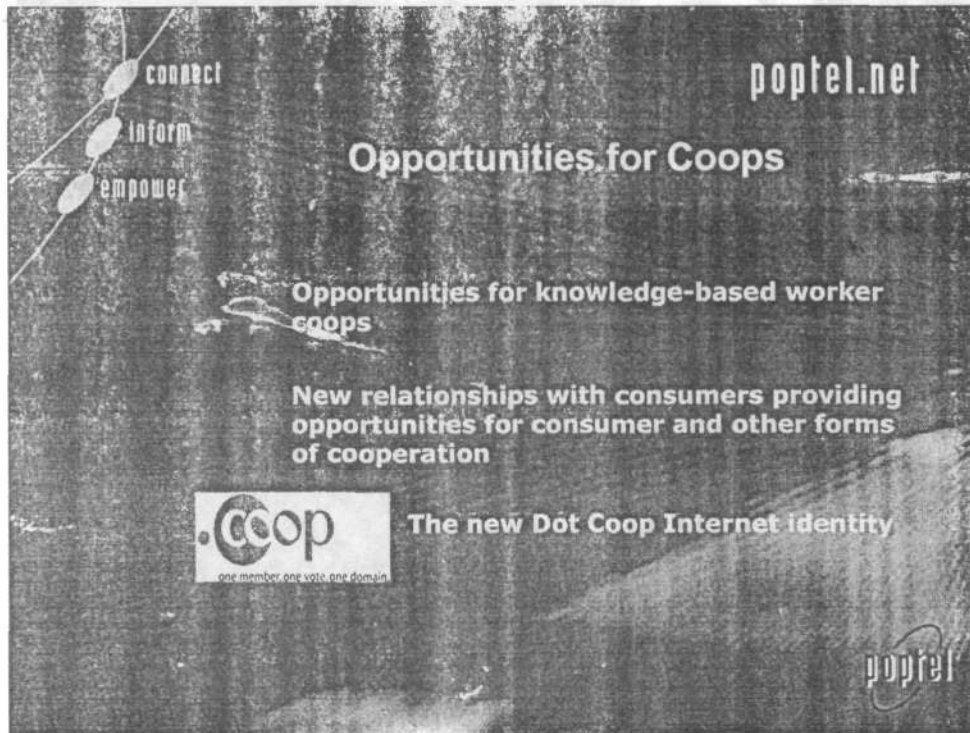


The Mutual Advantage in the Knowledge Industries

This is a quote from Charlie Leadbeater. Charlie is one of my government's favourite gurus. He wrote this in a pamphlet entitled *To Our Mutual Advantage*, published by the think tank Demos in 1999. (Demos is also very popular in New Labour circles).

"Mutual business models are well placed to exploit the potential of Internet and Web technologies to bring together dispersed, independent producers and consumers...Employee ownership is a form of mutuality which should flower in the knowledge driven economy."

I think he's right – indeed Poptel, in a sense, is living proof of Charlie's thesis.



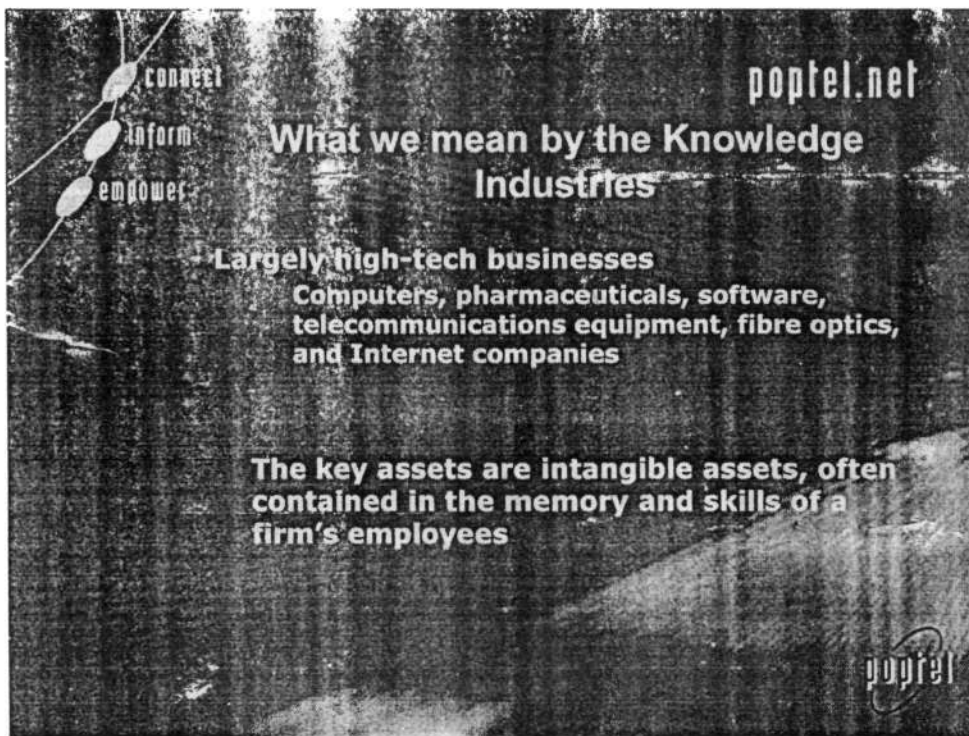
Opportunities for Coops

I think there are three strands to this:

An opportunity for knowledge-based worker coops to develop – taking employee ownership the next logical step: equal rights of participation. As we say at Poptel, we employ intelligent adults and we try to treat them as such.

New relationships with consumers provides an opportunity for consumer and other forms of cooperative

The new Dot Coop Internet top level domain – our identity – provides an historic opportunity for all of us to stake the cooperative claim to the communications technology of the 21st century. And that means building services that take full advantage of it.



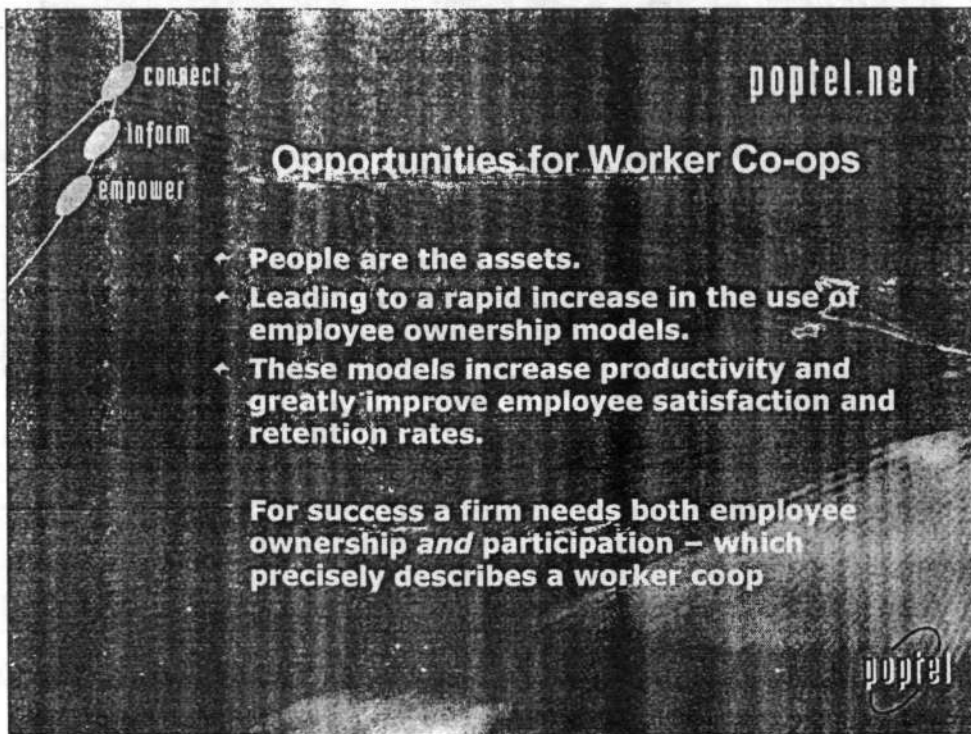
What we mean by the Knowledge Industries

Largely high-tech including:

Computers, pharmaceuticals, software, telecommunications equipment, fibre optics, and Internet companies

The key assets are intangible assets, often contained in the memory and skills of a firm's employees – perhaps only 10% of the value of a company is in tangible assets.

Apart from some rare exceptions these are not traditional territories for the cooperative movement.

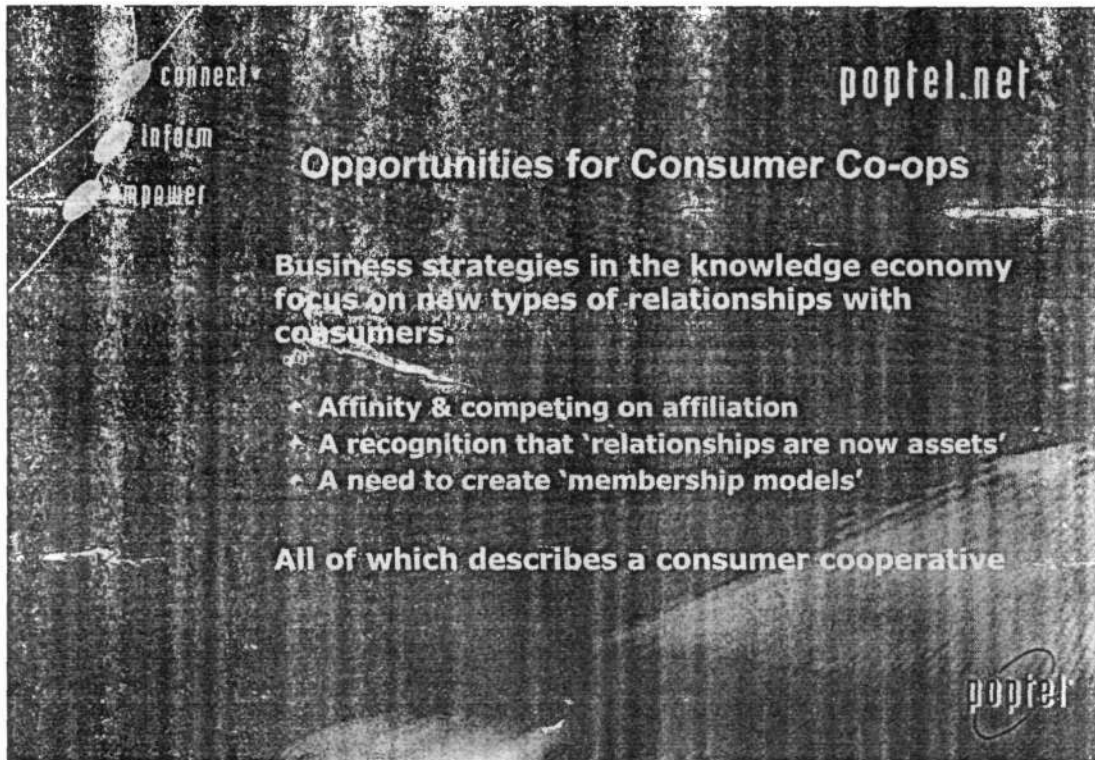


Opportunities for Worker Co-ops

The key assets are intangible assets – the people– perhaps only 10% of the value of a company can be measured in tangible assets

As a direct result, we are seeing a rapid increase in the use of employee ownership models firms in the knowledge economy. Most IT companies have some form of employee stock ownership plan. One of the largest US IT companies, Science International Applications Corporation is majority owned by its 40,000 employees.

These models not only increase productivity but also greatly improve employee satisfaction and retention rates. For some years those of us in the worker coop sector have argued this anecdotally. We now have some hard proof in a recent study conducted by Professor Richard Freeman of Harvard and London School of Economics. His study tracked 300 UK listed companies over 10 years. Those with a high degree of employee-ownership and participation had higher productivity and were more competitive.



Opportunities for Consumer Co-ops

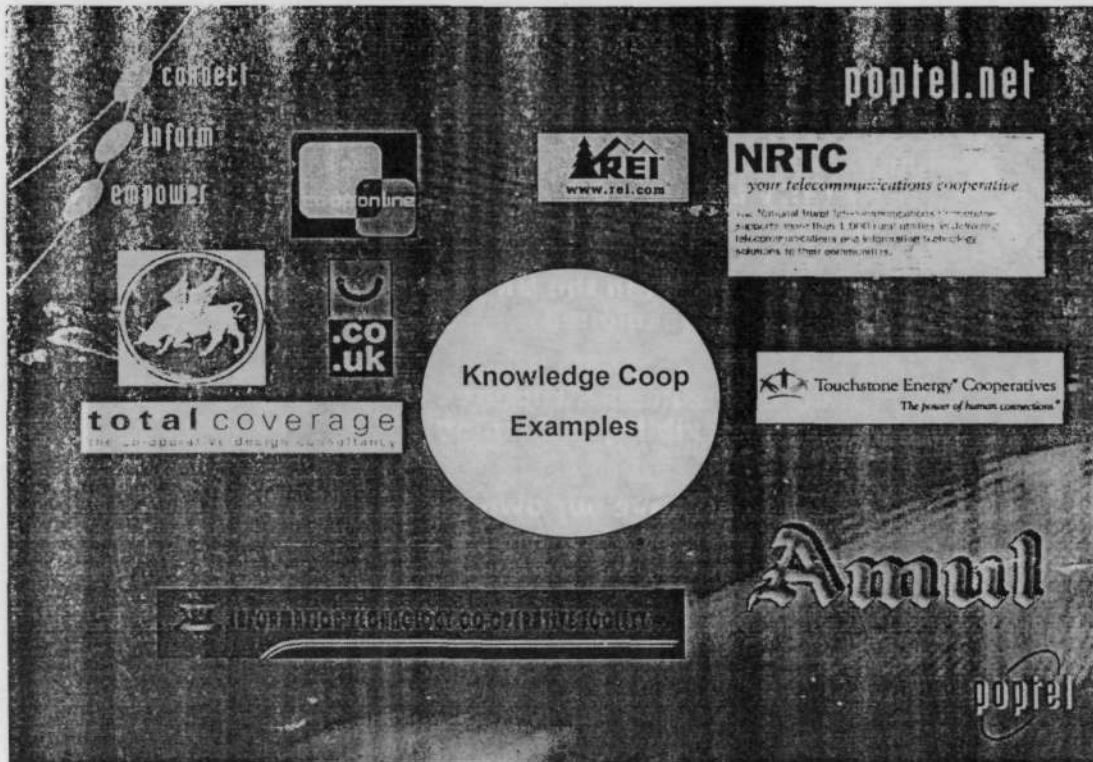
Business strategies in the knowledge economy focus on new types of relationships with consumers.

- Affinity & competing on affiliation
- A recognition that 'relationships are now assets'
- A need to create 'membership models'

All of which precisely describes a consumer cooperative. Ever since two McKinsey's consultants, Armstrong and Hagel, wrote a book called Net Gain in 1995, the holy grail of e-commerce has been staring us in the face.

On the Internet customers have greater choice and flexibility. Vendors need to create loyalty. Consumer coops are built on membership. Our task is to use the new channels to make membership more active and meaningful in the 21st century.

In this context Dot Bomb – the collapse of Internet stocks – particularly the purely Internet retailers – is, paradoxically, an advantage to coops along with many other traditional retailers. Most of our businesses have been around for decades, in some cases more than a century. We have strong brand recognition. Consumers tend to trust coops and believe that we are good for local communities (at least in North America and Europe, according to Tom Webb's MOCA research). We are not fly-by-night or get-rich-quick merchants. We are here for the long haul, serving our communities and providing benefits to our members. The Internet – and Dot Coop – provides another channel to deliver our services in line with our principles and values.



Examples of Knowledge Coops

Here are a few examples.

The first group are from the UK:

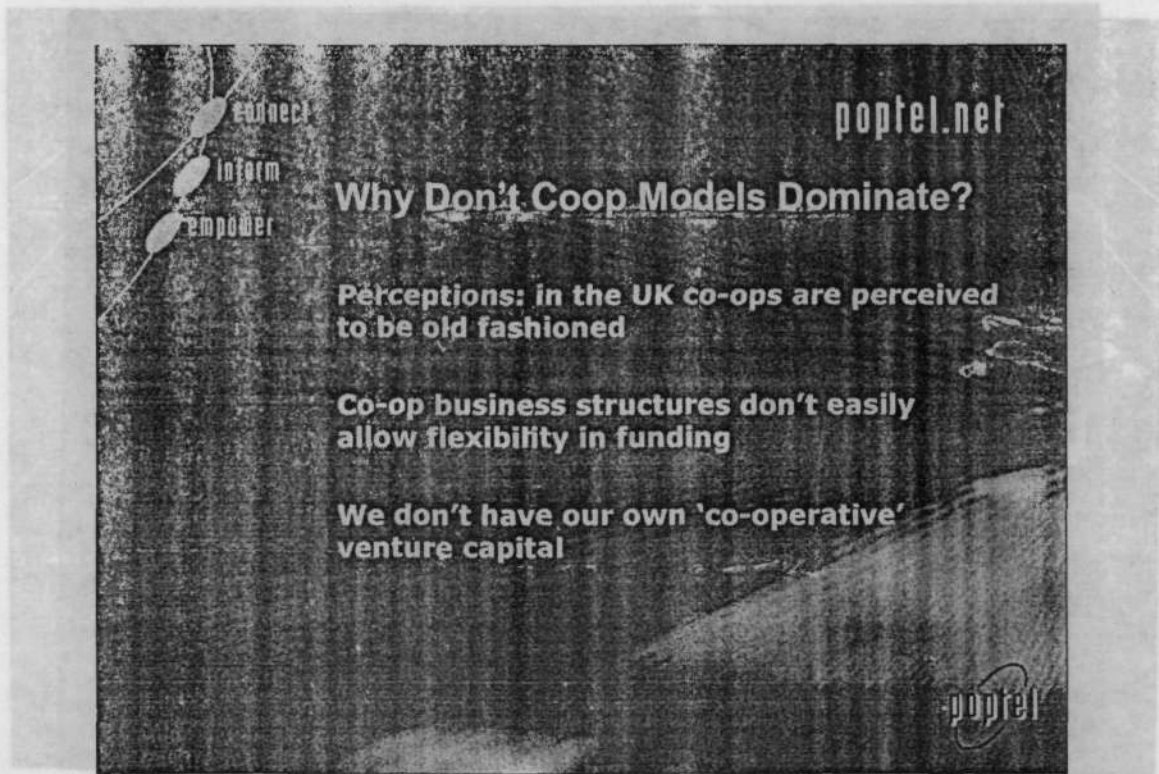
Co-oponline from the retail coop sector, a navigation mechanism enabling customers to more easily find the right service on the web. **Smile.co.uk** – one of the UK's most successful on-line banks, from the Cooperative Bank. Used and loved by 400,000 people. **St Lukes Advertising** agency, one of the leading Ad agencies in the UK, employing around 150 people, and like Poptel, a worker coop. **Total Coverage**, a small design agency, also a worker coop. Total Coverage are responsible for Co-opNet, a very useful e-mail discussion list.

The second group are from the USA:

REI.com – Recreational Equipment Inc, on of the world's most successful on-line retailers, selling sports and recreational goods. **NRTC** – the National Rural Telecommunications Cooperative – NRTC member coops supply telecoms and satellite TV to about 30% of rural American households. And **Touchstone Energy Cooperatives** – an alliance of 550 utility cooperatives forming the new Touchstone brand – tagline: 'The Power of Human Connections'. US coops like Touchstone, NRTC and the credit unions are increasingly focussing their marketing on their unique cooperative structure and difference.

The last two examples are from India. **Amul** is the union of Gujarati dairy coops involving over 2m farmers. You can find them at www.amul.com. To me Amul is a great example of a coop. It's purpose is to serve the economic and social needs of 2m of the poorest people on earth. It's brand is 'The Taste of India', the whole catalogue is available on the website for next day delivery to over 100 cities. And they are starting up a US operation. The final example is the **Information Technology Coop** which is being set up in Kerala to provide IT services to the cooperative banking sector.

Although coops in many parts of the world are making great strides in getting their services on-line (Scandinavia is a particularly good example), it is difficult to find examples of coops providing services in these sectors. One of my tasks is to locate as many technology coops as possible, interested in becoming partners in the Dot Coop project. So, if you know of any – or great businesses providing technology to coops - please let us know. We want to make contact.

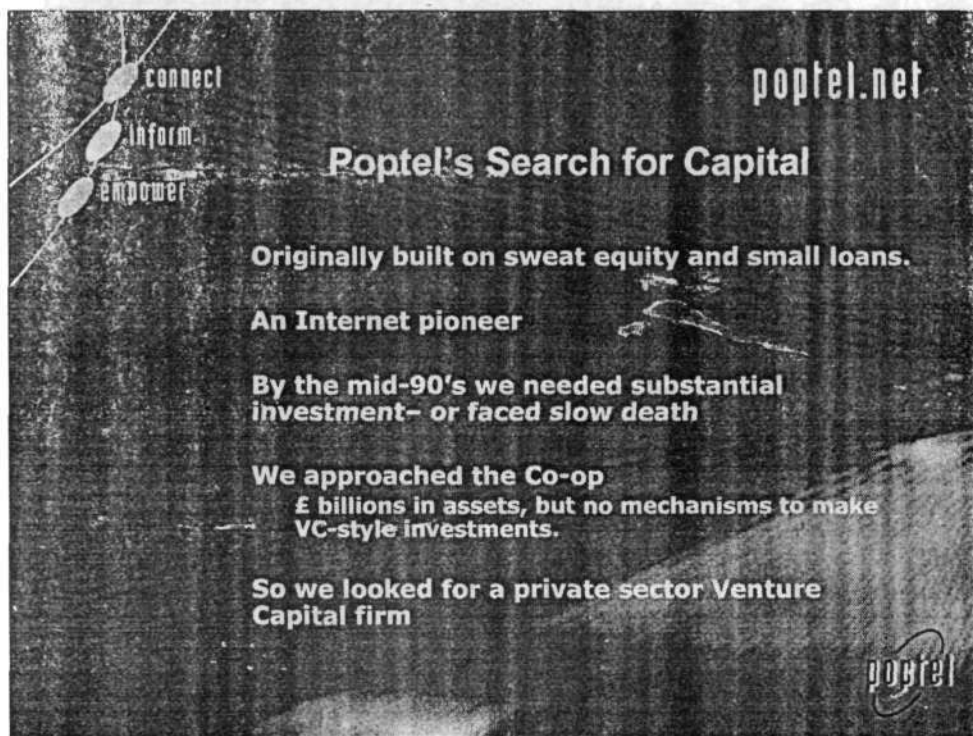


Why Don't Coop Models Dominate?

Perceptions: in the UK co-ops are perceived to be old fashioned, old economy, not young, vibrant and new.

Business structures which don't easily allow flexibility in funding – in the UK coop business structures are rooted in 19th century legislation or are adaptations of standard company legislation. In either case it is difficult to match the needs for flexibility in funding with clear mechanisms to protect mutuality.

Finally we don't have our own co-operative version of venture capital. Funding that accepts risk and expects a certain level of reward.



Poptel's Search for Capital

Poptel's experience illustrates the case. Wee have been in business for nearly 20 years - a long time in technology. We are one of the Internet pioneers.

The original cooperative, Soft Solution, was launched in 1983 by four friends and initially it was financed purely with sweat equity (I.e. very low wages). Later we expanded with small loans, but by the mid 90's the Internet had taken off, and venture capital was following close behind. The question for us was how to attract sufficient capital and remain a a coop. Following the old routes of raising loans or grants wouldn't work, we needed to finance growth in intangible assets (people) and that required equity.

Initially we approached the traditional cooperative sector in the UK – the retail and banking complex. The Co-Op has billions of pounds of assets, but no mechanisms to support and fund innovation. (Though it is now moving towards the creation of a innovation fund).

So we found a private venture capital fund.

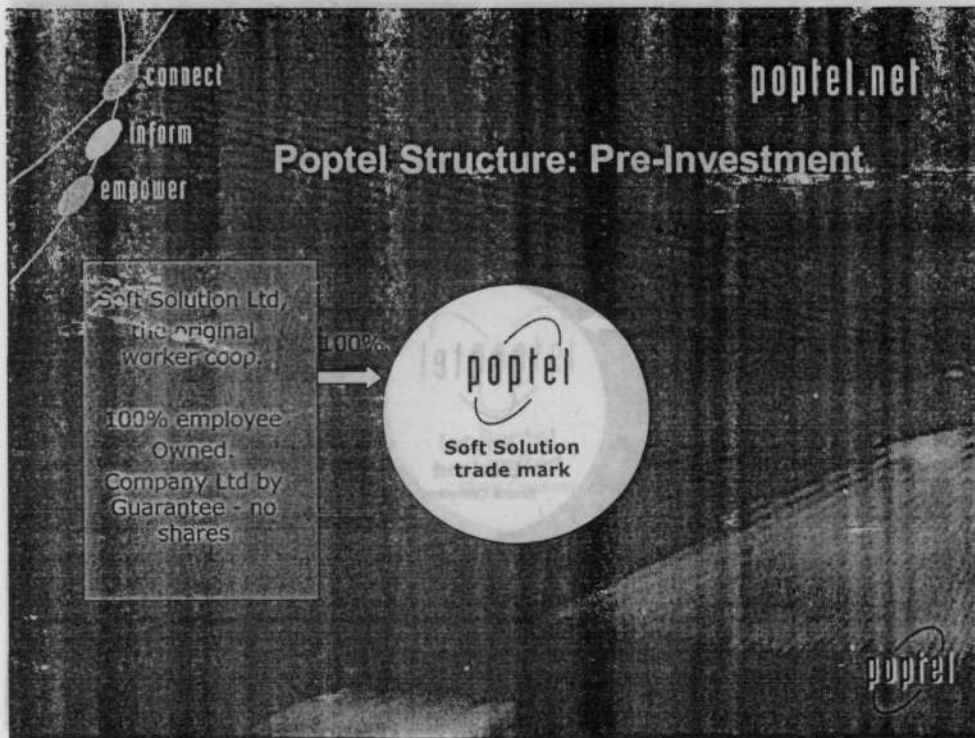


Our Investors

The private firm we found is Sum International which at that time (late 1999) was rapidly building a portfolio of Internet companies. We persuaded them that investing in a coop was a good idea.

Sum invested £2.5m first round funding for 49% of a new company - Poptel Ltd in 1999 and 2000.

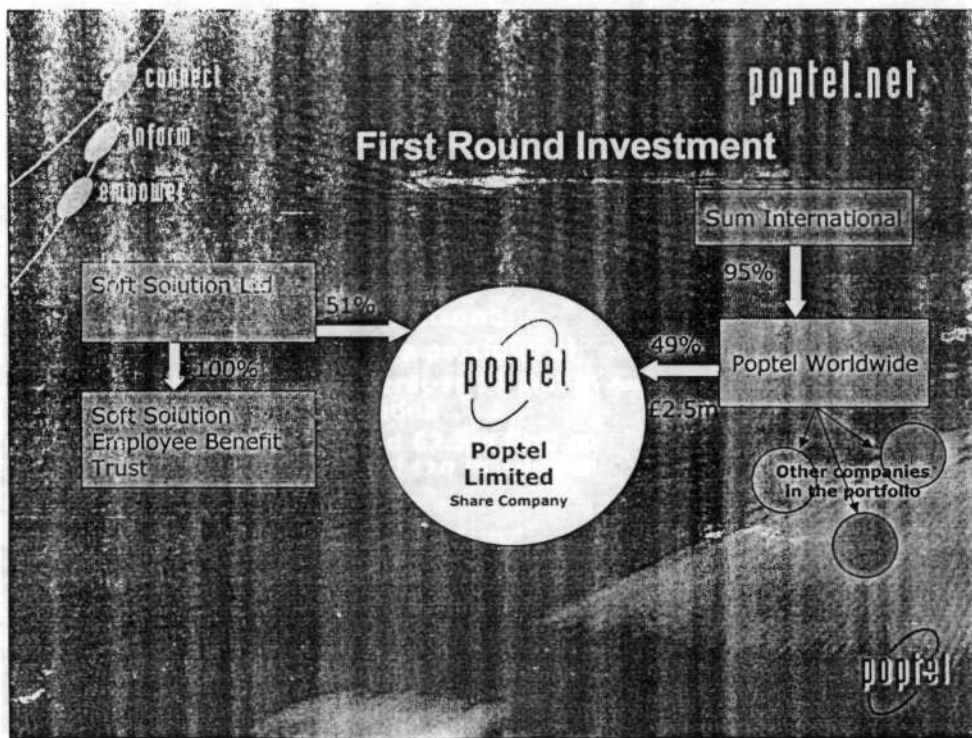
We obtained second round funding of £2m from Baxi Trust in 2001. Baxi is a £20m fund created in 2001 specifically to promote employee ownership.



Poptel Structure: Pre-Investment

This is our pre-investment structure:

Soft Solution Ltd, a company limited by guarantee, following ICOM (worker coop federation) model rules. Poptel was a trade mark of Soft Solution.

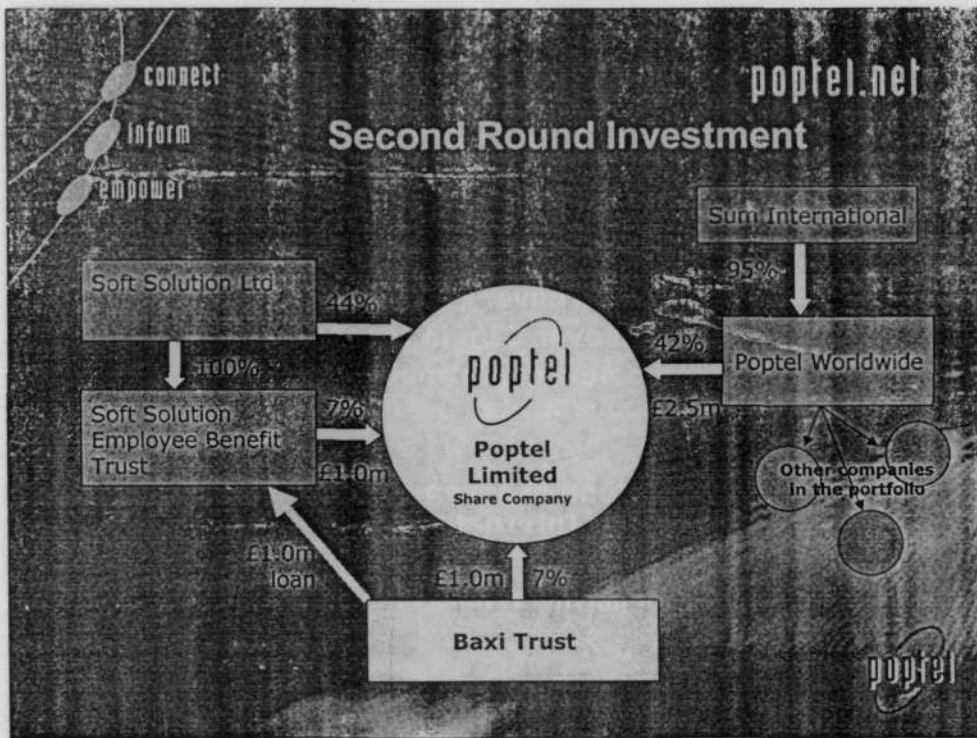


First Round Investment

The first round of investment from Sum create this situation:

Sum invested through Poptel Worldwide - a vehicle we set up together to provide an exit route for the VCs. Their £2.5m translated into 49% of Poptel Ltd, the majority 51% being held by Soft Solution, the original worker coop.

At the same time we created an employee benefit trust with the aim of transferring the Soft Solution holding. Unfortunately this has been held up for tax reasons. It was a completely new structure for the coop.



Second Round Investment

The second round investment from Baxi created this situation. Baxi invested £2m half through purchasing shares in Poptel, half as a loan so that the Employee Benefit Trust could purchase an equivalent number thus not diluting the employee holding. Sum's holding through Poptel Worldwide diminished to 42%.

As far as I know the Baxi funding structure is unique, certainly in the UK, probably elsewhere too.

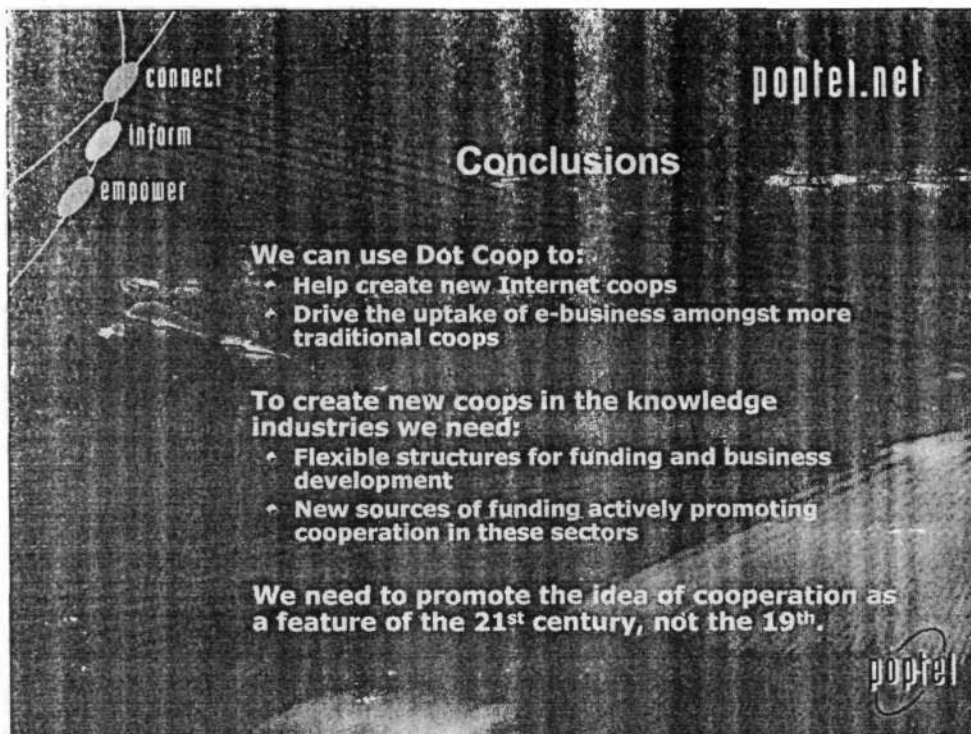
The Impact

- ↗ **Trebled staff from 20 to 60 in one year**
- ↗ **Doubled turnover**
- ↗ **Invested over £2m in technology**
- ↗ **Created new departments**
- ↗ **Became one of seven companies globally to win a new Internet Top Level Domain**
- ↗ **Dot Coop**
 - ↗ **With partners NCBA and ICA**

The Impact

The impact of the funding is clear. We trebled the number of staff, creating whole new teams. We invested £2m in our Manchester-based Network Operations Centre. We successfully bid for, and won the new Dot Coop top level Internet domain with NCBA and the ICA. We have built the registry system.

At the same time we created an employee benefit structure to ensure certainty in the UK. As far as I know the best funding structure is unique, certainly in the UK. It was a completely new structure for the probably elsewhere too.



Conclusions

I believe that cooperative models should be highly successful in the knowledge industries – both worker coops providing the technologies and services, and consumer and other coops developing new relationships with customers. Dot Coop is a great opportunity to drive the development of all sorts of cooperative business on-line. It is a creative space.

But to exploit opportunities to grow coops in the knowledge industries we need our own funding sources that have the flexibility to take risk, to invest in intangible assets - people – whilst still protecting mutuality.

We need to make use of the resources that exist within the movement to create sources of funding that actively promote the development of cooperative businesses in these new sectors.

And finally we need to promote the idea of cooperation as a model of dynamic and socially responsible business development in the 21st century, not a hangover from the 19th century. I really hope that Dot Coop helps.



(Draft)

Mount Everest Coop

Sustainable Tourism in Nepal

1. *Nepal*

Nepal's geographical wonder will fascinate any explorer longing to quench their thirst of a real adventure. Nepal is a small landlocked country in South Asia wedged between India and China covering 147,000-sq. km. its population is 23.2 million with an annual growth rate of 2.3%. 45% of its population is literate in Nepal and is an only declared Hindu kingdom in the world. 10% people in Nepal live in urban and semi-urban areas with approach of modern living and rest are spread in rural areas (Plain 17% & Mountains 83%), of which 45% are below poverty line where the basic norms are still far beyond their reach.

The first ascent of Mt. Everest (Sagarmatha in Nepalese) catapulted this small nation to world fame in 1953. Amazing altitudinal diversities results different climates in the country. Especially higher hills including the capital city receives a weather pattern closely the same as middle Europeans. 35^oc in plains and 20^oc in mountains are the warmest temperature throughout the year.

2. *Tourists Attraction in Nepal*

Nepal is the entirely mountainous country except for the lush plain of lowland Terai and temperate fertile valley spread across the middle of this rectangular country of 885 km. east west and 193 km. north south. It includes the eight of the world's fourteen highest peaks and deepest river gorge in the world. The highest peak Mount Everest as the roof of the world has been a central tourist's attraction for almost everyone.

These geographical features offer the climbers and rafting enthusiasts to conquer these majestic mountains, wild rivers and gorges. Besides, the country with great altitudinal diversities can please all types of tourists along with their individual cravings for thrilling mountain expedition, trekking, and jungle safari with world's largest variety of birds, highly turbulent revering adventures, and fascinating romance. For instance panoramic flight scene and hot air ballooning, taste of uniquely rich diverse culture, geographical miracles bewitching lakes and rivers, National parks and hunting reserves ancient Buddhist Monasteries and stupas and exceptional natural beauties.

At the end of the 1996 it was known that almost 47% of the visitors considered scenic beauty and mountains as the most important factor in deciding to visit Nepal. 20% of the tourists considered trekking as their most important factor to visit. Nepal is perceived as an independent tourist destination with more than two third of the visitors deciding to visit 'Nepal' as a holiday destination without considering any other country/destination. The panoramic natural beauty found in Nepal's mountain areas with its many different Eco-systems and country's rich cultural heritage attracts tourists to Nepal.

3. Mount Everest Coop in Tourism:

Mount Everest Coop Tours and Travels is the first and only cooperatively organized tour and travel operator established in Nepal with deep commitments practicing sustainable tourism to provide quality products to nature, adventure and heritage lovers from around the world. Our aim is to conserve the Nepalese Eco-system, social order, heritage and culture enlightening the values of this wealth among visitors and local people.

Mt. Everest coop emphasizes on the drilling down of tourism revenue up to the grass root level for the benefit of our coop members and the stakeholders associated with tourism sites and activities. We insist on value based sustainable tourism promoting friendship, fraternity and cooperation between tourists and local folks to pave a way to peace and harmony.

This is a government registered cooperatives organization of 350 full and associate members and licensed from Ministry of tourism and Central Bank to operate tourism business. Coop also provides financial & insurance services to its members.

4. Defining Tourism in Present World:

Tourism is a complex functional system comprised of five components viz. Tourists, attractions, service facilities, transportation and information direction. Tourism is a series of activities of the people for the development of tourist movement. This is a practice of travelling for recreation, pleasure or culture, exploration, promotion or encouragement of touring and accommodation of tourists. Tourism is the world's largest industry these days. This has made leading contribution in improving the economy of many countries including Nepal.

Former president Jimmy Carter said in Travel Agents Congress in USA. "Travel is a strong influence in the development of human potentials and a vital link in the world communication. By visiting other lands exchanging ideas and making new friendship, we can help to build goodwill and peace full intercourse among all people." This gives a high vision in the value system of world tourism to make it sustainable.

5. Economic Implication of Tourism in General

The rewards gained both financial and socio-economic are immense in tourism. The contribution of tourism to the economy exceeds that of other sectors in several countries, to the extent it appears as one of the essential elements in the trade balance. Tourism provides direct employment to millions of people in the hotel industry, transport, travels, trekking and mountaineering, entertainment and also the indirect employment generating out of them. Tourism is the only export industry that earns large amount of foreign exchange without exploiting natural resources and without exporting any manufactured or raw materials for development specially for the developing countries in balancing the adverse balance of trade. Tourism is the world's largest industry today. According to the World Tourism Organization (WTO) a total of 625 Mill. Arrivals were recorded in 1998 contributing US\$444 Bill in receipts.

6. Impact of Tourism in Nepal

"It was only in the early 1950s that Nepal came out of its centuries-old isolation and embarked on the path of modern development. One of the most immediate effects was the

advent of tourism. The few foreign visitors who wandered during the early days were overwhelmed by the wealth of culture and natural wonders they saw in Nepal. They went back to tell glowing tales of a hidden Shangri-La in the Himalayas. The first ascent of Mt. Everest in 1953 further enhanced the image of the kingdom and helped to make it known around the world as an adventure destination." - (RNAC Shangri-La 1996)

In Nepal the beginning of the industry dates back to the later fifties and early sixties. The recorded numbers we got is only 6000 in 1962 which to 156000 in 1976, 266000 in 1988 and 491000 in 1999. Tourism continued to be one of the important aspects of the Nepalese economy in 1999. Among the tourists visited in 1999 54% were from Asia, 36 from western Europe 10% from North America and 3% from Australia and Pacific. Tourism contributes 3.6% to GDP and 16% of total foreign exchange earnings of the country. It also gave direct or indirect employment to 257,000 people in 1998. (Economic survey of Nepal 89/99)

7. Sustainable Tourism in Nepal

Many tourists visit Nepal for its unique natural and cultural resources. In 1995 over 363000 tourists visited the country, they spent more than 117 mill. US\$ from which half was generated by trekking tourists. But less than 1% of the tourism generated revenue reaches to the rural areas where tourism belongs. More than 90% people and most of the tourists attractions are in rural areas of Nepal. Therefore tourism can be of help to rural people benefiting them economically and socially.

WTO defines "sustainable tourism development meets the needs of the present tourists and host regions while protecting and enhancing opportunity for the future. It is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support system."

Sustainable tourism is based on the unique characters of natural, cultural and social environments and interests of certain groups of tourists in these environments. The activities initiated in natural environment in the project area. Planners of sustainable tourism development should aim for improving the environmental situations of the project areas and minimizing negative impacts on natural, cultural and social environments.

At the moment Nepal's capacity to benefit fully from the socio-economic opportunities of tourism is optimum. To promote the sustainable tourism the distribution of tourism earnings within tourism sites in the country must not be neglected.

After the establishment of Nepal Tourism Board (NTB) as a National Tourism Organization is promoting and networking different non-governmental (Local & International) and private sector organizations which are working for sustainable tourism development. For example IUCN-World Conservation Union, SNV-Netherlands Development Organization, WWF and ICIMOD- International Center for Integrated Mountain Development are deeply involved in the development of sustainable tourism in the different part of the country.

At present two networks namely "Sustainable Tourism Network" STN; and "Eco-tourism in Protected Areas Network" ETPAN are promoting sustainable tourism in Nepal. Under these networks- there are around 50 enterprises active in their mission.

8. Mount Everest Coop - Promoting Sustainable Tourism

Mount Everest Coop promotes and applies universal cooperative principles in its tourism business.

Mount Everest Coop tours and travels promote and practice the same objectives and methods as published by International Cooperative Alliance in Cooperative Agenda-21.

"Sustainable tourism therefore, must be based on the rational use of natural resources so as not to destroy the environment which is sought after by the tourists (destruction that is often caused by mass tourism). Tourism cooperative, whether cooperatively-owned travel agencies, developers, or tour operators, aim to provide adequate low cost tourist opportunities to cooperative members. Essentially they have the same concerns as the private sector of the tourism industry; however, tourism cooperatives can be influenced by members to make sustainable development and environment issues high priorities".
(Cooperative Agenda-21, ICA)

Social and economic development of target communities and members of the cooperatives is our focus.

- Promoting environmentally safe tourism
- Promoting plastic free environment in the target areas.
- Involving members in tourist activities, by providing information about safe and hygienic environment at home.
- Promoting Eco-tourism in the target area.
- Collaborating with International and local level NGOS in the sustainable tourism development.
- Mt. Everest coop has close link with TICA and BITS-Paris and having involved in the promotion of social tourism, distributing fair share of tourism earnings back to the service provider/ member and attraction target.
- Promoting Home Stay Tourism :
Working to develop members/hosts socio-economic status and living standard. This enhance cultural exchange and establish long ties between tourists and host members.
- Village/Cultural Tourism :
We promote traditional/ cultural village along with beautiful natural/mountain scenarios. Here also we plan to promote environment friendly, pro-poor, ecologically balance tourism where part of the tourists spending would go to the stakeholders/members and to improve social and economic infrastructure
- Fair Trade in Tourism :
We apply and promote fair trade in tourism. Mt. Everest is connected with fair trade in tourism network, UK promoting fair trade principles. Fair trade in tourism is also a key aspect of sustainable tourism. It aims to maximize the benefits from tourism for local destination stakeholders through mutually beneficial and equitable partnerships between national and international tourism stakeholders in the destination.

ICA GENERAL ASSEMBLY

Business Forum No.3

SERVICE CO-OPS IN DEVELOPMENT: SOLUTIONS WITH CARE

SEOUL, 17 OCTOBER 2001

“Care of the elderly: a mission for social cooperatives”

by Bruno Busacca, President of ANCST/Legacoop

Population aging: a worldwide problem

Care of the elderly is one of the main problems of modern society. Indeed, the increase in average life expectancy—more obvious in developed economies—and the process of urbanization which is changing the structure of family units throughout the planet, have, on one hand, determined a progressive increase in the percentage of elderly people making up the world population and, on the other, given rise to elderly solitude in cities. The extent and rapidity of the process of urbanization and its impact on the living conditions of the elderly need no comment or explanation: the results are visible throughout the planet.

However, in order to put the increase in the percentage of elderly people making up the general population into perspective, it is useful to examine some data regarding the increase in average life expectancy and the decrease in the birth rate in various countries.

Data from Eurostat (European Institute of Statistics) sources regarding 1997 place the percentage of over 65s making up the population at 15.5% in the European Union, 14.2% in Japan, 12.6% in the United States, and 4.7% in countries in delay of development. All these figures are expected to increase. A United Nations report of the

same year highlights the speed of the population aging process in DCs. Likewise, a study by the Finney Foundation regarding the same year forecasts an incidence of over 65s in DCs of 5.1% in 2000 and 6.3% in 2015. The considerable difference between the data posted should be read taking into consideration the different trends and dimensions of population in the various world areas. In actual fact, by 1997 (Eurostat sources) 60% of over 65s—250 million people out of a total population of 420 million—already lived in developing countries.

Thus, although this worldwide problem is certainly more acute in developed countries, within a few decades it could well assume similar dimensions throughout the world in line with a general increase in average life expectancy.

The Italian scenario

We have just quoted the datum regarding over 65s in the whole of the European Union (15.5%). At the same date, the figure for Italy stood at 16.8%: the second highest percentage scored by an EU country (after Sweden which posted a figure of 17.5%). However, in 1970, the percentage of over 65s making up the Italian population stood at 10.8%, compared with a European average of 12.2% and scores of 13.5% (Germany), 13.1% (United Kingdom) and 12.8% (France) posted by other European countries with a similar population size. Over 65s accounted for 18% of the total Italian population in 2000 (Italy is the European leader in this respect, posting a score well above the EU average of 16.4%) and, according to Eurostat estimates, they will make up 23.2% of the national population in 2020. The forecast European average for 2020 is 20.9%. Another important datum regards the over 80s who account for 4.1% of the Italian population (compared with 1.8% in 1970) and 3.8% of the population of the 15 countries of the EU (compared with 2% in 1970).

Thus, the elderly population in Italy has increased over the last three decades—and will continue to increase over the next twenty years—at a higher rate than in other EU countries. The extension of the pension system means almost all elderly people have a source of income, but the need for care and assistance expressed by people who

generally live either together with an elderly partner or—especially with regard to over 80s—alone, has not been resolved. Given the difference between the average life expectancy of males and females, this problem mainly regards elderly women who account for approximately 70% of the over 80s.

Over the years, the direct operation of services for the elderly by public authorities—generally Municipalities and the National Health Service—has proved costly and inefficient with a large amount of wastage and bureaucracy. On the other hand, even though the number of elderly—as well as the average life expectancy—continues to increase from year to year, the need to contain public spending, which has been a particular feature of Italian policies since the 1990s, means it is impossible to increase the budgets of public resources dedicated to care of the elderly. This is not only an Italian or a European problem.

The role of social cooperatives in the care of the elderly

The social cooperative model was created in the 1970s and recognized by national law as an original cooperative form in 1991. The law defines the mission of social cooperatives as follows:

“To pursue the general community interest in promoting human concerns and in social integration of citizens”;

and outlines their fields of activity as:

- a) the operation of social-health and educational services;
- b) the insertion of disadvantaged persons into the world of work.

The basic features of the social cooperative model are the entrepreneurial nature of its business—as in all cooperatives—and its focus on safeguarding the needs of persons.

In Italy, social cooperatives have proved to be a particularly effective and positive players in providing assistance to the elderly, and in various other areas of activity.

The national census completed by the Ministry of Labour and Social Security at 31/12/00 revealed 6952 social cooperatives of which 3895 operate in the area of social-health and educational services. A large number of these supply assistance to the elderly

in all Italian regions. Seventy percent of social cooperatives belong to the three main cooperative organizations— Legacoop, Confcooperative and AGCI—and employ more than 100,000 employees.

The flexibility, efficiency and openness to change and innovation deriving from the entrepreneurial approach of social cooperatives make this form of enterprise extremely competitive in comparison with the public system as far as costs and quality are concerned. Furthermore, the social mission and the strong commitment of the employees of social cooperatives—generally worker members—guarantee a greater focus on the needs of the elderly than that of private enterprises operating in the sector. As a result of these positive factors, the number of elderly people using the services of social cooperatives is constantly increasing.

What services are offered? First and foremost, social cooperatives offer direct home help (support in the completion of housework, preparation of meals, administration of rehabilitation and health treatments) in such a way as to allow elderly people to remain in their homes, strengthen their self sufficiency and keep their relations with the outside world alive. This latter is one of the major problems experienced by elderly people living alone in cities!

Various forms of remote assistance have been successfully tried and tested. These forms of support see the use of remote telecommunications technologies in call and alarm systems which are easy to activate and offer the support of personnel specialized in dealing with elderly people. Indeed, the aim of these devices is not only to supply the help requested, but also to reassure and comfort the person in difficulty.

Social cooperatives have also contributed to the creation and management of a network of residences dedicated to the less autonomous. Created with funds provided also by other cooperatives, these residences recognize and enhance the dignity and decorum of the elderly people who live in them. The experience and sensitivity of social cooperatives has been extremely important in the planning of these structures.

I would like to close by mentioning two innovative projects to which social cooperatives are committed and which reinforce their innovative capacity.

The first aims to formulate—together with housing cooperatives and associations of elderly people—model housing projects designed to answer the needs of the elderly.

This project has seen the creation of an association entitled *Abitare e Anziani*.

The second aims to create—together with insurance companies already linked to the cooperative movement—insurance policies designed to cover the needs for care and assistance expressed by elderly people, either through money contributions, or, better still, through the supply of services by a network of social cooperatives accredited by the insurance company.

Conclusions

Over the last few years, many co-operative organizations coming from different Countries have shown great interest in the experience of the Italian social co-ops. We have welcomed various delegations and invited them to visit our cooperatives. Attending different international events, we have also noticed an ever-increasing interest on these issues by the cooperative movement. My hope is that you too, through this brief overview, have found interesting our experience.

THE ROLE OF COOPERATIVE IN THE IMPROVEMENT OF QUALITY OF LIFE PEOPLE WITH
DISABILITY (PWD): THE BBMC EXPERIENCE

by:

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Presented in the ICA General Assembly
Seoul Korea-13-17, 2001

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THE ROLE OF COOPERATIVE IN THE IMPROVEMENT OF QUALITY OF LIFE OF PEOPLE WITH
DISABILITY (PWD) : THE BBMC EXPERIENCE

by: Richard Arceño

After the ICA youth coop seminar in Tokyo, Japan last June 25-28, 2001, I
received an

E-mail from one of the delegate from Palestine. He shared with me his great
concern on the victims of war brought by the conflict between Israel and his
country. Many of these victims are now disabled and mostly children and young
people. He recalled in his letter during our short discussion in Tokyo, he was
surprised knowing there is a cooperative founded and managed by people with
disabilities in the Philippines. He wished there is type of cooperative like
this in his country.

To me the letter of our young brother from Palestine signifies his intention to know how cooperative can improve the quality of life of disabled people most especially those victims of war?

First of all allow me to express my deepest thanks for inviting me to ICA General Assembly in Seoul Korea. To me it is a great privilege to share with you how the cooperative improve the sorry condition of persons with disabilities in the Philippines. First of all I would like to inform you that in Asia-Pacific, there are some 250 to 300 million people with disabilities. And those close to 200 million (5 percent) have severe or moderate disabilities and would need specific services or assistive devices in order to participate in their communities. Less than 5 percent of the 93 million children with disabilities receive any education or training. In around the world more than 1 person in 10 has physical, mental or sensory impairment or disability. And that they number about 500 million, or about 10 percent of the global population. 85 percent of the children with disabilities under 15 years of age live in developing countries. 10 million children under 5 years of age die each year in developing countries. And nearly half of them perish due to malnutrition. At least 25 % of any population is adversely affected by disability, when the impact on the families of disabled is taken into account. An estimated 386 million working age people have disabilities. Many people with disabilities who willing and able to work are unemployed and as many as 80 % in some countries. The number of persons with disabilities is expected to grow because of two trends-increased aging and violent conflict-both of which are highly correlated with disability.

In the Philippines, persons with disabilities' numbers now run to about 10% of the total population. This number, although still growing in size, could not muster enough social impetus to force the government and the citizenry to address their specific problems and concerns. Around 3 million are children and young handicapped that have very limited access even to basic education. Of the estimated 1 million employable disabled people, only 1 percent has access to employment and 82 percent of the total numbers of persons with disabilities are living in the rural areas with insufficient access to basic social services.

Citing the sorry condition of people with disabilities in the Philippines and other parts of the world, how the cooperative can transform their situation into better one?

Many-said cooperative is an association of persons who unite to meet their common economic, social, political and cultural needs through a jointly-owned and democratically controlled enterprise. In a strict sense, a cooperative is a socio-economic enterprise. It is an alternative mechanism to survive in a competitive market by pooling their limited resources. Building inter-linkages with the private sector, government, non-government and people's organizations also strengthen the mutual cooperation among the members. The main indicators that the spirit of cooperativism is applied are the delivery of quality basic services among its members and other partners in enterprise; the profitability of its various enterprise and the accumulation of shared capital.

Cooperativism is an alternative way for the effective use of local and foreign development funds. The cooperative can maximize the use of these funds by investing them in various micro and macro enterprises to the direct benefit of all members. There is a continuity growth of funds because it is not only focusing on advocacy, or engages in terrorist activities but on economic growth with social responsibility.

Cooperatives are democratically managed because its authority, duties, responsibilities and decision making does not only depend on a few people. The members participate at different levels of decision-making.

I would like to share with you a story of a cooperative founded and managed by young disabled people in the Philippines. This cooperative is Bigay Buhay (Give Life) Multipurpose Cooperative or BBMC. BBMC had its roots in a group formed by students with disabilities who wanted to make their school more disability-friendly. Most of these students got their disability because of vehicular accident, arm conflict, disease and poverty. Instead of keep blaming others for their bad fate they just concentrate on how to improve their condition. Through their consolidated efforts, the school constructed ramps and other facilities convenient for the disabled most especially for student in wheel chairs. The students however soon realized that they needed to prepare for their future after graduation. It was at this point that they decided to form a cooperative that would help them gain fruitful employment. Thus, BBMC was born.

Initially, BBMC got involved in a poor community where they set up an office. While here, they did surveys, youth organizing, tutorial services and the establishment of community library. Unfortunately this community does not exist anymore because a fire destroyed the entire community. But this will not stop BBMC to continue moving on.

They found new home in their new community in Barangay 175 Camarin, Caloocan City (located in the northern part of Metro Manila), a borrowed 200 square-meter lot near the barangay hall where they set up shop for its school chair business. It was at this point that BBMC network local and abroad started working out. With the assistance from CBM an international NGO-based in Germany and Senator Ramon Magsaysay Jr., BBMC took up the new challenge to help groups of persons with disabilities to become registered cooperatives. To sustain the operation of these formed cooperatives, school chair production training shall be the initial entry point. BBMC members were trained in basic skills in metallurgy and carpentry works.

The next step was to find the market for the school chairs. By using their network of friends, BBMC managed to get initial orders for their products. Starting slow, BBMC soon received big orders from various sectors, from school heads to Congressmen. In fact, the demand increased to a point that BBMC had to expand the workforce to produce the required quantity of school chairs.

To sustain its market of chair products, BBMC through the help of Senator Ramon Magsaysay Jr. and Department of Education Culture and Sports (DECS) Secretary Ricardo Gloria endorsed a special provision under the 1998 General Appropriation Act (GAA) of the DECS budget for desks and arm chairs. This was approved and became part of the 1998, 1999, 2000 & 2001 budget. The special provision states that 10% of appropriation for DECS desks and arm chairs shall be reserved for the purchase of desks and armchairs manufactured and fabricated by cooperatives formed by people with disabilities and non-government organizations (NGO) assisting them. DECS is a national government agency in-charge in basic and secondary education in the Philippines.

Since its institutionalization about 100,000 units of chairs have been produced and delivered to various schools and directly benefiting poorest students in far-flung areas of the country. As of today, 8 cooperatives are operational while 2 cooperatives are in the process of being registered and setting up their sites. Altogether more than 400 handicapped are directly involved with the production of these desks and chairs for various private customers and public schools. It is noteworthy to mention that some of the members of the cooperatives set up in Mindanao-Davao and CARAGA Region (central and southern part of the Philippines) are victims of war. This project was able to give them chance to go back to mainstream labor force. The school chair project also