

STRENGTHENING PARTNERSHIP

BETWEEN

COOPERATIVES IN ASIA AND CANADA

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CONTENTS

INTRODUCTION

ORIGIN AND STATUS OF COOPS

COOPS IN ASIA : A SWOT ANALYSIS

IMPORTANT ISSUES

- *Cooperatives and the State*
- *Organisational Structure*
- *Cooperative Governance*
- *Cooperatives and Private Sector Development*
- *Coops, Finance and Globalisation*
- *Cooperatives and the Poor*
- *Food Security and Cooperatives*
- *Opportunities for Cooperative Development*

POSSIBLE AREAS OF PARTNERSHIPS BETWEEN
COOPERATIVES IN ASIA AND CANADA

STRENGTHENING PARTNERSHIPS BETWEEN COOPERATIVES IN ASIA AND CANADA

I

INTRODUCTION

Canadian support to Asian Cooperatives dates back to 1977 with the small scale project support by Mission Administered Fund (MAF) of various Canadian Embassies in Asia to emerging cooperatives particularly credit unions under NGO sector. By 1981 concept of partnership between cooperatives of Canada and Asia started to evolve when Cooperative Development Foundation (CDF, the pre-cursor of CCA) assumed more active role in providing CPF (Clothesline Project Fund) to cooperatives in the region. It was not until 1983 when a more planned approach was undertaken by the Cooperative Development Foundation, especially after evaluation was undertaken by Universalia in 1984 which resulted in the provision of block funding by CIDA to the CDF. Both CDF (then still under the Cooperative Union of Canada) and SDID (precurso of DID) decided to work together in Asia following a world meeting in Melbourne in 1988.

2. In 1996, at the request of CIDA Asia Branch, CCA and DID highlighted the work of the two organisations with Asian Coops in a presentation of an information session on "Cooperatives, Globalisation and Asia". At the close of presentation CIDA, DID and CCA decided to undertake, in collaboration with International Cooperative Alliance Regional Office for Asia and the Pacific(ICA ROAP), an in-depth consultative process to identify ways and means to enable cooperatives to more fully realise their potential as a catalyst for social and economic development. The consultative process was also expected to enrich CIDA's thinking about how cooperatives can contribute to meet the developmental objectives in the region in the context of liberalisation and globalisation, both as an element of private sector development and in support of basic human needs.

3. At that time, much of Asia was experiencing dynamic economic growth, liberalised trade and global information technology had brought wealth; but it could not ensure growth with equity by bridging the economic disparities. Cooperatives had made significant headway in helping the poor and low-income group people yet poverty continued to be a major problem. Now a number of the countries in the region are experiencing acute economic crises and social dislocation. It is all the more pertinent to explore the 'cooperative difference' in such conditions.

4. The agencies collaborating in the study are committed to fully explore – to test and challenge – the cooperative experience, to present a balanced account that documents the successes and unique contribution of coops as well as their failures and limitations.

5. This document is a resume of information and observations from document based research. Its purpose is to inform, stimulate discussions, and also to enrich our understanding of cooperatives' role today and for the future.

II

ORIGIN AND STATUS OF COOPERATIVES

Asia, with more than 50% of the world population is characterised by highly diverse geographic, ethnic, religious, social and economic conditions. With the exception of Japan, Hongkong, Singapore and oil rich countries of West Asia, economies of the most of the countries in the continent are agrarian with small land holdings and low technology absorption capacity.

2. A World Bank study has defined global poverty at US \$ 370 per person a year in constant 1985 PPP prices. Out of the 1,133 million poor in the developing world 731 millions lived in Asia region alone (169 million in South-East Asia and 562 millions in South-Asia). The Asian region has made some progress in reducing its share of the world's poor from 68% in 1986 to 65% in 1990. However, the higher population growth in South Asia has led to an increase in the absolute number of poor from 532 millions in 1985 to 562 millions in 1990. There are wide spread economic disparities in the region – the highest per capita GNP being in Japan at US \$ 39640 (1995) and less than US \$ 250 in Vietnam and Bangladesh. While Japan, South Korea, Singapore and Israel have 100% literacy rate, the rate is as low as 35% in Bangladesh and Pakistan, 54% in Iran and 48% in India.

3. The diversity in socio-economic conditions in the region and perception of colonial rulers (before Independence) and the State (after Independence) have been very important factors in mapping out the course of cooperative development.

4. Historically speaking, cooperation as an economic system emerged as early as 1820 when attempts were made to organise convicts based on Robert Owen's concept in Hunter Valley in Australia. In other parts of the region cooperation came later. In this context cooperative history of Japan and India assumes importance as directions of cooperative growth in the countries have, by and large, influenced the course of cooperative development in other countries.

5. In Japan the growing industrialisation in last quarter of 19th Century prompted trade unions to organise consumer coops. However greater impetus to consumer coops. came with the efforts of Kagawa to combat poverty. By 1900 with the enactment of Agricultural Cooperative Law five types of cooperatives namely credit, marketing, purchasing, production and service coops. laid the foundation for expansion of coops.

6. India is another country which became pace setter for cooperative development in a number of countries. Starting as rural credit institutions on the pattern of Raiffeisen Model of Germany, cooperatives became an important institutional framework for

economic development during post independence period through the implementation of a well crafted strategy of their diversification in the other spheres e.g. consumption , distribution, urban credit, workers and artisan's development etc. Other countries of the region also adopted Indian pattern of cooperative development and law – Pakistan and Bangladesh (1904); Sri Lanka (1911); Malaysia (1922); Singapore (1925); Indonesia (1927).

7. In nutshell, most of the countries of the region reflect the evolution of coops from traditional people sponsored to state directed and controlled and recently to member based and controlled coops. The process of establishment of member based and member driven cooperatives has been further accentuated with the implementation of economic reforms to strengthen market economies. The national Governments have, therefore, been called upon to initiate policy reforms for creating conducive environment to empower coops to break their dependency on Govt. For cooperatives too, it has become very crucial particularly in the context of their image which has often suffered in Asia because of its association with and usurpation by the Govts.

CANADA :

8. Idea of cooperation in Canada was first applied to rural people in the areas of agriculture and forestry in the 19th Century in french speaking Quebec. Initiative came from the elite and Catholic Church which took active steps to promote Caisses Populaires. However, since 1960 the role of Church has been replaced by the Government. Emerging cooperative sectors are more urban and grass roots, inspired by problems faced by the specific groups (food, urban housing, ecology, social services).

9. In English speaking Canada concept of cooperation was given a practical shape by farmers of prairies by forming wheat pools in 1920's. In the east coast the Antigonish movement was instrumental in promoting credit union movement across Canada in 1930's. Subsequently cooperative model has been successfully applied into housing, health care, child care, funeral and ambulance services, and to worker owned enterprises to provide employment in forestry and other sectors.

10. The origins of Canada's cooperative system reinforces the perception that difficult economic conditions favour the creation of cooperatives, it does not support another notion, present in the development community that often identifies the cooperative model with social mission social mission. Often this is explained by the observation that marginalised, vulnerable, impoverished groups may have no other option but to join together or starve separately. According to this view, community solidarity is seen to be a stronger motivation for formation of cooperatives than economic viability.

B. Status :

11. Over the years tremendous growth and diversification of cooperatives in Asia and Canada have enabled them to achieve a place of importance in national economies. The

services rendered by cooperatives both for urban and rural people have further strengthened their positioning as an alternative people oriented delivery system unlike their counter parts in private and public sectors. With their federal organisational structure cooperatives have succeeded in integrating primary producers with tertiary level economy.

12. In a number of countries in Asia, coops have strong market presence in supplying agricultural inputs to boost production; processing and marketing of agricultural products to give benefits value addition to the farmers; supply of consumer good; providing financial services; generating employment to workers/artisans/craftsmen etc.

13. 'Cooperative village units' in Indonesia serve nearly 50% of the rural population, and 30% of national population.

14. With its 452,657 primary societies, a membership of more than 200 million, and working capital of CDN \$ 57,9 billion, the cooperative sector in India is one of the largest in the world. Cooperatives are found in 99% of the villages, where 2 out of 3 households hold memberships. Total co-op assets amount to CDN\$ 48.6 billion, with member savings deposits of CDN\$ 22.1 billion. More than 60% rural credit is managed through co-ops.

15. Although only about 8% of Philippine population is served through co-op membership, co-ops have significant presence among low-income earners, agricultural and informal sector workers.

16. Asia's 24,500 primary financial co-ops boast of more than 16 million members, hold US\$ 789 billion in assets (including a US\$ 278 billion loan portfolio) make up 7.7% of the total assets of the largest banking institutions in the world.

17. But Asian "Cooperatives" are of two general types : those sponsored and controlled by the state, and people sponsored, member driven "true coops". Statistics on Asian co-op business activity masks the fact that the vast majority of that activity is carried out by government controlled coops. With a few notable exceptions (SANASA credit societies in Sri Lanka, NATCCO affiliates in Philippines Urban Credit and Banking Coops of India) the relatively small size of member-driven coops' operations has not allowed them to impact the market. Nevertheless, they generally maintain themselves in a competitive market place on account of the commitment and unity of their membership.

18. Similarly Canadian cooperatives have strong market presence in sphere of development of agriculture, horticulture and animal products; and financial services. Agricultural coops handle 40% of total farm cash receipts; distribute 35% of fertilizers, 27% feed sales, and 19% of seeds. The wheat pools of prairies handle 59% grains and oilseeds grain in western Canada. Quebec Marketing Federation command 35% share of grain market of Quebec. Dairy coops marketed 56% of total milk produced by Canadian farmers.

19. Financial coops (Credit Unions and Caisses Populaires) are a major force in Canada's financial system. The movement Desjardin control 44% of deposits in personal savings account, 32% of consumer credit, 40% of mortgage loans, 45% of agricultural credit, 23% of commercial and industrial credit, 19% of life insurance premium and 10% of damage insurance premium subscribed.

20. In retail and wholesale trade-also coops, particularly in the western and maritime-provinces occupy a prominent place. The Federated Cooperative Ltd. have total annual sales of nearly \$ 3 billion.

21. The peculiarity of Canadian Cooperative Model is that it has been successfully adopted to the situations where either private corporate sector has not found an acceptable rate of return on investment or where Govt. ceases to provide services.

III

COOPS IN ASIA : A SWOT ANALYSIS

In the present context coops have to adapt themselves with a competitive, globalised and information driven market economy. This is a daunting challenge for a cooperative system heavily involved historically in natural resources and agricultural production, whose strength is its membership and support and protection of the State. Besides, Asian Coops also face challenges from within. Unlike their corporate counterparts, they have not only to sustain as an enterprise in a competitive market but also educate their members both to elicit their loyalty as clients and to assure that members as owners guide the enterprise effectively. This peculiar nature of cooperative enterprise explains the need for analysis of coops' strengths and weaknesses as a starting point to chart out strategy that will take cooperative movement in the next millenium.

2. The following table in nutshell presents strengths and weakness of cooperatives in Asia.

| <u>CONTEXT</u> | <u>STRENGTHS</u> | <u>WEAKNESSES</u> |
|--------------------|---|---------------------------------------|
| 1. Penetration | . Coverage of all the Villages . Also present in Urban Areas | Low extent of coverage of households. |
| 2. Diversification | . Entry into almost all the agricultural sub-systems . Distribution of essential consumer goods . Proven success in employment generation | Low level of market share |

Integration of member' social and economic needs.

Presence in social sectors.

- | | | | |
|----|---|--|---|
| 3. | Capitalisation | Pre-dominance of members' contribution | Weak base Inability to mobilise capital from market |
| | | Insulation from market fluctuation & speculation | Dependence on Govt. |
| 4. | Competition | Have institutional presence at primary, secondary and tertiary levels. | Habit of seeking Govt. protection. |
| 5. | Governance : | | |
| | (a) Members' Involvement in Decision making | Principle of Democratic Control | Scanty involvement of members. |
| | (b) Board Members | Democratic election confers on them the right to govern | Politicisation Lack of entrepreneursh |
| | (c.) Executives | Localised Direct touch with members | Bureaucratic Influence of Government Lack of Professionalism. |
| 6. | Approach to Development | Patronage of Government | Dependency Syndrome |
| 7. | Business Aim. | Meeting the Members' Needs | Unable to with stand market pressures. |
| 8. | Globalisation | Have linkages through ICA | Introvertism and Inward looking attitude Lack of perspective. |
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Threats and Opportunities :

A large number of cooperators and the professional executives working in cooperatives feel that globalization and market orientation of economy may not be conducive for cooperatives as the privileges, protection and opportunities enjoyed by cooperatives as instrumentally of State may be dried up and cooperatives face the threats to their existence. The expansion – and dominance of private sector due to de-regulation and liberalisation particularly its entry in rural areas may lead to slipping of the areas and activities, hitherto in the domain of cooperatives, into the hands of private sector. Lack of cost effectiveness in the service operations of cooperatives and traditional styles in their management confounded it by the apathetic membership and perpetuation of the hold of politician cooperators are the significant threats which cooperatives specially the state sponsored cooperatives face today.

Further growing militancy in employees' union buttressed by politicisation is another dimension of the threat. Declared perception of the state about its withdrawal from cooperatives without facilitating their transition into free market economy has left cooperatives in a confused state. As a result the cooperatives have been forced to imitate private corporate sector. Such situations have resulted into the crisis of identity for cooperatives, and, therefore, the imperatives of the circumstances unleashed by the market economy call upon cooperatives to evolve new paradigms in their organisation, working and operations so that they can sustain in the new environment

In this context, the cooperatives should formulate dynamic policies for their growth and sustainability by responding quickly and timely to the new opportunities which market will throw up in future.

There may be a number of areas, which offer cooperatives adequate space and opportunities to thrive in the market economy. In future the National Governments would concentrate more on the issues relating to policy formulation, economic reforms, legal reforms, investment for creating infrastructure etc. The concept of public sector to achieve a commanding heights will be given a go by. Further in view of heavy involvement of the government in creating effective infrastructural facilities will leave the Governments with inadequate resources in the sphere of social sector development. Cooperatives can seize this opportunity and help the people to harness the benefit of social sector development. Similarly the private sector would also concentrate more on those areas of economic activities which are profitable and give higher return on investment of the capital. In this process, the people with limited means, particularly marginalised sections of population and lower and middle income group, may face great deal of difficulties. This situation will throw up opportunities of cooperatives to enter into distribution field and in the field of income generation activities for such sections of the population.

The melt down and recessionary situation in Asian Region has resulted into lay off/down sizing of work force and thereby creating a problem of unemployment and

social dislocation. Such sections of the population would obviously look towards cooperatives as an institution for their economic development and rehabilitation. The target groups for cooperatives, in the context, may be the educated and unemployed youth, expatriates and the workers who have been thrown out of employment due to rationalisation process.

The financial and currency crisis and change in the attitude of the banks to take up only safe and secured investment activities in the realm of financing, may lead small enterprises and individuals with limited means to face situations of financial and banking difficulties. Cooperatives with their experiences in the field of micro finance and self help activities may provide an alternative institutional system for finance and banking support to such sections of the populations.

In a situation of intense competition in the market a number of companies may fail and their owners may like to wind them up. The sufferers in this process would be the employees and workers. Many a times owners of some of enterprises in private sector manipulate situation in such a way as to deliberately liquidate them to take advantage of the govt. financial support available for financial reconstruction of failed firms and companies. Cooperatives may offer an alternative institutional set up for such failed companies and firms by encouraging their employees and workers to manage them in a cooperative way. In other words workers' and employees' cooperatives may have good scope to provide safety net in a situation of failure of enterprises/firms. The disinvestment policies to privatise the public sector undertakings may also throw up opportunities for workers' cooperatives. However successful harnessing of such opportunities will depend on the extent of appropriate policy and other support measures of the govt. and level of preparedness among the workers and employees.

Globalisation of national economies may also impact the working and orientation of cooperatives which are at local and grass root level. Through strategic alliances and integration and net working at various levels, cooperatives may have the advantages of globalisation for the benefits of their primary level producers members. There are also possibilities to forge global coop trade net work by promoting and strengthening partnerships between cooperatives at global level.

The deregulation and liberalisation policies of the govt. to create level playing field for economic enterprises in the market may result into amendment of cooperative law which is too restrictive and control oriented in Asian region. This may facilitate the transition of a state sponsored into member based and member controlled cooperative system and may thereby bring cooperative membership at a centre stage, and preserve and protect cooperative identity.

Last, but not the least, is the opportunity thrown up by information technology in modern times. The reach of cooperatives through their integrated federal structure is spread from grass roots to tertiary level and vice-versa. By imbibing an appropriate mix of information technology into their management practices and systems cooperatives may not only succeed in acquiring a higher levels of operational efficiency in their

organisational structure but also make their members at grass root level more informed. This will keep cooperatives in a good stead in a competitive environment, and also at the same time bring social stability and cohesion.

IV

IMPORTANT ISSUES

The foregoing SWOT analysis of Asian Cooperatives raise some important issues which have policy ramifications and require further discussions. Some of them are external, while others are internal to cooperatives. These are : Coops. and the State, organisational structure, cooperative governance, cooperatives and Private Sector Development, Coops and the Poor, opportunities for cooperative Development, Possible areas of partnerships between Asia and Canada.

Cooperatives and the State:

In Asia State has been deeply involved in the sponsorship and development of cooperatives by providing a variety of supports—legal and administrative, financial, technical. Involvement and support of the State has resulted into multi-dimensional growth of cooperative sector on the one hand but has stunted the growth and development of 'true' member based and controlled cooperatives. Although the macro-economic policy of various countries of the region, in some way or other, either through constitutional provisions (Indonesia and Phillippines) or development plans (India) refer to the role of the state, a well defined state policy on coops is yet to emerge in Asia.

During the process of implementation of economic reforms, the role of state has been more or less confined to initiate legal reforms for cooperatives based on the thinking (perhaps) that a reformed cooperative law will help cooperatives to compete well in the market without state support. But the process of legal reforms has been very slow in a number of countries. Nowwithstanding the significance of amendment of cooperative law in the Asian context, what is more important is perception of the state about the role of cooperatives in market economy. The situation prevalent at present in Asia is characterised either by total absence of policy perception at the Govt. level or presence of half hearted and half baked statements made here and there. In the economic reform policies pursued in the Asian region, while role of private and public sectors, N.G.Os and the Govt. is clearly defined, mention of approach to cooperative development is conspicuous by its absence.

Since state has been principal driving force to promote and expand cooperatives in Asia, there is need to formulate specific state policy on cooperatives emphasising governments' commitment to adhere to the Cooperative Identity Statement and to respect autonomy of cooperatives by creating and nourishing a conducive legal, economic and administrative environment. The State Policy should give clear directions on the following:

- (a) Role and positioning of cooperatives in national economic policies.

- (b) Cooperative legal reforms
- (c) Nature and extent of Govt. support to Cooperatives in transitions.

In nutshell the role of state should be that of enabler and catalyst to promote cooperatives. Its relationship with cooperatives should be based on the concept of mutuality of interests and partnership.

Organisational Structure

The organisational structure of cooperatives in Asia is federal in its nature, Practically in every segment of cooperatives, federations at secondary and tertiary (national) levels have been created. Conceptually speaking the federations should be borne out of the felt need and expressed will of the constituent members (Bottom-up Approach). In Asia this has not happened. The federations have generally been created by the Govt. They are used as instrumentality of the state to implement a number of Govt. initiated developmental schemes and programmes. In this process not only symbiotic relationship between primary constituents and their federation has been lost, but in many cases federations have grown at the cost of primaries. Existence of strong federations with weak primaries in region is the testimony of this situation.

Independent working and business operations of the federations with a very scanty regard to operate through their constituents and vice-versa has broken the inter-cooperative relationships making operationalisation of principle of "Cooperation among Cooperatives" as a distant dream (except Japan). This emphasises the need to formulate a workable strategy to ensure member oriented working and business operations of the federations.

Another important aspect of organisational structure of coops is the role of the Apex Coops (Umbrella Organisation) which is responsible to propagate cooperative values and ideology, to develop cooperative movement in accordance with coop. Principles, to act as accredited spokesman and representative of cooperative movement in the country and to provide adequate support services to cooperative movement for its efficient functioning. The apex cooperatives in a number of countries are weak and dependent on Govt. financial support. With the result the support services for cooperatives continue to be under the control of the Govt. which is reluctant to pass on these services to the weak apexes. Lack of financial resources and professionalism in these organisations further constrain their effectiveness to advocate the cause of cooperatives in a market.

ICA and ILO Coopnet had collaborated to formulate workable strategy to restructure the cooperative Support Services – and to strengthen apex cooperatives. Regional workshops on these issues have already been organised and action plan to implement their recommendations is being worked out.

Cooperative Governance:

Important indicators of quality of governance of a cooperative organisation are as follows:

- (a) degree of value based professional management imbibed in it
- (b) degree of autonomy it enjoys
- (c) extent of member-centric decision taking process
- (d) extent of cohesion in regard to authority relations between various wrungs of management
- (e) gender sensitivity reflected in the management and operations

For historical reasons the cooperatives in Asia (Barring some exceptions) fulfill these indicators of good governance in a very inadequate measure. In market oriented situation, therefore, issue of good cooperative governance assumes an added importance.

Very recently ICA ROAP in collaboration ICA Global HRD Committee convened an International Seminar on Value Based Professional Management (VBPM) in Cooperatives. The seminar evolved the following definition of Cooperative Value Based Professional Management “ Value Based Professional Management in Cooperatives deals with the processes, functions and systems that facilitate strengthening / revitalising cooperative values and ensure sustainability of member based and community oriented cooperative enterprises in a competitive market.”

The seminar suggested that the concept has to be integrated at the level of members, board, professional management and organisational structure. Recognising HRD as an important tool to operationalise VBPM in cooperatives the seminar also evolved important components of training modules for (a) Members and leaders (b) CEO & employees, (c) Govt. Officials (d) Trainers.

It is felt that implementation of these training modules will facilitate integration of VBPM in Cooperatives at different levels and thus synergise values and professional management.

Authority relationships among various wrungs of management of cooperatives is another important issue which affect, the quality of governance. The dominance of State (Department of Cooperation) in the management and working of cooperatives combined with politicisation of cooperative leadership in a number of countries creates unnecessary hurdles and blocks in the sphere of effective cooperative governance. Such state of affairs has created an environment wherein the members have been relegated into background and extraneous elements have taken hold of cooperative governance.

HRM/HRD policies or programmes in cooperatives have either been conditioned by the States' dominant or are totally absent in a number of cooperatives. Situation at primary level is more precarious than at secondary and tertiary level. Heavy

subsidisation of cost of HRD programme by the Govt. of makes it further pliable to Govt. interventions and control.

Lack of proper corporate vision based on members' needs and expectation and market at cooperative enterprise level and indifferent federal cooperatives to take care of HRM/HRD needs of their segment are some other important constraints which have adversely affected the growth of viable HRM/HRD policies and programmes within cooperative sector.

* Gender mainstreaming and women empowerment in cooperative leadership and decision making is equally important for effective cooperative governance. The traditional attitudes and taboos that have been ingrained in the social set up in the region for centuries obstruct the participation of women in the management and decision taking. In many countries in the region cooperative law and bye laws of the coops provide for allocation/reservation of seats for women on the boards of management. However such provisions donot help much in catalysing the process of spontaneous attitudinal changes either in women or their male counterparts for enhanced women participation and empowerment in Coops. But this does not underestimate the efficacy of coops as an alternative institutional frame-work for socio-economic development of women. Exclusive women coops in the fields of dairying, credit, consumer coops that have come up in a number of countries can be cited as successful examples. However overall participation of women in cooperatives continues to be low.

Studies undertaken in a number of countries indicate that the low level of participation of women in cooperatives is generally caused either by apathy of management of cooperatives or by lack of effective HRD policies and programmes. Studies also show that cooperative values, particularly self help and mutual help appeal more to women than men. Degree of success of self-help groups among women is greater than men. What is, therefore, required is well focussed Common HRD programme on gender integration for the mixed target groups of men and women.

Cooperatives and Private Sector Development

For long, cooperatives in Asia (except Japan) have been treated as an adjunct of the public sector, inspite of a notable presence of member based Cooperatives. For example, In Bangladesh (traditional or non-Comilla pattern co-ops), India (Urban Cooperative Banks and Credit Societies)-Indonesia (Non-KUD Co-ops), Phillippines (NATCCO) Sri Lanka (SANASA Coops) have grown – and flourished simultaneously with state sponsored and aided Co-ops. With economic reforms in operation co-ops, as business enterprises, feel closer proximity with market oriented private sector. The traditional view of private sector representing an anti co-operative perception is being given a gradual go bye and need for constructive business collaborations based on mutuality of interests of both the sectors is being talked about.

Another perceptual odd with Co-operative sector has been their narrow understanding or rather misunderstanding to regard private sector as an assembly of

investor oriented firms or capitalists. In reality it is not so. There is vast informal sector consisting of labourers, artisans and craftsmen, the self employed people etc. In a number of countries of Asia informal sector is largest employment provider to the people. The Co-operatives can play a very important role in the development of this component of private sector by providing them with (a) institutional support (b) market access and (c) reasonably priced consumer articles.

The co-operatives may also enter into strategic business alliances with private sector for obtaining advantage of technology, resources and markets. Such alliances will also help co-operatives in shedding their traditional precepts and practices of management and in imbibing modern techniques in their working and operations.

With the establishment of W.T.O and commercialisation of Agriculture, value addition will be the focus of agricultural development in the region and agro-processing would, therefore, assume central stage. In a number of countries cooperatives have presented successful model for the development of agro-processing/agro-industrial cooperative complexes e.g. (Sugar Cooperatives of India). Such successful examples have to be further multiplied and applied to other agricultural commodities. This would require sizeable investment in terms of financial resources and upgraded technology. While the cooperatives have vast experience as engineers of agricultural development and growth on supply side, private sector has commanding position in terms of upgraded technology and resources. Workable strategic alliances may be forged between agricultural cooperatives and private sector. However, this requires a careful analysis of the mutuality of interest between coops and private sector.

Micro-credit is yet another area which is very much associated with the development of Co-ops and private sector. The self-help groups (pre-co-operative) and credit unions not only provide strong support to the people in informal sector but strengthen the process of capital formation within co-operatives. In a number of countries of Asia, self-help groups have been a well known success story in promoting micro-credit either as an integral part of co-operative system or as complementary instrument of co-operative financial services.

Co-ops, Finance and Globalisation

Viewing competitive capacity of co-operatives in the context of globalisation, the common feature of Asian co-operatives (barring a few countries like Japan, Korea and China) is their emphasis on domestic business with an inward looking attitude. With the result, their share in export basket of the country remains very insignificant, not withstanding very important role of co-ops, particularly agricultural, handicrafts and handloom co-ops in producing exportable items. Similarly foreign direct investment in co-operatives is virtually absent in the region. The Co-optrade Project implemented by ICA ROAP in the region nearly eight years ago had created a good deal of awareness among co-operatives about globalisation. However, with the conclusion of the Project, the process has been halted. In near future, ICA ROAP proposes to promote International Co-operative Trade Network to promote co-op to co-op trade and business.

To succeed in market oriented global economy, the business enterprises need to muster resources particularly finances and to strengthen their technology and managerial base. In this context availability of finance from an efficient financial system at a reasonable rate becomes crucial. In Asia, important sources of co-op finance are members equity and borrowings from financial institutions. However, in case of govt. sponsored co-ops, the government have also contributed to equity and have provided variety of financial support to co-ops. With the implementation of economic reforms the financial disengagement of the govt. from co-ops has become a reality. This will put pressure on the members to mobilise financial resources of their co-ops.

Co-ops in Asia have created their own financial institutional network in the form of credit unions, credit societies and co-operative banks. However, these institutions do not possess requisite capability to meet the financial needs of co-ops in a global market. Only some countries e.g. Japan, Korea and India (only a few co-operative banks) have experience and resources to support co-operative globalisation.

Capital needs of co-operatives differ from enterprise to enterprise. While the requirements of primary co-ops may be small, those at tertiary level undertaking higher degree of value addition may require large capital. At primary level self-help group approach has shown a great deal of success in mobilisation of resources in a number of Asian countries. However at higher level inability of co-ops to tap capital markets due to restrictive co-operative laws and ideological perception continues to be a major constraint. Co-operatives, therefore, have to be more innovative in evolving effective financial instruments for meeting growing requirements of co-ops in market economy without any erosion of their identity. Some of the steps that are being tried by co-operatives in the region are linking of members' equity with the extent of services availed, conversion of patronage dividend into equity shares, inviting non-member/non-voting share, tapping capital market through issue of bonds, debentures etc, - establishment of subsidiaries/holding companies, adoption of consortium arrangements among willing co-operative banks to finance large co-ops etc. etc.

Coops and the Poor

Coops being imbued with social purpose are to play an effective role in poverty alleviation programmes. The Govts. in a number of countries, as a policy, direct the cooperatives to involve in the implementation of poverty reduction programmes. This has become a debatable issue-whether cooperatives are essentially for the poor? The respondents to the questionnaire, while discussing the rationale of involvement of cooperatives in poverty alleviation expressed mixed opinion. Some of them observed that co-operative model can be successfully used as catalyst for creation of self-help awareness among the poor and will facilitate the cooperativisation of poorer sections of the community, while a few of them also mentioned co-operative as user owned and user accountable economic organisation. Therefore, its involvement in poverty alleviation programmes may relegate the interest of the members into background. Further cooperatives, being an economic organisation cannot absolve itself from the

responsibility of earning adequate profits to ensure capital formation rather than involving itself in the social welfare programmes. Some of the respondents also felt that the active involvement of cooperatives in the poverty alleviation may lead to erode autonomy of cooperative which is member centric. Therefore, a synergy between members' needs and expectations and social considerations has to be worked out so that the cooperatives do not deviate from their basic objective of service to their members even if they undertake a number of programmes for poverty alleviation. A notable strength of cooperatives as an economic organisation with a social purpose has been their effectiveness to build up access to means of production to their members but also to the poorer sections of the population through interventions in terms of micro-finance and promotion of small and medium enterprises

Earlier approach of financial cooperatives of asset based finance is now being remodelled into equity and need based finance and input giving dispensation to build up economic capacities of the beneficiaries. The emphasis is on development of rural non-finance enterprises whose beneficiaries are the poorer sections of the rural society namely marginal farmers, landless agricultural labourers etc. The cooperatives, therefore, are expected to address the causes of deprivation and inequity by building community based enterprises as an alternative to the structures of economic dependence rather than targeting the poor. By providing an opportunity for the poor to participate in collective economic and social action as member-clients and member owners, through member education and information co-operatives offer an alternative to the relationship of exploitation and exclusion.

Collective solidarity is regarded as one of the most successful strategy for addressing causes of poverty and equity. Changes do not take place automatically and require concerted attention to awareness raising and mobilization as a strategic choice. Therefore, any programme for poverty alleviation needs to be combined with a sustained programme of social mobilization. Cooperatives provide a very effective institutional framework that present effective blending of collective solidarity, viable economic activities and social mobilization. In other words cooperatives provide economic and social space for the poor to participate in the process of their well being.

Food Security and Coops

By 2000, the Asia and the Pacific Region will face a deficit of 19 million tones of food grains. By 2010 this deficit will increase to 32 million tonnes and nearly 200 million people will suffer from cronic malnutrition. In this scenario, issue of food security assumes an added significance. Important dimensions of food security are availability, access and continuity and stability to ensure adequate and safe nutrition food to the people at all times. The continuity in the increase of agricultural production and efficiency of distribution arrangements are the important issues relating to food security.

It is observed in many countries of the region that inspite of increase in agricultural production in absolute terms the rate of growth in agriculture has been more or less stagnant and this shows that there has been a slow down in agricultural output due

to several reasons. The study conducted by ICA-ROAP on behalf of JA-ZENCHU mentioned these factors as limited availability of new farm lands; reduced water resources; increased consumption of food grains due to raising population; depletion of world food stock, adverse impact of environmental changes; lack of appropriate technologies; and inadequate post harvest facilities and unfair trading practices. The cooperatives in Asia-Pacific Region have been more focused on agricultural development. They have not only provided an institutional system for increasing agricultural production but at the same time have also helped in distributing and marketing food grains effectively and equitably. The cooperative values are prompting force for cooperatives to adopt fair trading practices unlike traders in private sectors. The cooperatives have also helped in enhancing production in the sectors allied with agriculture such as fisheries, poultry, etc. and thereby creating alternative sources for food for the poorer sections of the community.

Opportunities for Cooperative Development

Growing market economies in the region may open up a number of opportunities for development of cooperatives in different areas. These areas are protection of environment; organisation of cooperatives in the field of tourism, energy and power, transport, health and family welfare and education.

All these issues have direct bearing on the development of communities. As cooperatives have deep commitment to and concern for communities where they are functioning, there is every possibility for promoting cooperatives in these areas.

Growing urbanisation and de-forestation in Asia and Pacific Region may open up new opportunities to cooperatives to organise enterprises for recycling of waste and development of forestry.

Energy, power and transport are the important component of the infrastructure which is lacking in a number of countries of Asian Region and the cooperatives can be promoted for generation as well as distribution of power which has been generally a monopoly of public sector in a number of countries. Inefficiency of energy distribution leading to exploitation of consumer may be mitigated to a great extent, if a cooperative form of institutional system is applied in these fields.

Tourism is another sector which is a great source of employment generation and the educated youth may be encouraged to form tourism and transport cooperatives so as to find out employment avenues.

Health, family welfare and education are yet another areas which are important in the context of strengthening social infrastructure. In a number of the countries of Asia cooperative in these sphere have notable achievement to their credit. In the context of market oriented economic system and the possible drying up of Govt. investment in those areas, the consumers and beneficiaries have no alternative but to organise themselves into cooperatives so as to create a vibrant social infrastructure for their well-being.

POSSIBLE AREAS OF PARTNERSHIPS BETWEEN COOPERATIVES IN ASIA AND CANADA

The cooperative movement of Canada (CCA and DID) with the support of CIDA have provided significant investment in cooperative development in Asia which has had positive results. The main focus of Canadian support has been on creation of member based and member controlled viable cooperatives. Its contribution in developing credit union movement through bottom up development initiatives has been instrumental in promoting member based credit union movement in Korea, Sri Lanka, Thailand and Malaysia. The initiatives for development of such institutions did not come from the Governments but from the peoples themselves. Since at the time of entry of Canadian support to Asian Coops., priority of the national Government was removal of poverty, it was natural for Canadian cooperatives to promote credit unions to ensure mobilisation of resources and their fruitful deployment through self-help and mutual efforts. With the implementation of economic reforms, the region has undergone dynamic changes. In this context, the following possible areas of partnership between cooperatives in Asia and Canada may emerge :

- (i) Catalysing the process of formulation of State Policy on cooperatives and legal reforms;
- (ii) Promotion of Value Based Professional Management in Cooperatives (Facilitating the implementation of training modules evolved by International Seminar on Value Based Professional Management in Cooperatives organised by ICA-ROAP and ICA Global HRD Committee in July – August, 1998);
- (iii) Identifying the possibilities of strategic alliances between Canadian Coops. and Asia Cooperatives particularly in the field of agro-processing, energy and power, health and family welfare and education;
- (iv) Providing technical support to Asian Coops in the field of micro-finance;
- (v) Undertaking the projects for strengthening apex cooperative organisations in Asia for cooperativising support services; and
- (vi) Assisting the Asia Coops in formulating practical HRD policies and programmes based on their corporate vision and mission.
