



COOPERATIVES IN KIRIBATI

Eutan Buariki Paradise (Buariki Eco Lodge) in North Tarawa is a community-owned and operated guest house. Image credit: Eutan Buariki

Contribution of cooperatives to Kiribati's economy

- 425 - number of registered cooperatives.
- 8,981 (7.75% of the population) - members in cooperatives.
- 6,286 (70%) of members in cooperatives are women.
- 888 - number of employees in cooperatives.
- 5% - contribution of cooperatives to the national GDP.
- 19 credit unions with 587 members (as of 2018).

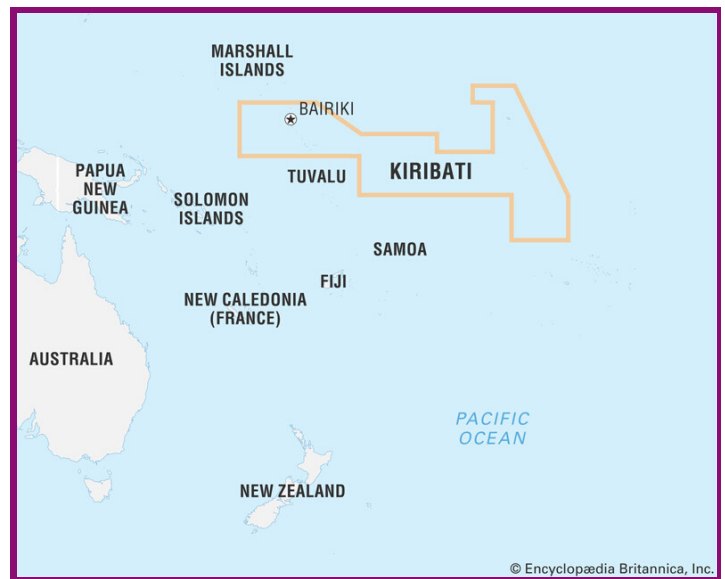
(All figures as of 2019)

The cooperative movement in Kiribati dates back to the 1950s. Over the years, cooperatives in production-centric sectors like fisheries, tourism and coconut, have grown with government support and increase in subsidies. Strengthening the performance of cooperatives is in line with the government's long-term developmental plans, the Kiribati 20-year Vision (KV20) from 2016-2036. The government has updated manuals and regulations to promote cooperatives as instruments for improving private sector activity and sustainable development.

Did you know?

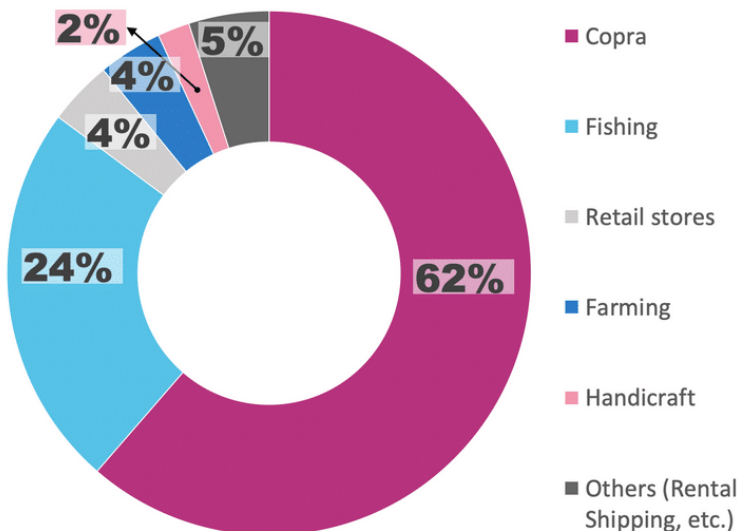
- The Ministry of Commerce, Industry and Cooperatives (MCIC) is the main regulatory and promotional authority on cooperatives.
- Copra cooperatives have a strong market presence in the smaller outer islands where copra is the main source of income.
- Cooperatives are present in 22 islands.
- ICA has one member from Kiribati, the MCIC, which became an affiliate in 2019.

Geographical location of Kiribati



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Types of cooperatives in Kiribati



Evolution of the cooperative movement

→ 1950-1979

- Cooperative stores in villages were promoted by the British colonial government in the 1950s to buy and sell imported food items and copra.
- In 1966, the Gilbert and Ellice Islands Cooperative Federation was established. It actively traded with the commercial company set up by Oxfam from 1969 to 1971.
- When the Colony of Gilbert and Ellice Islands was divided into Kiribati (Gilbert Islands) and Tuvalu (Ellice Islands) in 1975, there were 15 registered cooperatives in Kiribati.
- In 1977 when Kiribati gained independence, new legislations were enacted to promote wholesale and retail cooperatives as the economy was dependant on imported goods.
- By the end of the 1970s, there were 44 registered cooperatives with about 80% of them engaged in copra and cargo retailing.

→ 1980-1999

- Through the 1980s, cooperatives controlled the domestic wholesale market. The Kiribati Cooperative Wholesale Society (KCWS) became the frontrunner of the movement. By 1984, KCWS had annual sales worth US\$ 6.03 million (AU\$ 7 million) and was exporting food items. This monopoly led to an increase in membership, with around 40% of the population involved in cooperatives.
- By the late 1980s, consumer loyalty to cooperatives weakened due to mismanagement by committees and dwindling funds led to collapse of many cooperatives. Large-scale, family-owned private businesses flourished due to increased access to credit.
- Only 5 new cooperatives registered in the 1990s due to the public's negative perception.

→ 2000-Present

- The government took an interest in cooperatives and post-2000, cooperatives expanded into housing rental, shipping and other sectors. Farmers' cooperatives were set up on most islands and managed independently by the farmers themselves.
- The Kiribati Copra Development Ltd. was established as a cooperative in 2000 to centralise the export of copra.
- In 2008, some local copra cooperatives received control of government-owned commercial processing and exporting operations. Fisheries cooperatives were also established to run government-built refrigerated fish collection and shipment centres.
- In 2009, the government started conducting trainings for cooperators from the outer islands to make virgin coconut oil, preserving foods, plant food crops, copra production and livestock management.
- In 2016, the Ministry of Finance and Economic Development requested MCIC to develop a National Cooperative Policy to guide government decision-making in line with KV20.
- In 2017, consultations began to review and amend cooperative registration and auditing requirements to increase transparency. The Kiribati Trade Policy Framework 2017-2027 also mentioned development of cooperatives as a way to make communities economically sustainable.
- The cooperative movement received a boost in 2018 as it expanded beyond copra cooperatives to producers in fisheries and agriculture, while also promoting service-oriented cooperatives in the tourism industry.
- In 2019, the cabinet approved the proposals to amend outdated cooperative legislations. The process to amend is underway.

Laws for cooperatives

- **1951-** Cooperative Societies Ordinance was enacted by the British colonial government in the Gilbert and Ellice Islands. The government's intention was to tighten control over the economy.
- **1977-** The Cooperative Societies Ordinance Cap 14 was the first consolidated law that was implemented through the Cooperative Societies Regulations 1977. The Ordinance consisted of 66 sections and defined the objectives of a cooperative society to promote the economic interest of its members in accordance with cooperative principles or to facilitate the operations of such a society.
- **1986-** The Copra Tax Act allowed the government to exempt or cap taxes on any cooperative society engaged in buying copra from primary producers. The Act was repealed in 2003.
- **1990-** The Credit Unions Act 1990 defines a credit union as a "cooperative, non-profit" organisation. It's regulated by the Registrar of Credit Unions.

Key highlights of the 1977 Act

- At least 10 members required to register a cooperative.
- The Registrar is appointed by the MCIC.
- No restrictions on carrying out any particular kind of business other than banking and insurance.
- A member cannot hold more than one-fifth of the share capital of any cooperative society.
- Non-members can transact with the cooperative society as long as they don't oppose any cooperative principles.
- Disputes among members, between members and society and between two registered societies shall be arbitrated by the registrar.

Cooperative landscape of Kiribati

Cooperatives in Kiribati operate across different sectors in many outer islands and are closely linked with the country's social and economic development. With a 94% increase in the number of cooperatives in the last 40 years, they play an important role in furthering the achievement of Sustainable Development Goals (SDGs) in the country. The government is also focusing on promoting cooperatives in diverse sectors.

Promoting sustainable communities (SDG 11):

Eutan Buariki Paradise Cooperative Society Ltd. (EBPCS)

EBPCS was established in 2017 in Buariki, North Tarawa, as the first guesthouse/hotel cooperative in the outer islands. Buariki has a rich cultural history and is an ideal retreat to relax, canoe, snorkel, swim, surf and participate in local activities. EBPCS operates traditional rental guesthouses and has 32 members and three employees. The cooperative also aligns with KV20 as it promotes cultural values and tourism. Members also generate income by selling local handicrafts as souvenirs. EBPCS's cultural emphasis attracts tourists, safeguards historical sites preserves local skills, and maintains traditions for future generation.



Local handicrafts at EBPCS.
Image credit: MCIC



STFCS produce at the local market.
Image credit: MCIC

Providing decent work (SDG 8):

South Tarawa Farmers Cooperative Society Ltd. (STFCS)

Located in Temaiku, South Tarawa, STFCS is an agricultural cooperative started in 2018 with 52 members and two employees. The members are mostly unemployed youth from the village who receive guidance from village elders and trainings from the Ministry of Environment's Agricultural Department and the Taiwan Technical Mission. The cooperative received the farmland and the agricultural tools from the government. The main source of income is producing and selling fruits and vegetables such as bananas, cucumbers, cantaloupes, cabbages and pumpkins, at the local Council market. There are also plans in place to establish own marketing and distribution centres.

Promoting innovation and infrastructure (SDG 9):

Nikon Boon Cooperative Society Ltd. (NBCS)

The British colonial government promoted cooperatives to sell imported food. NBCS was set up in 1975 with 43 members in Betio Village in South Tarawa to provide goods through retail shops. It slumped in the 1990s due to mismanagement, competition and reducing membership. They stopped generating income and their retail stores closed. The Registrar of Cooperatives took over to protect the society's assets. The society was restructured and their business activity changed to renting property to private businesses. Since then, the cooperative has regained its governance and has been operating successfully with 760 members and assets worth US\$ 144,931 (AU\$ 212,000).



- The International Day of Cooperatives was marked for the first time in 2009. The MCIC held awareness and training programs for stakeholders and cooperators from the outer islands.
- In 2018, Kiribati attended the ICA-AP Forum on Development of Cooperatives in the Pacific – the first sub-regional fora of its kind in over a decade. The MCIC Registrar presented a status report of Kiribati’s cooperative sector.
- MCIC delegates attended the ICA-AP National Federation of Agricultural Cooperatives (NAFC) Joint Workshop on Cooperative Systems in September 2019 in South Korea. The delegates learned about agricultural cooperatives and policies relating to cooperatives.
- In December 2019, MCIC attended the 14th ICA-AP Conference on Cooperative Research and the Second ICA-AP Forum on Development of Cooperatives in Pacific Islands held at the University of Newcastle in Australia.

What are cooperatives?

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

Cooperative values

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

Cooperative principles

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

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

References

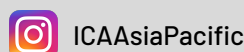
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About International Cooperative Alliance Asia and Pacific

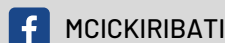
ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP’s 108 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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