

وزارة الشؤون الاجتماعية
Ministry of Social Affairs



الإمارات العربية المتحدة
United Arab Emirates

الملتقى الثاني للتعاونيات Second Cooperatives Forum

بالتعاون مع الحلف التعاوني الدولي
والمكتب التنفيذي لوزراء العمل ووزراء الشؤون الاجتماعية
بدول مجلس التعاون العربية (القطاع الاجتماعي)

In Cooperation with

*International Cooperative Alliance Asia Pacific
Executive Bureau of Council of Ministers of Labour
& Social Affairs in GCC States*

334-350 (536.2)

تحت شعار

”نحو حوكمة ومسؤولية اجتماعية أفضل للتعاونيات“

Under the Motto

"Towards Better Governance and Social Responsibility of Cooperatives"

1 - 3 يونيو 2008م

مركز أبوظبي الوطني للمعارض - أبوظبي

1 - 3 June 2008

ADNEC, Abu Dhabi



مجلس أبوظبي للتطوير الاقتصادي
ABU DHABI COUNCIL FOR ECONOMIC DEVELOPMENT



راعي فرعي
Co Sponsor

راعي رئيسي
Main Sponsor

ICA Library
334:350(536.2)
ICA-T
ICA 02157

الملتقى الثاني للتعاونيات
Second Cooperatives Forum

نحو حوكمة ومسؤولية اجتماعية أفضل للتعاونيات
Towards Better Governance and Social Responsibility of Cooperatives

ICA Library



ICA 02157

Forum Agenda

Day 1

Sunday 1 June 2008

Time	Agenda	Events
Registration 4:00 – 5:00 pm		
5:30– 6:00 pm	Opening ceremony	opening : <ul style="list-style-type: none">•National Anthem•Recitation of Holy Quran• Inaugural Speech by the Chief Guest•Statement by the Minister of Social Affairs•Statement by the President of the ICA•Statement by General Manager of GCC executive office
Break 6:15- 6:00pm		
6:15 – 7:00 pm	Opening workshop	3 working papers on the following topics: <ul style="list-style-type: none">• Governance of cooperatives• Social responsibility of the cooperatives• Food security through cooperatives
Pray break 7:30 – 7:00pm		
Entertainment, dinner & honoring the sponsors 9:00 – 7:30pm		

Forum Agenda

Day 2

Monday 2 June 2008

Time	Agenda	Events
9:00 – 9:45 am	Presentation of the recommendations of the Eighth Ministers' Conference on Cooperative Policy & Legislation	
Break for 15 minutes		
10:00 – 10:45 am	The latest update on the development of policies, legislation on cooperatives in the Asia and Pacific region of ICA	
Break for 15 minutes		
11:00am – 1:00 pm	Interventions by the participating countries on the recommendations of the Eighth Ministers' Conference on Cooperative Policy & Legislation	
Lunch 2:30 – 1:00 pm		
2:30 – 3:15 pm	Presentation on the diversity of activities of the National Agricultural cooperative Federation in Korea	
Break for 15 minutes		
3:30 – 4:15 pm	E-Marketing - the experience of Co-operatives in India	
Break for 15 minutes		
4:30 – 5:15 pm	Consumer cooperatives and their social agenda - the Singapore experience	
Break for 15 minutes		
5:30 – 6:15 pm	Transformations of modern cooperatives in Europe	
6:15 – 6:30 pm	Briefing on the Group Discussions	
Dinner 8:00 – 9:00 pm		

Forum Agenda

Day 3

Tuesday 3 June 2008

Time	Agenda	Events
9:00 am – 12:45 pm	Reality and future of cooperatives in the Gulf Cooperation Council (facilitated by International Cooperative Alliance Asia Pacific)	A visit to Abu Dhabi Cooperative Society for non GCC delegations
15 minutes break		
1:00pm –1:30 pm	Group Discussions on the characteristics of governance, social responsibility and diversity in the cooperatives	
Lunch 1:30 – 2:30 pm		
2:30 – 3:00 pm	Presentations of the reports on group discussions	
Break for 15 minutes		
3:15 – 4:00 pm	Conclusion of the government cooperative dialogue and the adoption of recommendations of the Forum	

نحو حوكمة ومسؤولية اجتماعية أفضل للتعاونيات
Towards Better Governance and Social Responsibility of Cooperatives

الملتقى الثاني للتعاونيات
Second Cooperatives Forum



334(536.2)
Abu.

United Arab Emirates
Ministry of Social Affairs

Second Cooperatives Forum
"Towards Better Governance and Social
Responsibility of Cooperatives"

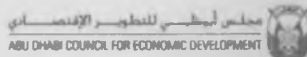
under patronage of
**His Highness General Sheikh
Mohammed Bin Zayed Al Nahyan**
Crown Prince of Abu Dhabi, Deputy Supreme Commander of
Armed Forces

Jointly organized by

The Ministry of Social Affairs, Govt. of UAE
International Cooperative Alliance Asia Pacific
Executive Bureau of Council of Ministers of Labour
& Social Affairs in GCC States

1 – 3 June 2008 , Abu Dhabi, UAE

Strategic Partner



Main Sponsor



Co. Sponsor



INTRODUCTION

Since its inception , The Ministry Of Social Affairs , has been so keen to set up a plan for extending its services into wider range through expanding and improving such services as well as simplifying its procedures . Furthermore , the federal government strategy , with all the objectives and programs included therein, has presented great responsibilities and challenges that require us to exert our utmost joint efforts to realize and overcome them , as the United Arab Emirates accepts only to occupy the first positions in all fields.

Based on this strategy , and in order to communicate with the world experiences and benefit from them in enriching our national experiences , The Ministry organizes the **Second Cooperatives Forum** under the kind patronage and sponsorship of The General H.H. Sheikh Mohammed Bin Zayed Al-Nahyan, Abu Dhabi Crown Prince , Vice Chief Commander of the armed forces , in cooperation with the International Cooperative Alliance , The Executive Council of the Ministers of Labour , and Ministers of Social Affairs (The Social sector) in the GCC countries during the period from 1-3 June 2008 under the motto " **Towards Better Governance and Social Responsibility for the cooperatives** " .

Forum Goals

- To strengthen governance and social responsibility of the cooperatives
- To highlight multiple functions & diversity of cooperatives
- To develop network of cooperation with co-operatives affiliated to ICA in Asia, Pacific, Africa, Latin America and Europe
- To promote & protect the interests of co-operatives in United Arab Emirates and the Gulf Cooperation Council.

Governance in cooperatives: a general framework of laws, rules and standards that define the relationship between the management of cooperatives and the shareholder members.

Social responsibility of cooperatives : Concern for community is an integral part of the cooperative businesses and is deeply embedded in the cooperative philosophy thereby distinguishing them from other types of business organizations.

Diversity of cooperatives: Fairness and transparency are the hallmarks of cooperative actions and in the quest of fair globalization the cooperative mode is more than applicable in the diverse sectors such as construction of infrastructure, health care, education, tourism, hospitality, insurance etc.

Food Security: Cooperatives being owned by the members desirous of common good through self help have the capacity to respond more effectively to the food security aspects of the society at large.

Main Agenda

Government – Cooperative Dialogue on Recommendations of 8th Ministers' Conference on Co-operative Policy & Legislation held in Malaysia in 2007:

During the forum, consultation on the recommendations of 8th Ministers' Conference on cooperative policy & legislation will be held between the government heads & cooperative chiefs for incorporation of the important features of the recommendations in the development plans of the governments and cooperatives.

Framework of the dialogue:

- Secretary General, Ministry of Entrepreneur & Cooperative Development, Government of Malaysia, the host of the 8th conference, will present the set of recommendations compiled by ICA Asia Pacific.
- Representatives from the governments and cooperatives from Asia Pacific region will present the latest developments & trends in the cooperative policy & legislation in their respective countries and offer their comments on the draft recommendations already circulated in advance to each of them by the ICA Asia Pacific.
- Cooperator of Eminence from Europe will present recent trends in the policy & legislation on cooperatives in Europe.
- Discussions will be held on "better partnership between government and cooperatives to strengthen the role of cooperatives in the national economy" and Case studies on the theme of the event will be presented by the successful cooperatives in Europe and the Asia-Pacific

Symposium

Symposium on reality and future of cooperatives in the Gulf Cooperation Council in the light of globalization

Consistent with the decision of the Council of Ministers of Labor and Social Affairs, in the Gulf Cooperation Council at its last meeting held in November 2007 in Riyadh, symposium on reality and future of cooperatives in GCC region in the light of globalization will be organized within the framework of the dialogue in technical collaboration with the ICA Asia Pacific and will be attended by representatives of governments and cooperative associations in GCC.

Objectives:

- Assess the reality of the cooperative movement in the Gulf Cooperation Council countries in terms of policy support, legislation, regulation, assistance, governance and management of the cooperatives
- Understand the scope and relevance of cooperatives in the Gulf Cooperation Council and identify diverse sectors to be brought in the cooperative fold in the era of globalization
- Discuss feasible options to mainstream and develop the cooperatives in the GCC with the network of International Cooperative Alliance.
- Effective interaction among the participants for greater exchange of information and experiences on the functioning of cooperatives
- Draft practical guidelines in the form of recommendations to enhance cooperation and coordination between the governments and cooperatives in the Gulf Cooperation Council for consideration at the next session of the Council of Ministers of Social Affairs & Development in the Gulf Cooperation Council in November 2008 in Doha.

Participants

About 100 Foreign Participants from more than 20 countries:

- 25 official representing the government agencies in charge of cooperatives in 19 countries in the Asia-Pacific region: Japan, China, Singapore, Malaysia, Korea, Indonesia, Iran, Laos, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam, Thailand, Brunei, Cambodia, Afghanistan, India, Kuwait, the Kingdom of Bhutan.
- 60 representative of the cooperatives with membership of ICA Asia and the Pacific in 23 countries.
- 15 participants from the Gulf Cooperation Council.
- **350 participants from UAE**

Total 450 - 500 participants interested in cooperative working representing more than 25 countries.

An Outline of The Cooperative Work

What is the cooperative work?

A kind of regulation wherein a group of people are voluntarily and equally associated to boost their economic and social interests.

Emergence of The Cooperative Work

In 1844 the first cooperative Society in the world was founded namely, Rochdale Pioneers Cooperative Society in Britain which was formed by a group of workers numbering 28 men who collected 16 Pounds and opened a shop to provide the necessary goods at reasonable price without cheating. The need and the hard economic and social circumstances were the motive and driver behind the creation of this Society.



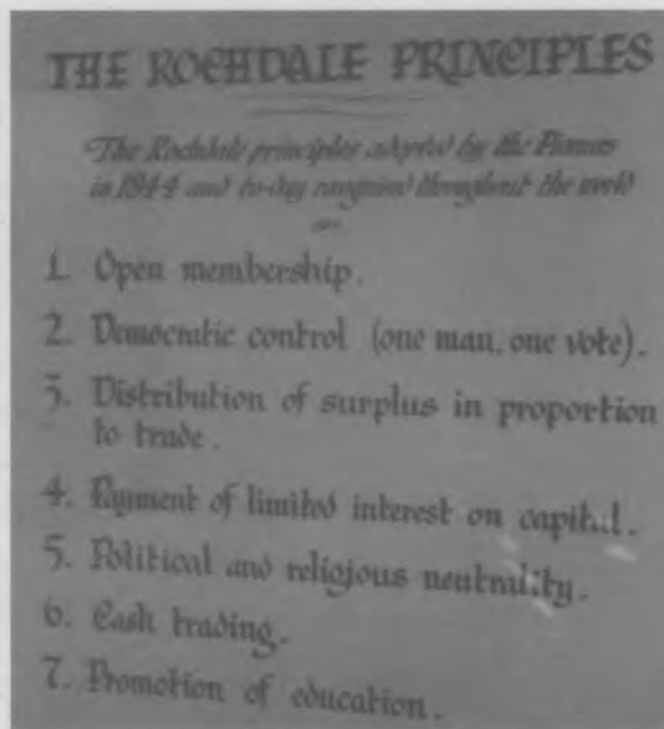
Photograph of the Pioneers Founders of Rochdale Cooperative Society.

Outline of The Cooperative Work

Rochdale Cooperative Principles

1. Open Membership
2. Democratic Control (One Man, One Vote)
3. Distribution of Surplus in Proportion to Trade
4. Payment of Limited Interest on Capital
5. Political and Religious Neutrality
6. Cash Trading
7. Promotion of Education

Which are the same principles adopted by cooperatives until now.



A Photo of Rochdale Cooperative Principles Board

Cooperatives in The World

The Cooperatives and Their Positive Role in The Economies of Certain Countries Distinguished in the Field of Cooperatives

France

The Cooperative Bank (Crayot / Jebcol) one of the largest banks in the world

Switzerland

The cooperatives own 90% of retail business.

Sweden

66% of the private care centers are cooperatives

Korea

The turnover of agricultural cooperatives is \$ 200 Billion i.e. 45% of the total of the agricultural markets.

The cooperatives membership contains 800 million members.

The Country	Members Percentage Compared With Population
The Unites States	40%
Singapore	40%
Canada	40%
Japan	35%
Iran	25%

The Cooperatives in United Arab Emirates

Cooperative Societies in The United Arab Emirates

In 1976 the law No. 13 was promulgated in respect of cooperative societies, after which the first consumer society in the country was launched namely Sharjah Cooperative Society. The following table shows the distribution of the societies according to their categories:

Category	Societies	Branches	Total
Consumer Cooperative Associations	17	66	83
Fishermen Cooperative Societies	12	1	13
Housing and Construction Societies	1	0	1
Cooperative Unions	2	0	2
Vehicles and Boats Rent Societies	1	0	1
Total	33	67	100

The shareholders in the cooperatives in the country number 35 Thousand shareholder representing 4% of the total national population.

The Cooperatives in United Arab Emirates

Financial Particulars of The Cooperatives in The United Arab Emirates

The volume of the cooperative activity remarkably increased during the five previous years, although such rates remain insignificant if compared with the available growth opportunities.

Description	2001	2006	Growth Rate
Shareholders Equity	1 Billion	3.3 Billion	230%
Capital	375 Million	454 Million	45%
Total Turnover	1.55 Billion	3.2 Billion	100%
Net Profits	265 Million	630 Million	140%

- The consumer Societies ' share in the retail business in the country.
- In 2006, the turnover of the consumer cooperative Societies totaled AED Two Billion representing % of the retail business in the country amounting to AED 44 Billion. In order to be able to play an effective role in controlling the prices, the Societies should realize at least a turnover at the value of AED 20 Billion by expanding the basis of shareholders through opening the subscription.

The Importance of the Cooperatives Second Forum

- The Forum will be an opportunity to meet the cooperative leaders, the thing which will encourage the trading exchange between the cooperatives on local and international levels through online trading exchange, Ecommerce , online auction as well as the organization of regular shows and exhibitions and the participation in the international trading celebrations .
- As the cooperative work is compatible with all the economic activities, thus , cooperative Societies can be created in diverse and innovative sectors , such as the infrastructure constructions, health and educational care, tourism services, insurance and banking services and other economic activities.

International Co-operative Alliance

- Founded in 1895 in London, the International Co-operative Alliance is an independent, non-governmental organization which unites, represents and serves co-operatives worldwide. It is the largest non-governmental organizations in the world and currently headquartered in Geneva.
- ICA members are national and international co-operative organizations in all sectors of activity including agriculture, banking, fisheries, health, housing, industry, insurance, tourism and consumer co-operatives. Currently, ICA has 225 member organizations from 87 countries, representing more than 800 million individuals worldwide.
- The UAE has joined ICA when Sharjah Cooperative Society and Dubai Housing and Construction Society joined ICA in 2007.
- ICA's priorities and activities centre on promoting and defending the Co-operative Identity, ensuring that co-operative enterprise is a recognized form of enterprise that is able to compete in the marketplace.
- ICA raises awareness about co-operatives. It helps individuals, government authorities and regional and international institutions understand the co-operative model of enterprise. ICA is the voice of the co-operative movement.

نحو حوكمة ومسؤولية اجتماعية أفضل للتعاونيات

Towards Better Governance and Social Responsibility of Cooperatives

الملتقى الثاني للتعاونيات

Second Cooperatives Forum



Co-operatives : Governance Issues

Sanjeev Chopra

GCC –ICA Co-op Dialogue on Policy Issues

Abu Dhabi, UAE

June 1 - June3

Governance

- Governance is critical to the development of organizations in a dynamic environment
- Is distinct from Management, Leadership and Administration
- Co-ops have **good intentions**, but have generally shied away from a discussion on governance issues

● Governance, Management, Administration and Leadership : Terms Explained 1

- The power within :Deciding the architecture of regulation, establishing the rules of the game, and directing players to move towards the desired ends. Power to make, amend and implement rules
- Management is about newer and more innovative ways of doing the same thing, cutting costs, improving efficiencies, maximising returns

Governance, Management, Administration and Leadership : Terms Explained 2

- Administration is about continuity, regularity, predictability and effectiveness. Works best in organizations with clear hierarchies, and providing monopolistic services
- Leadership refers to
 - Charismatic individuals who can get people and organizations to follow them
 - People in positions of responsibility, who are expected to give strategic vision and direction to an organization

Governance Issues in Co-operatives and Corporates

Similarities

- Long term vision and strategic planning
- Responding to the external environment
- Anticipating changes
- Encompasses the policy matrix

Distinction

Co-operatives are more concerned with the internal stakeholders than the external environment

Co-ops and Corporates

- Co-ops
- Associations of People
 - People speak in different voices – even the same person changes his voice so often!
 - Rooted to a place – local tradition and continuity plays an important role
- Corporates
- Association of capital
- One language, one voice : more money, higher returns
- Easily transferable – across countries and continents

Co-ops and Corporates 2

- Size optimality for primary societies
- Members Involvement in Day to day functions
- Decision making in Federated structures
- Usually a CEO - the top manager is not on the Board , and hence not into the governance structure
- the more , the merrier
- De -linking of ownership from professional management
- Greater space for professional managers in decision making
- Managing Director

Co-ops and Corporates 3

- Address needs which the markets have not understood, or cannot offer at affordable rates
- Create markets for products by using economies of scale and scope
- Mostly supply driven
- Maximize returns by addressing needs which can be 'paid for'
- Creates new needs
- Demand driven

What needs to be done?

Recent Trends

Corporates are encroaching the co-op space by adopting many co-op practices like 'loyalty', patronage bonus and refunds, and emphasizing terms like CSR, which are drawn from co-op principles

Co-op strategy

- The cross learning from corporates has not taken place, especially in terms of professional management
- Case studies from successful corporates have to be internalized
- Professional management has to be incorporated as a co-op principle

Co-op Governance Strategy

- Build on comparative advantage
- PEOPLE PEOPLE PEOPLE
- TRUST TRUST TRUST
- Transparency
- Community Concerns
- Ability to swing polity and policy
- Voluntary disclosure of costs, mark-ups and consumer prices

Co-op Development Strategy 2

- Build alliances with technology driven corporates which need a large subscriber base
 - IFFCO Kisan Airtel Calling Card
 - SNX
 - Extension services agency

FOOD SECURITY THROUGH CO-OPERATIVES*

By Dr. T. Haque

Former Chairman,
Commission for Agricultural Costs and Prices,
Government of India,
New Delhi.

E-mail: haquecACP@yahoo.com

*Presentation at the Opening Session of the Co-operative
Government Dialogue in Abu Dhabi, Organised by International Co-
operative Alliance. June 1. 2008.

MEANING OF FOOD SECURITY

- FOOD SECURITY EXISTS WHEN ALL PEOPLE, AT ALL TIMES, HAVE PHYSICAL AND ECONOMIC ACCESS TO SUFFICIENT AND NUTRITIOUS FOOD TO MEET THEIR DIETARY NEEDS AND PREFERENCES FOR AN ACTIVE AND HEALTHY LIFE (FAO, 1996)
- ADEQUATE PRODUCTION OF DIVERSE FOOD ITEMS IN A SUSTAINABLE MANNER IN RESPONSE TO RISING DEMAND, RESULTING FROM POPULATION AND INCOME GROWTH, NO TRADE BARRIERS ACROSS THE WORLD, APPROPRIATE INFRASTRUCTURE AND INSTITUTIONS FOR EFFECTIVE FOOD DELIVERY AND DISTRIBUTION AND ADEQUATE PURCHASING POWER IN THE HANDS OF ALL, ARE THE KEY ELEMENTS OF FOOD SECURITY

WORLD FOOD SUPPLY SITUATION

(Million Tonnes)

	Particulars	2005-06	2006-07	2007-08
	Production of Cereals	2051	2009	2109
a)	Trade	247	255	252
b)	End Stocks	471	428	427
	Production of Wheat	625	595	602
a)	Trade	110	114	108
b)	End Stocks	180	159	143
	Production of Rice	420	429	429
a)	Trade	29	30	30
b)	End Stocks	106	107	107
	Production of Edible Oil	149	151	154
a)	Trade	72	76	79
	Production of Sugar	NA	164	169
a)	Trade	NA	45	45
	Production of Milk	646	663	678
a)	Trade	46	47	47
	Production of Meat	269	276	278
a)	Trade	21	21	21
	Production of Fish	141	141	143
a)	Trade	57	55	54

Source : FAO, Rome

NATURE AND SOURCES OF THE PRESENT FOOD CRISIS

- WHEAT PRODUCTION IN 2007-08 INCREASED MARGINALLY OVER THE PREVIOUS YEAR. BUT IT WAS STILL LOWER THAN 2005 LEVEL. PRODUCTION IN EUROPE, CANADA, PAKISTAN, NORTH AFRICA, ESPECIALLY MOROCCO AND AUSTRALIA CAME DOWN. PRICES ARE ABNORMALLY HIGH, ABOVE US\$ 400 PER TONNE.
- RICE PRODUCTION IN 2007-08 WAS AT LAST YEAR'S LEVEL. THERE WAS INCREASE IN PRODUCTION. IN INDIA, INDONESIA, CHINA, AND BANGLADESH. BUT IT DECLINED IN JAPAN, PHILIPPINE, VIET NAM, TURKEY, SRI LANKA, EGYPT, MALI, ARGENTINA, BOLIVIA, BRAZIL, ECUADOR, PERU, URUGUAY, AUSTRALIA, AND EUROPEAN UNION. INTERNATIONAL MARKET PRICES ARE ALL TIME HIGH, AT ABOVE US\$ 1000 PER TONNE. DURING JAN-APRIL, THE RICE PRICES ROSE BY ABOUT 68 PERCENT. THERE ARE RESTRICTIONS ON EXPORTS BY INDIA, CHINA, VIET NAM AND EGYPT.
- PRODUCTION OF COURSE GRAINS, PARTICULARLY CORN AND SORGHUM INCREASED IN 2007-08. BUT PRICES REMAIN ABNORMALLY HIGH DUE TO INCREASED DEMAND OF ANIMAL FEED AS WELL AS BIO-FUEL. THE MAIZE PRICES PEAKED TO 10 YEAR HIGH IN 2007. THE AVERAGE PRICES OF COURSE GRAINS INCREASED BY 165 TO 28 PERCENT OVER A YEAR, WHILE AVERAGE FOOD PRICES JUMPED BY 25 TO 70 PERCENT.

NATURE AND SOURCES OF THE PRESENT FOOD CRISIS

- THE COST OF CEREAL IMPORTS TO LOW INCOME FOOD DEFICIT COUNTRIES INCREASED FROM US\$ 14.03 BILLIONS IN 2002-03 TO US\$ 33.11 BILLION IN 2007-08.
- INTERNATIONAL MARKET PRICES OF DAIRY PRODUCTS ARE TWICE THEIR LEVEL OF ONE YEAR AGO. ALSO PRICES OF ALL THE THREE MAJOR GROUPS OF MEAT, I.E. BOVINE, PIG AND POULTRY MEAT ARE UP BY 4 PERCENT. FISH PRICES HOWEVER REMAIN SUB-DUED.
- DUE TO HIGH PRICES, VOLUMES OF IMPORT AND AVAILABILITY OF FOOD HAVE DECLINED IN MANY COUNTRIES.

FUTURE OUTLOOK

- IT HAS BEEN ESTIMATED THAT BY 2020, ABOUT 400 MILLION TONES OF GRAIN WILL BE BURNT FOR BIO-FUEL. THIS IS ALMOST EQUAL TO THE ENTIRE WORLD'S RICE PRODUCTION.
- AS A RESULT OF CLIMATE CHANGE, GLOBAL FOOD PRODUCTION MAY DECLINE BY 2 TO 6 PERCENT BY 2030 AND BY 5 TO 11 PERCENT BY 2050. IN SEVERAL TROPICAL COUNTRIES, THE EFFECT OF TEMPERATURE RISE MAY BE DISASTROUS.
- WORLD'S ABILITY TO MAINTAIN FOOD SUPPLIES AGAINST RISING DEMAND, CHANGING CLIMATE AND APPROPRIATE INSTITUTIONAL AND POLICY RESPONSES ARE THE KEY CHALLENGES ON THE FOOD FRONT.

FUTURE OUTLOOK

- WHILE IMPROVEMENT IN TECHNOLOGY AND INFRASTRUCTURE FOR HIGHER FOOD PRODUCTION IN A COST EFFECTIVE AND SUSTAINABLE MANNER WOULD BE IMPORTANT, APPROPRIATE INSTITUTIONAL AND POLICY RESPONSES IN TERMS OF INTERNATIONAL AND REGIONAL CO-OPERATION IN ENHANCING FOOD PRODUCTION AND FOOD SUPPLIES WITHOUT ANY TRADE RESTRICTIONS WOULD BE NECESSARY.
- LARGE NUMBER OF PEOPLE IN THE DEVELOPING COUNTRIES OF ASIA AND AFRICA ARE POOR, MALNOURISHED AND DO NOT HAVE ADEQUATE PURCHASING POWER. SO THE ISSUE OF REGIONAL AND HOUSEHOLD LEVEL FOOD SECURITY ARE AS IMPORTANT AS THE MACRO LEVEL FOOD SECURITY

WHAT CO-OPERATIVES CAN DO TO IMPROVE FOOD SECURITY?

- AT THE MICRO LEVEL, CO-OPERATION AMONG SMALL FARMERS IN ANY LOCATION, CAN HELP ENSURE EFFICIENT AND SUSTAINABLE USE OF LAND, WATER AND OTHER NATURAL RESOURCES FOR INCREASED FOOD PRODUCTION FOR THE PRESENT AND FUTURE. BOTH FARMING AND MARKETING CO-OPERATIVES CAN BE HELPFUL IN THIS REGARD.
- MARKETING CO-OPERATIVES CAN HELP STABILISE PRICES OF FOOD ARTICLES THROUGH VERTICALLY INTEGRATED CHAIN THAT SEEKS TO ENCOMPASS ALL OPERATIONS WHICH INTERMEDIATE BETWEEN THE PRIMARY PRODUCER AND FINAL CONSUMER AND MAKING FOOD AVAILABLE TO POOR CONSUMERS AT REASONABLE PRICES. THE PRICE SPREAD BETWEEN WHAT THE PRODUCERS RECEIVE AND WHAT THE CONSUMERS PAY GETS MINIMIZED. THIS HELPS IMPROVE FOOD PRODUCTION AND ENSURE FOOD SUPPLIES TO CONSUMERS AT REASONABLE PRICES.
- CONSUMER CO-OPERATIVES CAN HELP ENSURE DISTRIBUTING FOOD ITEMS TO PEOPLE AT REASONABLE RATES.
- CREDIT CO-OPERATIVES AND SELF-HELP GROUPS CAN PROVIDE LOAN TO POOR HOUSEHOLDS AT ZERO OR LOW SERVICE CHARGES AND HELP IMPROVE THEIR EFFECTIVE PURCHASING POWER TO BUY MORE FOOD AND OTHER ARTICLES.

WHAT CO-OPERATIVES CAN DO TO IMPROVE FOOD SECURITY?

THERE ARE SEVERAL SUCCESS STORIES OF CO-OPERATIVES IN INDIA AND OTHER COUNTRIES OF THE WORLD WHICH SHOULD BE CLOSELY STUDIED FOR WIDER REPLICATION.

BESIDES INTERNATIONAL CO-OPERATION BETWEEN SURPLUS AND DEFICIT REGIONS IN TERMS OF TECHNOLOGY TRANSFER, MARKETING WITHOUT MUCH BARRIER AND FOOD AID WOULD BE OF GREAT VALUE.

MAY ALMIGHTY GOD GIVE US A SENSE OF CO-OPERATION AT VARIOUS LEVELS TO WORK TOGETHER FOR FOOD SECURITY AND CONSEQUENT PEACE AND PROSPERITY OF MANKIND EVERY WHERE FOR ALL TIMES TO COME.

STATEMENT - OURS OF WITH MALAYSIA UN COOPERATIVE (P) LTD
AND OTHERS (M) LTD 1993-1994

SOCIAL RESPONSIBILITY
IN COOPERATIVES
THANKS.....
- NTUC FAIRPRICE -

NTUC FAIRPRICE
100, ROBINSON ROAD
SINGAPORE 110001
CHARTERED ACCOUNTANTS

GOVERNMENT – COOPERATIVE DIALOGUE ON COOPERATIVE DEVELOPMENT

ABU DHABI, UAE, 1 TO 3 JUNE 2008

**SOCIAL RESPONSIBILITY
IN CO-OPERATIVES
- NTUC FAIRPRICE -**

**PRESENTED BY
MR ZULKIFLI MOHAMMED
CHIEF EXECUTIVE
SINGAPORE NATIONAL CO-OPERATIVE FEDERATION**

Corporate Profile

- Started in 1973 as a co-operative supermarket, amidst oil crisis
- Social role of combating inflation and moderate cost of living for workers
- Today, NTUC FairPrice Group is Singapore's leading supermarket/food retail chain.
- Market share - more than 50%

Corporate Profile

Vision: Singapore's Leading World-Class
Retailer with a Heart

Mission:

Best Place to Shop

Best Place to Work

Best Corporate Citizen

Corporate Profile

- 7 formats, 216 stores
 - 76 supermarkets under flagship banner FairPrice
 - 2 Fairprice Xtra (Hypermarket)
 - 1 FairPrice Finest
 - 2 Homemarts
 - 19 FairPrice Xpress
 - 116 Cheers Convenience Stores
 - FairPrice Online

Corporate Profile

- Employs more than 5,300 workers
- First supermarket retailer in Singapore to have its own central warehouse & distribution company
- Built and operates a 130,000 sq ft (12,077sq-metres) Fresh Food Distribution Centre

FairPrice's Success

- FairPrice Group registers
 - annual sales of more than US\$1 billion
 - Profit of more than US\$67 million
 - Market share of more than 50%
 - More than 250,000 customers daily

FairPrice's Achievements

- Trusted Brand Gold Award 2007
- Best Loved Pro-Family Business 2006
- Excellent Service Awards 2005, 2006
- Singapore Leading Corporate HR Award 2006
- Work-Life Achiever Award 2006
- President's Social Service Award 2005

Retailer with a Heart

- Companies as responsible corporate citizens towards stakeholders and operating environment
- Do well to do good
- FairPrice as a social enterprise has adopted Corporate Social Responsibility (CSR) as competitive strategy

FairPrice cushions GST Impact

- Absorption of 2% GST increase (in 2007) on 400 items for six months
- \$1 million food vouchers distributed to poor and needy

FairPrice Stabilizes Cost of Living

- Maintains a basket of essential items, priced lowest, on average
 - 400 essential items
 - 90% of basket lowest or priced the same as major competitors
- 1,900 housebrand products
 - 10 to 15% cheaper than equivalent brands
 - Offering 5% discount on housebrand products

FairPrice is Elderly-Friendly

- Senior citizens aged 60 and above enjoy 2% discount on Tuesday
 - Promotes active aging and family bonding
 - Provides financial relief
 - Enjoyed by 40,000 senior citizens
 - Annual savings of US\$650,000

FairPrice recycles Used Books

- Since 1983, the FairPrice Used Textbooks Project has helped more than 100,000 needy students save more than \$6 million in textbook expense
 - Recognition from UN Global Compact for promoting environmental friendliness & human rights

FairPrice protects the Environment

- First supermarket retailer to reward customers for using fewer plastic bags

FairPrice partners Community through HR Policies

- More than 5,300 staff
- More than 99% Singaporeans and permanent residents
- 40% workforce in 50s and 60s
- Average age 45 years compared to national average of 38.8 years

FairPrice plays integral role in National Emergency Food Plan

- Fresh food distribution centre on Upper Thomson Road, Central warehouse in Tuas
- Ensures quality products and food safety
- Lower cost of operation translates into savings for customers

Conclusion

- Co-operatives will only succeed if they have professional and efficient management
- Must extensively utilize the co-ops cardinal principle of “Caring for the Community”
- Size does Matter

Cooperative Societies

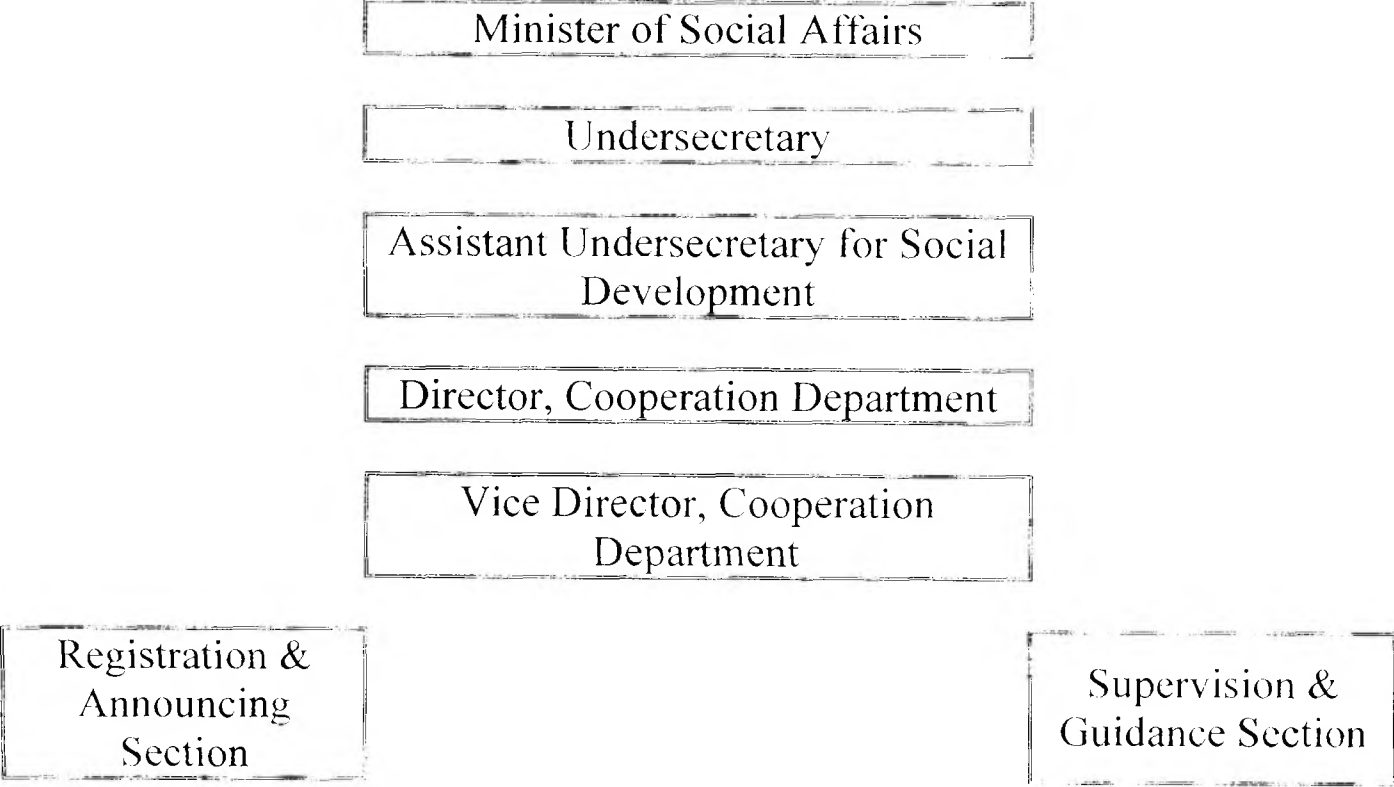
The United Arab Emirates gives special attention to cooperation. Article “24” of the provisional constitution of the United Arab Emirates, provides: “ *The national economy is based on Social Justice, and truthful cooperation between public and private sectors activities, and it aims at realization of Economic Development, increasing of production, raise standard of living, realize welfare and well-being to U.A.E. nationals within the limits of law where federation encourages cooperation and saving*”.

The incorporation of cooperative societies was initiated in light of the legislations after promulgation of the Cooperation Law of 1976 which regulates manners of incorporating such societies, members’ contributions therein, election of their boards of directors, formation of supervisory committees over them, prescription of manners for distributing their profits, prescription of manner for their business in light of the cooperative principles internationally recognized, and in line conforming with the traditions of the social life in the United Arab Emirates.

The following are the most significant roles played by the cooperative societies in the UAE.:

- 1- Supply of good consumer commodities for affordable prices to all consumers.
- 2- Creation of some balance in prices of commodities
- 3- Control of monopolization of the main commodities
- 4- Giving care to fishermen and marketing their products
- 5- Construction of cooperative housing.

Figure No. (1.9) illustrates the administrative Structure of the Cooperation Department :



The cooperative system is considered a sound step forward for development of societies; as such cooperative societies have significant roles in realizing the social and economic justice, and as the cooperative movement is based on the spirit of cooperation of efforts away from exploiting people. Therefore, the ministry of social affairs has been providing all initiatives thereby seeking success of this movement and realization of its goals. Thus, the ministry has registered dozens of the cooperative societies and branches thereof, reaching about One Hundred societies. Since the first launch of these societies, the ministry provided them with all the financial support to help them carry out their activities properly. The provided aid amounts reached 12.634.000 Dirhams during the period from 1977 till 1988. However, this backing has ceased since that year, because such societies have succeeded in their business and managed their activities properly achieving great tangible success in many emirates of the UAE; Moreover , the free economy system applied in the UAE is based on competition principle which prohibits providing support to certain economic entities and depriving others of such support.

However, The ministry has continued providing the technical support needed by the societies to upgrade their performance. It has also expanded the field of its activity which was limited to the consumers societies at the beginning , to cover the societies of fishermen and housing. It has also encouraged the incorporation of unions. Thus , the consumer cooperative union and Abu Dhabi Cooperative Societies Management Office were incorporated. With the incorporation of the Cooperative Union, the consumer cooperative societies have entered the field of producing the consumer commodities and distributing the same through such societies. Also, there are some societies which have focused on producing some commodities bearing their names which have become trade names having loyal customers.

The success achieved by these societies in the recent years does indicate the considerable development accomplished therein, and points out the importance of the success achieved by them , whether in respect of their number, their capital, volume of their sales, or even in respect of their role in fixing the prices, or developing and upgrading the retail business in the United Arab Emirates. The status, prices, and development of display and sale in such societies, have all encouraged the retail shops in the United Arab Emirates to develop and to upgrade their capabilities to match the development levels reached by such cooperatives.

The recent years have witnessed a qualitative development in the retail business in the United Arab Emirates. Such development is represented in the establishment of mega shopping malls which have gigantic capabilities and financial resources, in addition to their modern management based on providing all consumers' needs at competitive prices, not forgetting their advanced tools in displaying and supplying of commodities and in providing the parking lots , kids amusements and other facilities which were not available in the cooperative societies under strict regulations and management which was sometimes unable to achieve progress and to cope with the great capabilities , nowadays , prevailing in the world in the field of marketing and shopping via internet and too much more is coming .

This development has imposed a new challenge for the cooperative societies which they have to overcome , otherwise they will fail. Some societies have really reached to this end . Their activities have ceased in some areas due to being unable to develop themselves or because their business have gone so low to levels indicating eminent danger. On the other hand, some cooperatives have managed to go in line with the development movement to realize balance between their actual status and the requirements of the market movement, and thus their capitals have increased , and they have grown and expanded in many

branches. They, sometimes, have succeeded in competition with the leading and prestigious malls.

1.9 Number of Societies and Their Branches:

The last ten years have witnessed registration of a small number of new consumer cooperative societies. In 1997 the Fishermen Cooperative Society in Khorfakan was registered. No Fishermen Societies were incorporated in the years 1998- 1999- 2000. In 2001 one society, namely, Kalbaa Fishermen Society was registered. In 2002, Bain Al Jisrain Cooperative Society was established in Abu Dhabi. Al Himrya Fishermen Cooperative Society was registered in Sharjah in 2004. This means that since 1996 just (4) Fishermen Cooperative Societies have been registered. In 2005, two new societies, namely; Umm Al Quwain Fishermen Cooperative Society and Al Badya Fishermen Cooperative Society were registered.

On the opposite side, (3) cooperative societies were suspended in 2001; namely, , Fujaira Cooperative Society, and Abu Mosa Cooperative Society was suspended due to the Iranian occupation of Abu Mosa Island; While Kalbaa Cooperative Society was suspended after its business was frozen under a resolution by the board of directors. In 2005, the Fishermen Union Cooperative Society was suspended due to its inability to cope with the advancements prevailed in the markets, though two years had only passed since its incorporation. Four branches of the societies were also closed in the year 2000. Hence, the number of the registered and existing societies was (32) societies, with (67) branches in the year 2005, distributed in the Emirates as follows:

**Table (1.9) Shows
Distribution of Cooperative Societies and their Branches as
per Emirate, Year 2005**

Description Emirate	Societies		Branches		Total	
	No.	%	No.	%	No.	%
Abu Dhabi	11	34	63	54	47	47
Dubai	5	16	11	16	16	16
Sharjah	8	25	13	19	21	21
Ajman	2	6	1	2	3	3
Umm Al Quwain	2	6	0	0	2	2
Ras Al Khaima	1	3	6	9	7	7
Al Fujaira	3	9	0	0	3	3
Total	32	100	67	100	99	100

Abu Dhabi emirate encompasses the biggest number of the societies and the branches together, where Abu Dhabi societies constitute 34 % of the total number of societies, and 54% of the branches, and 47% of total societies and branches together. Sharjah comes in the second place having 25% of the total number of societies. Dubai ranks third with 16%, while some emirates have only main business place without branches. This is the case with all Fishermen Cooperative Societies, except for Abu Dhabi Fishermen Cooperative Society. Al Ain Cooperative Society has the highest number (17) of cooperative branches, followed by Sharjah cooperative society with (13) branches, and then Abu Dhabi Cooperative Society with (8) branches.

As for the distribution of societies according to type of business, the consumer cooperative societies rank first in respect of number of societies or branches. The number of these societies is (17) societies with a percentage of 53%, in addition to cooperative union and with a percentage of 3% of total societies, and (12) societies for fishermen with a percentage of 38%, and one cooperative society for housing and construction with a

percentage of 3%, and one society for car and sea boats rental with a percentage of 3% as shown in the following table:

Table 2.9 shows distribution of cooperative societies as per category for year 2005

Category	Description of Society	Number of Societies		Number of Branches		Total	
		No.	%	No.	%	No.	%
Consumer cooperative societies		17	53	66	99	83	84
Cooperative societies for fishermen		12	38	1	1	13	13
Housing and Construction Societies		1	3	0	0	1	1
Union Societies		1	3	0	0	1	1
Rental Societies		1	3	0	0	1	1
Total		32	100	67	100	99	100

As for the number of branches, it is noticed that the consumer cooperative societies have 99% of the same. This means that the consumer cooperative societies are the societies which are the most booming, the most important, and the most prevalent in the United Arab Emirates.

2.9 Membership in Cooperative Societies:

The number of members in the cooperative societies mounted (23508) members in 2001, rising up to (26494) members in 2002, and became (29322) members in 2003, and was (31163) members in 2004, and reached (32727) members in 2005, i.e., with 40% increase over the year 2001. The biggest increase of members' number is found in the Cooperative Societies in Dubai Emirate where the number of members rose up to (17897) members in the year 2005, followed by Sharjah Emirate with (9148) members, then Abu Dhabi Emirate with (4390) members, followed by Ras Khaima with (692) members, then Ajman with (312) members, Fujairah with (184) members, and Umm AlQuwain whose member number has remained unchanged with (104) members. This means that the number of

cooperative societies is somehow lower in the small cities and remote areas. This is due to lack of cooperative awareness, or due to inability of the cooperative societies in such remote places to develop themselves in acquiring new members, as the case in Sharjah Consumer Cooperative Society whose number of members has doubled (5) times during the recent years, thanks to the serious steps taken by this society towards developing and upgrading itself, and thanks to the support given to it by H.H. ruler of Sharjah who has been supporting the society with all means including grant of lands on which branches were established covering all the areas of Sharjah City, where the number is Thirteen branches. The following table shows the number of the cooperative societies as per emirate.

**Table No. (3.9) Shows
Number of Members in the cooperative societies during the
years 2001 – 2005 as per Emirate**

Year Emirate	2001		2005		Increase between 2001 - 2005
	No.	%	No.	%	
Abu Dhabi	4291	18	4390	13	2
Dubai	12914	55	17897	55	39
Sharjah	5239	22	9148	28	75
Ajman	252	1	312	1	24
Umm Al Quwain	104	0	104	0	0
Ras Al-Khaima	634	3	692	2	9
Fujaira	74	0	184	1	149
Total	23508	100	32727	100	39

It is noticed that the societies in Dubai Emirate have the biggest number of members, where the percentage of members exceeds half of the number of members in all societies, though the number of societies in Dubai is 16% out of the number of the societies, followed by Sharjah and then Abu Dhabi whose members percentage reaches 13.4% out of the number of member societies; though the percentage of societies number

therein reaches 47% out of the total number of societies. The reason behind such rise in the number of members in Dubai and Sharjah societies is that the membership in them is often open. The highest number of members is in Union Cooperative Society with (11889) members, followed by Sharjah Cooperative Society (8386) members, then Emirates Cooperative Society in Dubai with (2653) members; followed by Housing and Construction Cooperative Society with (2500) members. The increase in the number of the members of the societies gives more efficiency to such societies on the social level. Moreover, such increase gives and provides more opportunities to the UAE nationals to contribute in such societies. Consequently, it takes part in developing the social structure in the State necessitating open door for membership in such societies to increase the number of their members. It is noteworthy that women's contribution to such cooperative societies is rather low. However, the pioneer founders of the first cooperative societies were ladies; especially if we know that the women have made remarkable progress in all walks of life. This entails promoting awareness among ladies on the importance of women's participation in the cooperative societies, where their economic and social position will be enhanced.

3.9 Staff working at Cooperative Societies:

The cooperative societies are considered as national organizations where membership is limited to United Arab Emirates nationals, encompassing members of various economic and social levels. Consequently, it is expected that the percentage of the United Arab Emirates nationals working therein is rising. However, the employment reality in such societies was different, where the number of United Arab Emirates national employees reached (39) nationals in 2001, at a percentage of 1% out of the total number of employees. But, this number rose to (180) employees in the year 2005 with a percentage of 3% out of total manpower. In its turn, the Arab

manpower was not in a better situation, but they have achieved a tangible increase over the last ten years. The number was (580) employees in 1996. The number increased to (1145) Arab employees in year the 2001, i.e., with increase percentage at 97%. The number was (1317) employees in 2005 with a percentage of 21% out of the total number employees, with a percentage of 15% of the year 2001. As for the non-Arab employees, their number reached (4656) employees, with a percentage of 76% in year 2005.

The total number of employees was (5267) persons in the year 2001, increasing to (6153) employees in the year 2005 with a percentage of 17%.

**Table No. 4.9 shows
Number of employees and staff in the cooperative societies
as per nationality**

Year Nationality	2001		2005		Increase between 2001 - 2005
	No.	%	No.	%	
UAE nationals	39	1	180	3	362
Other Arab nationalities	1145	22	1317	21	15
Non-Arab Nationalities	4083	78	4656	76	14
Total	5267	100	6153	100	17

**Figure 2.9 shows
Staff and Employees in the Cooperative Societies as Per
Nationalities**

The number of United Arab Emirates national employees varies in such societies. The societies in Ajman emirate do not have any single UAE national employee, while there is only one employee in Umm AL Quwain societies. 120 UAE national employees were working in Dubai societies in year 2005, and (30) UAE employees in Abu Dhabi societies, while the number of UAE national employees in Sharjah, Ras Al- Khaima, and Fujaira does not exceed (20) persons . This indicates that the cooperative societies in the rural areas and in the small population emirates is the lowest number regarding the number of UAE national employees therein. The reason is that the social traditions make the UAE national reluctant to work in business related to sales or due to weak facilities of such societies preventing them from appointing UAE nationals.

The highest percentage of Arab Employees is in Dubai and Sharjah societies, where percentage of Arab employees is about 29% out of the employees working in the societies there. In its turn, Abu Dhabi Arab Employees percentage is 49% out of total number of Arab Employees working in all cooperative societies in the **United Arab Emirates**.

The encouragement of **United Arab Emirates** nationals to work should be a priority for the cooperative societies which are formed with national capital, and whose board of directors and members are UAE nationals. Therefore, it is very important to consider the employment of UAE nationals in such cooperative societies whether in management or supervision sections, and for enhancing the role of such societies and their assistance to achieve their goals which are basically based on principle *Societies are basically established to Serve the citizens of the areas where such societies operate, and to employ the nationals on some of such works*. This is what the Ministry of Social Affairs seeks to encourage urging the societies to employ the biggest number of UAE nationals in the jobs accepted by the UAE nationals.

4.9 Current Capital of Societies:

The capital of the cooperative societies rose at a percentage of 22% between 2001 and 2005. In 2005, the capital was 457.673.210 i.e., the capital increased at a percentage of 54% during that period. Abu Dhabi ranks the first place in respect of the societies' capital, followed by Dubai and Sharjah, as shown in the following table.

**Table No. 5.9 Shows
Capital of Societies as per Emirate from 2001 – 2005 in
Dirhams.**

Emirate	2001		2005		Percentage Of Increase
	Current Capital	%	Current Capital	%	
Abu Dhabi	225.682.905	60	256.395.605	56	14
Dubai	112.689.758	30	158.329.598	35	41
Sharjah	27.292.300	7	33.068.200	7	21
Ajman	3.034.200	1	3.573.447	1	18
Umm Al Quwain	1.159.200	0	599.860	0	-48
Ras Al-Khaima	4.999.200	1	5.115.000	1	2
Fujaira	281.500	0	591.500	0	110
Total	375.139.063	100	457.673.210	100	22

It is noticed in the above table that the highest increase in capital was in Furjaira at 110%. Such increase is not considered as a significant indicator because the capital of the societies in Furjaira does not exceed Half a million dirhams, followed by Dubai the capital of which increased at 41%, and Sharjah at 21%.

**Figure 3.9 shows
Capital of Societies as per Emirate from 2001 - 2005**

Also, the above table shows the low percentage of the capital of the societies located in Furjaira, Ras Al- Khaima, Umm AL Quwain, and Ajman, where in some emirates it does not reach One million dirhams. Such capital is considered somehow low compared to the cost of some leading shops for selling consumers commodities whose capitals reach dozens of million dirhams, opening branches in such emirates. This situation puts the cooperative societies in front of an urgent mission to merge these societies and to unify their capital and efforts in order to be strong enough for competition. However, the failure of any cooperative society, regardless of its size, will negatively affect the future of the cooperative movement in the emirates.

Rescue of such small societies will be achieved only through merged them with larger societies having a capital enabling them to contribute and participate in developing such societies and improving their performance. It is noteworthy that Dubai has more than half of the number of the members whose contributions in capital of such societies reach 35%, and that Sharjah's contribution in societies' capital reaches 7%, while Abu Dhabi's contribution rises to 56% out of the total capital. This indicates the large discrepancy and variation in the societies' capital held by the members from one Emirate to another.

5.9 Cooperative Societies' Capital as per Category:

The consumer cooperative societies hold the lion's share in the cooperative societies' capital, with 88% in 2001 and 2002; while Dubai Housing and Construction Society, being the only society engaged in this field, comes in the second place at a percentage of 10% in year 2001, which decreased to 9% in year 2005. Fishermen Societies and Sharjah Union Cooperative Society, which is the only society in this field, especially after cease of Union national society of Fishermen, come in the third place at a percentage of 1% during the years 2001 – 2005. This shows low percentage of capital of the fishermen societies which

constitute only 1% of societies' capital. In a country like United Arab Emirates, where fishery is considered one of the most important economic factors after oil, the increase of the capital of fishermen societies will certainly enable the cooperative fishermen to have an important position in producing and marketing this vital commodity .

The following table shows the distribution of societies' capital as per category:

**Table No. 6.9 Shows
Capital of Cooperative Societies as per category during the
years 2001 - 2005 in Dirhams**

Description Category	2001		2005	
	Current Capital	%	Current Capital	%
Consumer Cooperative Societies	329.638.425	88	404.996.582	88
Consumers Union Societies	2.490.000	1	3.720.000	1
Dubai Housing and Construction Society	38.420.540	10	42.336.430	9
Fishermen Cooperative Societies	4.290.098	1	6.620.198	1
Total	375.139.063	100	457.673.210	100

The societies' capital varies from a society to another where Abu Dhabi Cooperative Society ranks the first place regarding the capital, as its capital reaches 100.906.000 dirhams, namely 22% of capital of all societies. Cooperative union Society comes in the second place at a percentage of 17% of total capital of the societies, followed by Al Dhafra Cooperative Society at a percentage of 14% of the total capital of the societies. The capital of some societies such as Kalbaa Cooperative Society goes down to less than half a million dirhams, i.e., Kalbaa Cooperative Society's capital is 98.800 Thousand Dirhams. The decrease of its capital led to its inability to steadfast the competition. As a result, it was liquidated at the end of 2001. There are other societies whose capital approaches Only one million dirhams such as Umm Al Quwaim Society, Al Dhaher

Society, and Umm Ghafa Society. Such societies are also under risk of closing down. Furjaira Society closed up due to its low capital. This situation necessitates provision of support to the consumer cooperative societies in order to avoid any future recurrence breakdown at societies with limited capital.

As for the Fishermen cooperative societies, their capital sometimes goes down to less than One Hundred Thousand Dirhams. Such a capital will not enable the societies to carry out any value worthy work for fishermen. The situation of the fishermen cooperative societies seriously calls for the necessity to provide assistance and support to such societies which carry out productive works, which can execute an excellent economic role whose positive results will be reflected upon the UAE nationals engaged in fishing. The support to the fishermen Cooperative societies varies in nature from supporting the consumer cooperative societies, because the former depends on production, and if supported it will increase the national income of the UAE through a source which comes after oil in respect of importance in the United Arab Emirates.

6.9 Statutory Reserve of the Societies' Capital:

Article Thirty Nine of the Cooperative Societies Law provides that at least 20% of the net profits of the society shall be allocated for forming the statutory reserve of the society, until such reserve reaches two times (double) the capital. This reserve actually plays a basic role in reserving the rights of the members and the dealers with such societies. The cooperative societies have managed to form a reserve exceeding their capital where the current reserve of the cooperative societies reach 137% of the capital amount of such societies. This is regarded as a remarkable achievement accomplished by such societies, especially if we take into account that the incorporation capital of the societies reached only 53.488.750 dirhams, while the statutory reserve reached at such societies about eleven times of the incorporation capital of the cooperative societies. If the

current capital is added to the statutory reserve, then their value together reaches 1.083.267.195 dirhams in the year 2005, which means that they reach Twenty Times of the incorporation capital of such societies.

The reserve is centralized in the cooperative societies of Abu Dhabi where the percentage of reserve reached 75% in 2001, and 66% in 2005 out of the total reserve of societies, followed by Dubai where the reserve reached 20% in 2001, rising to 23% in 2005, then after Sharjah comes where the reserve reached 5% in 2001, and rose to 10% in 2005. This percentage shrinks after that as shown in the following table.

**Table No. 7.9 Shows
Amounts of Reserve of Cooperative Societies 2001 – 2002 as
per Emirate in Dirham**

Description Emirate	2001		2005	
	Value of Reserve	%	Value of Reserve	%
Abu Dhabi	346.253.756	74.6	414.914.300	66.32
Dubai	94.515.759	20.4	143.366.521	22.92
Sharjah	20.701.077	4.5	64.348.478	10.29
Ajman	698.865	0.2	177.419	0.03
Umm Al Quwain	469.666	0.1	91.218	0.01
Ras Al-Khaima	1.312.274	0.3	2.101.126	0.34
Fujaira	326.528	0.1	594.923	0.10
Total	464.277.925	100	625.593.985	100

If the reserve of all societies exceeds 37% over their capital, then we will find that this reserve, in some emirates, does not reach half of the capital; because those societies did not realize profits to form considerable reserve for themselves. In Ajman emirate, for example, the society's capital reached 3.573.447 dirhams in 2005, while the reserve reached only 177.419 Dirhams, which means that its reserve is only 15% of the capital. As for Ras Al-Khaima, it reached 41% of the capital. For Sharjah, it reached 194% of the capital, whereas in Dubai it

reached 91% of capital, while in Abu Dhabi it reached 161% of capital.

This shows that the cooperative societies in Sharjah and Abu Dhabi approached reserves double of the capital; while other emirates still have long way ahead to reach such level.

In light of considering the reserve of the societies from 2001 – 2005, we find out that some societies have realized considerable increases in this reserve; such as Cooperative Union Society in Dubai where the reserve was 60.109.350 dirhams in year 2001, and it rose to 123.216.332 dirhams in 2005, and the Housing and Construction Cooperative Society whose reserve was 5.215.977 dirhams in 2001, and it rose up to 9.423.773 million dirhams in 2005, which means that this reserve has doubled twice over the recent years. Al Ain Cooperative Society made increase in its reserve reaching 20.595.152 in 2001 up to 32.704.817 dirhams in 2005. As for the highest reserve, it is in Abu Dhabi Cooperative Society where it reached 201.811.000 dirhams, which is double of the society's capital amounting to 100.906.000 dirhams. So, Abu Dhabi Society is the first society the reserve of which reaches double of the capital.

The high amount of the reserve in some societies makes it necessary for such societies and the ministry to put a mechanism for investing this reserve for developing the cooperative movement and for enhancing their stand in a manner making them able to steadfast in competition. As for freezing this reserve either in banks or in investment bonds or in both together (which often happens), will certainly hinder accomplishing the desired goals. The retail companies develop themselves, as every year a new giant mall is opened. They also expand their existing malls thereby making use of their profits. This is what the societies should achieve. This is on one hand. On the other hand, the societies which have not yet reached the required statutory reserve have to work hard to support and give priority upon distribution of profits because the society

becomes stronger and more developed through such reserve. This is the objective of the cooperating parties.

Distribution of Reserve as per Category:

The consumer cooperative societies have the biggest portion of the reserve among the cooperative societies, where the reserve in the fishermen cooperative society is still limited and it is only 2.6% of the total reserve in the year 2000; then it went down to 1% in 2004. Compared to year 2000 the reduction percentage was 48% , centralized in one society, namely, Abu Dhabi Fishermen Cooperative Society 87% of total Fishermen cooperative societies reserve. This reserve does not reach 7000 dirhams in some fishermen cooperative societies such as Daba Society; whereas there is no reserve available at Dubai Fishermen Cooperative Society and Al Hymria Cooperative Society. This fact of Fishermen Cooperative Societies puts such societies in a challenge facing tough task. The unavailability of reserve capital will surely prevent any step forward to development in such societies, and consequently, it will prevent them from achieving their objectives. The following table shows the distribution of reserve as per categories.

**Table No. (8.9) Shows
Value of Reserve at the Cooperative Societies as per
categories, 2001 – 2005 in Dirhams**

Description Category	2001		2005	
	Value of Reserve	%	Value of Reserve	%
Consumer Cooperative Societies	435.993.034	93.91	602.133.653	96.25
Cooperative Unions	4.980.000	1.07	6.899.151	1.10
Housing and Construction Cooperative Societies	5.215.977	1.12	9.423.773	1.51
Fishermen Cooperative Societies	18.088.914	3.90	7.137.408	1.14
Lease	-	-	-	-
Total	464.277.925	100	625.593.985	100

**Figure (4.9) Shows
Value of Reserve of the Cooperative Societies as per
categories, 2001 – 2005 in Dirhams**

8.9 Volume of Sales in Cooperative Societies

The sales volume in the cooperative societies reached 1.968.256.633 Dirhams in 2001. In 2005, such sales reached 2.913.390.147 dirhams, namely, with an increase at 48%. This indicates that the trading in some societies has made increase exceeding the percentage made by such societies in the capital, in the reserve, or even in the number of members. These societies have managed to invest their capital in a better manner. If we take into account that the societies' capital reached 457.673.215 Dirhams in 2005, this means that the capital turn over reached 6.4 cycles in 2005. Whereas it was 5.2 cycles in 2001, which means that the capital turn over in the societies runs very fast, and that this turn over can be improved through re-considering the prices, attracting new customers, and increasing the sales.

The cooperative societies in Sharjah made the best movement of the capital which reached 15 cycles in 2005, while it was 6 cycles at the cooperative societies in Dubai, Ras Al-Khaima, and Umm Al Quwain, followed by Abu Dhabi with 6.5 cycles and then Fujaira with 5 cycles , and then Ajman with 1 cycle . It is noteworthy that some commodities traded in such societies such as bread, dairies, meat, and fish are continuously renewing commodities, whose capital may be turned everyday all over the days of the year. Some other perishable commodities which get expired quickly must move out within a period not exceeding a month. The failure of some societies in turning their capital means that the in-charge personnel at such societies do not understand the importance of capital cycle in bringing success to their societies. The sale at high percentage of profit, whatever the percentage, can not give the society a real profit, if it is not

accompanied by a fast cycling of the society's capital. It is noteworthy that the existence of some long-shelved items such as electrical devices and home appliances in societies (which is unavoidable) plays a small role in pushing the capital turn over . However, it does play a good role in bringing the customers who are supposed to find all their needs under the roof of such society.

9.9 Distribution of Sales Volume as per Emirate

Abu Dhabi emirate ranks the first place in respect of sales volume with a percentage reaching 49% of the total sales in 2005, followed by the cooperative societies in Dubai with 33%, and then Sharjah, followed by Ras Al-Khaima, as shown in the following table.

**Table No. 9.9 Shows
Total Sales Volume as per emirate, 2001 – 2005**

Description Emirate	2001		2005	
	Sales Turnover	%	Sales Turnover	%
Abu Dhabi	996.938.348	51	1.416.001.028	49
Dubai	609.217.821	31	967.671.613	33
Sharjah	326.543.187	17	488.651.292	17
Ajman	10.603.178	0.5	5.638.249	0.1
Umm Al Quwain	2.246.502	0.1	3.579.592	0.1
Ras Al-Khaima	22.477.236	1	31.553.106	1
Fujaira	230.361	0.01	295.267	0.01
Total	1.968.256.633	100	2.913.390.147	100

The previous table shows reduction of sales volume in the societies of Fujaira, Umm Al Quwain, and Ajman. This indicates that some cooperative societies slightly contribute to the cooperative shopping. More precisely, it also demonstrates that such sales are not equal even to the sales realized by a small shop in a market, the thing which makes it necessary to support such societies and develop their performance and open the door for membership therein in order to have new members, and to support their capitals. This also entails making wide changing in the manner of business therein, or to merge them with other bigger cooperative societies, or to be managed by such societies. This is the objective some societies are moving towards. Abu Dhabi Cooperative Society comes in the first place in regard to the sales volume which approached 845.839.000 Dirhams, followed by Union Cooperative Society in Dubai with sales volume nearing 701.400.055 Dirhams. Sharjah Cooperative Society comes in the third place with sales volume 341.179.636 Dirhams.

It is noteworthy that the sales of the Cooperative Union in Sharjah soared approaching 145.220.050 Dirhams. The significance of this figure lies in the fact that this union imports commodities in its own trade name, and markets them to other

cooperative societies. This means that the trade name of the Cooperative Union products are on high demand in the domestic market, where sharp competition is spreading among international trade leading names ranking prominent place in the various advertisement media, all of which urge consumers to purchase commodities , excluding the cooperative product. The success made by the cooperation products calls upon producing more of such commodities which have high quality specifications not less than those of international widely known names.

10.9 Distribution of Sales as per Categories:

The consumer cooperative societies have the biggest portion of sales, where the housing society is the only one which is based on real estate investment (building and leasing), and it does not have specific commodities to market. As for the sales of the fishermen societies, they constituted only 3% of the total sales in 2001, which went down to 1% of the total sales of the societies in 2005. The sales of the union cooperative societies represented in Cooperative Union in Sharjah 5%, after cease of fishermen cooperative union in 2005, as shown in the following table:

**Table No. 10.9 Shows
Total Sales Volume as per category – 2001 – 2005 in
Dirhams**

Category	2001		2005	
	Sales Turnover	%	Sales Turnover	%
Consumer Cooperative Societies	1.815.097.594	92	2.726.976.059	94
Cooperative Unions	88.009.455	4	145.220.050	5
Fishermen Cooperative Societies	65.149.584	3	29.740.733	1
Housing and Construction Cooperative Societies	-	-	9.423.773	-
Lease	-	-	-	-
Total	1.549.124.342	100	2.913.390.147	100

11.9 Profits at Cooperative Societies

The volume of the net profits, after deducting the expenses, reached 981.759.460 Dirhams in 2005, namely, the net profits percentage was 215% of the total current capital of societies in 2005. This means that the profits doubled twice. This percentage seems high in profits realized in the other investment sectors in the UAE where the real estate investment gives a medium percentage between 12-10 % of capital; while the level of interests has not increased through the last recent years above 5% of the capital. This means that the cooperative societies assume special attention to profits. This is of course a vital and an important matter, provided that this high level of profit should be at the expense of competition in the commercial market, where it is possible that the cooperative societies step by step assign their shares in the market to the competitive malls which may be satisfied with a percentage of profit lower than those realized in the societies. On the other side such malls are attracting bigger portion of the market.

The profits of the cooperative markets come from the consumer commodities and from some other investments undertaken by some societies . Such investments brought to such societies , in some years , a high income approaching 522.699.044 Dirhams as other revenues in 1998. That was in the year during which the stock market witnessed high success . This amount is double of the amount realized in selling consumer commodities which did not reach 246.585.799 dirhams in that year. Since 2001 those revenues have started increasing until they reached 870.631.357 Dirhams in 2005.

It is noteworthy that the societies during the years in which they realized high incomes, the expenses also soared. Those expenses reached about 207million dirhams in 2001, and kept increasing until they reached 318 million dirhams in 2005.

The societies made their highest net profits in 2005 where the net profits reached 981.759.460 dirhams in that year, which is equal to 215% of the capital of the societies in that year. It also made a percentage increase at 270% compared with 2001, when the profit was 265.9010.542 dirhams. Abu Dhabi ranks first for the realized profits, followed by Dubai, and Sharjah, as shown in the following table:

**Table No. 11.9 Shows
Profits Realized as per emirate during years 2001 – 2005**

Emirate	2001		2005	
	Profits	%	Profits	%
Abu Dhabi	191643524	72	783235081	80
Dubai	54731741	21	139060923	14
Sharjah	19619977	7	58490012	6
Ajman	-532675	-0.2	-629770	-0.1
Umm Al Quwain	-52261	-0.02	40573	0.004
Ras Al-Khaima	503431	0.19	948799	0.10
Fujaira	-12195	-0.005	613842	0.06
Total	265901542	100	981759460	100

We notice in the foregoing table that the cooperative societies in Abu Dhabi remained ranking the first place in respect of profits they have realized. The percentage of such profits increased from 72% of societies' profits in 2001 to 80% in 2005, whereas Dubai came in the second place where percentage went down from 21% in 2001 to 14% in 2005.

Sharjah came in the third place with percentage of 6% of the total profits. As for the percentage of profits in the societies in the other emirates, it is insignificant. More precisely some of these societies such as Umm Al Quwain Societies in 2001, and Ajman Societies in 2005 sustained some losses. This necessitates initiating remedies for and developing such

societies, as such development would have a great role in the success of the social and economic programs therein.

The highest net profit was made in Abu Dhabi Cooperative Society where the net profit reached 584.876.000 Dirhams, namely, 60% of the total profits of all societies, followed by Al Dhafra Cooperative Society where net profits reached 146.960.170 Dirhams, with a percentage of 15% of the total profits of societies. This means that both Abu Dhabi and Al Dhafar Cooperative Societies have more than three thirds of the profits in all societies.

Union Cooperative Society comes in the third place where it has realized profits amounting 117.020.057 Dirhams with a percentage of 12% of the total profits of all societies.

On the other hand , we find out that the losses have fully surrounded some cooperative societies such as Ajman Cooperative Society where loss reached 778.420 dirhams in 2005.

12.9 Profits Distributed to Members:

The total profits distributed in all societies reached 285.561.934 dirhams in 2005. Only 16 societies out of 32 existing societies received such amount. The highest percentage distributed was in AL Dhafra Cooperative Society where the total distributed profits reached 83.081.830 dirhams, namely, 29% of the total distributed profits, followed by Union Cooperative Society, as shown in the following table:

**Table No. 12.9 Shows
The profits distributed as per emirate during 2001 – 2005**

Description Emirate	2001		2005	
	Value of Distributed Profits	%	Value of Distributed Profits	%
Abu Dhabi	137.221.551	77	175527546	61
Dubai	369.402.60	21	75286879	26
Sharjah	3635690	2	33585569	12
Ajman	-	0	104055	0.04
Umm Al Quwain	-	-	-	-
Ras Al-Khaima	347368	0.2	654671	0.2
Fujaira	-	-	403214	0.1
Total	178144869	100	285561934	100

Here we find that the distributed profits are centralized in three emirates, namely, Abu Dhabi, Dubai, and Sharjah. As for the percentage of profits distributed in Ajman and Ras Al - Khaimah and Fujaira, it is very little; while zero profit was distributed in Umm Al- Quwain; even for the emirates which distributed profits, some societies solely received distribution of profits. In Abu Dhabi, Al Dhafra cooperative society and Abu Dhabi cooperative society received the biggest portion of the distributed profits amounting 175.527.546 dirhams. In Dubai Union Cooperative Society received the highest distribution of profits reaching 67.268.856 dirhams, out of the total profits distributed in Dubai Emirate reaching 75.286.879 dirhams. This means that the profits were limited to a certain number of societies, whereas the other distributed profits were somehow low.

The main goal behind participating in the cooperative societies may not be making the profit, whereas some societies code concentrates on the spirit of cooperation more than the profit.

But is certain that the profit was and it will remain a major indicator of the success or failure of the cooperative societies.

Moreover, the profit will remain a major motivation for the cooperatives to deal with this society or that one, because the highest percentage of profits is distributed to the proceeds according to the amount of member's transactions with the society.

This means that the society which makes profit motivates the member to purchase from it because he will make profits as much as he purchases from such society.

This means that the profit attracts more customers, and leads to expansion of society's business. In other words, the success of a society leads to more success, while its failure goes adversely against it.

The non-distribution of profits in some societies poses a stone in the way of development of such societies, and such obstacle eliminates attraction of members' dealing with them. This is on one hand. On the other hand, It is noted that the profits distributed by fishermen cooperative societies are insignificant at all, with exception of Abu Dhabi Fishermen Cooperative Society which distributed 4.926.545 dirhams. As for other societies such as Dubai fishermen Cooperative Society, and Sharjah Dubai fishermen Cooperative Society, they did not distribute profits, or they distributed low profits which in best cases did not reach 200 thousand dirhams. These low distributed profits explains the failure of such societies.

The cooperative societies should necessarily deal seriously with the mechanism of the market, and should know that the motto of cooperation only is not sufficient any more to make success. They should also know that they have no other alternative but to link the cooperation as a sublime idea with the cooperation from which the members hope to make profits and to provide cheap

and good quality commodities to them. The successful management in the cooperative societies is the management which maintains the spirit of cooperation embodied in democracy in electing and choosing the members of boards of directors, transparency in performance, and opening the door for candidates on one hand, and making good economic results for their members on the other hand.

Law No. (13) of 1976 In Respect of The Cooperative Societies

We, **Zayed Bin Sultan Al Nahyan**, President of the United Arab Emirates,

Upon reviewing the provisional constitution,

And the law No. (1) of **1972** regarding the competences of the ministries, the authorities of the ministers, and the laws amending thereof,

And based on the review made by the Minister of Labor and Social Affairs, and upon the endorsement by the council of ministers and the Federal National Council, and based on the Sanction by the Supreme Council of Federation,

We do hereby promulgate the following law:

Chapter One

General Provisions

Article (1)

In implementation of the provisions of this law, the cooperative society is any society that is incorporated by natural or artificial persons for a limited or an unlimited period, for the purpose of raising the economic and social level of its members by means of applying the cooperative principles, specifically the following:

- 1- The membership shall be optional, and restricted to UAE nationals.
- 2- The society's capital shall be formed of an unlimited number of shares therein every person shall have the right to contribute and to assign the same to any other person pursuant to the provisions of this law and as per the society's articles of association.
- 3- The members shall have equal rights and obligations regardless of the shares they hold.
- 4- Capital shares shall not have proceeds exceeding 10% of their nominal value.
- 5- The distribution of net profit shall be based on the volume of transactions of every member with the society.

Article (2)

The name of the society shall hold reference indicating its cooperative status, its main objective, and its place of business. The societies other than those incorporated under the provisions of this law may not include in their names the word *cooperation* or its derivations.

Article (3)

The artificial personality of the cooperative society may not be established, nor may its founders conclude contracts or execute

transactions in its name, unless it and its articles of association have been registered and announced pursuant to the provisions of this law.

Article (4)

The shares of the cooperative society shall be nominal indivisible shares, and such shares may not be attached except for fulfilling the society's debts. The liability of the society's members for society's obligations shall be limited to the value of the shares the member holds in the society.

Article (5)

Acceptance of membership in the cooperative society may not depend on contribution in more than five shares, nor sole shareholder may hold shares exceeding ten percent of the society's capital contributed in.

Article (6)

Any member may withdraw from the society in accordance with the procedures stipulated under its articles of association. Such withdrawing member shall then have the right to recover the value of his contribution in the society, provided that such recovery shall not result in reduction of society's capital to less than half of maximum value the capital has reached since the society was incorporated. The value of recovery made by the withdrawing party shall be reduced in proportion with the loss sustained by the society according to the balance sheet issued at the end of the year in which such member withdraws.

Article (7)

The member may assign the ownership of his shares in favor of another beneficiary according to the society's articles of association.

Article (8)

Member's membership in the society shall be forfeited should such member fail to fulfill any of the conditions stipulated under this law or under the society's articles of association.

Article (9)

Should any member withdraw, assign his shares, or be dismissed from the society, or if his membership is forfeited, then such member shall be liable vis-à-vis third party in respect of the liabilities ensued out of the society's business up to date of his withdrawal from the society. This liability shall remain existing until the end of the six months following the approval of the final account of the fiscal year in which the withdrawal, assignment, dismissal, or membership forfeiture took place duly.

Article (10)

All or some of the deceased member's heirs may continue in the society and acquire membership therein if such heirs meet its conditions and requirements.

Article (11)

The cooperative societies registered according to the provisions of this law may carry out all legal disposals necessary to undertake its activity.

Article (12)

The cooperative societies may not establish its branches except in the zone of its business. Such society shall manage and supervise such branches; and each such branch shall bear the name of such society.

The minister of social affairs has the right to permit the society to have branches out of its zone of business if nature of its objectives requires so.

Chapter Two
Incorporation of the Cooperative Societies

Article (13)

To incorporate any cooperative society, the following conditions shall be met and fulfilled:

- 1- Number of founders shall not be less than Fifteen persons.
- 2- Age of such founders shall not be less than full eighteen calendar years.
- 3- Society shall not admit into its membership any person who has been convicted with offence or crime of dishonesty unless such person has already been rehabilitated or unless such person has been given amnesty by the relevant authorities.
- 4- The founders shall assemble at an incorporating body to sign the society's memorandum of association and its articles of association according to the provisions stipulated under this law.

Article (14)

The society's memorandum of association shall include date and place of concluding such memorandum, name of the society and zone of its business, its kind, its objective, value of its paid capital, value of share, names of its founders, their domiciles, their professions, and their nationalities.

Article (15)

The founders shall be jointly liable for the liabilities incurred by incorporating the society. Should incorporation of the society fail, such founders shall not have right to recourse vis-à-vis the contributors. However, if the society is formed, then the expenses shall be refunded to them as may be acknowledged by the society. They shall jointly be liable for all the funds contributed until such funds are handed to the society's board of directors.

Article (16)

With due compliance with the model law promulgated under a resolution issued by the Minister of Social Affairs, the society's articles of association shall include the following information:

- 1- Name of society, zone of its business, and the objective or objectives for which it has been incorporated.
- 2- Its place of business, which shall be inside its business zone.
- 3- Value of the society's capital upon incorporation, and value of each share, and manner of paying, recovering, and assigning the same.
- 4- Maximum shares that may be held by a member.
- 5- Conditions for accepting the members, their obligations and conditions for their withdrawal and dismissal.
- 6- Manner of electing the members of board of directors, competences of the board, the system of business in such board, dates and manners of its assemblies, the majority required for validating its assemblies in order to issue its resolutions, cases, conditions, and procedures for dismissing its members.
- 7- Competences of Society's board of directors, its chairman, its vice chairman,, society's treasurer, its secretary, manner of their election, cases, conditions, and procedures for their dismissals.
- 8- Competences of the general assembly, rules of its convening, dates of its assemblies, and manner of voting therein.
- 9- Society's fiscal year.
- 10- Accounting and administrative books kept by the society.
- 11- Formation of reserve fund.
- 12- Distribution of profits, and settlement of losses.
- 13- Rules of amending the society's articles of association .
- 14- Rules of dissolving or amalgamating the society, or liquidating its funds.

Article (17)

The Ministry of Labor and Social Affairs considers the registration of the cooperative society based on an application submitted by the founders. The following documents shall be enclosed with such application:

- 1- Two copies of the society's articles of association.
- 2- Three copies of the articles of association after being approved and signed by the founders.
- 3- Two copies of minutes of meeting of the incorporation assembly of the society where one or more members were elected to take procedures for registering it.
- 4- Statement showing the number and value of shares contributed in by the founders, signed by the provisional treasurer, with a bank statement showing that the value of such shares has been deposited.

The ministry of labor and social affairs shall announce the society which has been registered by publishing its memorandum of association and summary of its articles of association in the official gazette.

Article (18)

The ministry of labor and social affairs shall have the right to reject any application for registration of the society within thirty days from date of submission of such application, along with giving the reasons of such rejection. The ministry may add the amendments to the articles of association as it may deem necessary for the public interest.

Within two weeks from date of notifying them on the rejection or amendment resolution, the founders may apply a grievance application versus such resolution before a committee whose formation and action procedures shall be issued under a resolution by the minister of Social Affairs.

Article (19)

No amendment of the society's articles of association shall be valid unless such amendment is registered at the ministry of social affairs based on application by the society's board of directors. The following documents shall be enclosed with the application:-

- 1- Two copies of the amendment.
- 2- Two copies of the society's general assembly minutes of meeting in which such amendment was resolved. The ministry of labor and social affairs shall register the amendment which has been registered by means of publishing it in the official gazette.

The ministry may reject the amendment application within one month from its submission, giving the reasons of such rejection.

The society's board of directors, within two weeks from notifying the society on the rejection resolution, may apply grievance application before the committee mentioned under the foregoing article.

Article (20)

The committee mentioned under article (18) shall settle such grievance within thirty days from date of its presenting before it. Its award shall not be deemed final unless it is endorsed by the minister of social affairs.

Those relevant parties may challenge such final award before the Supreme Federal Court within fifteen days from date of being notified of this resolution. The court shall dispose of such challenge promptly and without fees.

Chapter Three

Cooperative Society's Management

Article (21)

Each cooperative society shall have a board of directors to manage its affairs, consisted at least of five members elected by the general assembly by secret ballot among members pursuant to the society's articles of association. The membership term in the board of directors shall be three years. The general assembly may re-elect the same member after expiry of his term or after forfeiture of his membership unless the society's articles of association prohibits that.

Article (22)

The board of directors opens the door for candidates for membership maximum two months and minimum one month before the date fixed for convening the general assembly. The closing date shall be fifteen days before date of convening the general assembly.

The board of directors shall notify the ministry of labor and social affairs on the date for opening and closing the application for candidates and the date for elections. The ministry shall have the right to delegate one or more supervisors to supervise the election process.

The relevant parties may contest the validity of electing any member of the board of directors within fifteen days from announcing the result of the election, before the committee mentioned under article (18) hereof.

The committee's award issued in this respect shall be deemed final after it is endorsed by the minister of Social affairs.

Article (23)

In its first assembly after announcing the results of election, the board of directors shall elect its chairman, vice chairman, treasurer and secretary of the society for one year.

The chairman is the one who shall represent the society before the courts and third party. Such chairman shall execute the resolutions issued by the board.

The vice chairman shall act in the stead of the chairman upon latter's absence, or being unable to discharge his duties .

Article (24)

The members of the board of directors shall be liable before the society and shareholders and third party for all the acts of cheating and abuse of power, and for all mistakes committed in the management of the society whether mistakes in finance or cooperation policy, or in organization and management.

The general assembly's discharging the board of directors may not prevent filing the liability claim.

Article (25)

The member of board of directors is prohibited to contract in the name of the society unless under authorization from the board of directors. Such authorization shall be in writing.

Article (26)

Each cooperative society shall have an auditor not from among its members. Such auditor shall be appointed by the general assembly annually; and his remuneration shall be fixed. He shall be a chartered accountant. He shall be responsible for auditing the society's accounts, conducting its stock inventory and assets, and auditing its final accounts. For this purpose, he may review and check the society's accounting books and documents; and he shall provide the ministry of Social Affairs with the statements and disclosures required from him.

Article (27)

The board of general assembly shall present the consolidated balance sheet for the ended fiscal year and the final accounts to the auditor to review the same at least two months before convening the general assembly. He shall provide the ministry of social affairs with the result of the auditing at least one month before the date of convening the general assembly.

Article (28)

The members shall be invited to attend the general assembly at least fifteen days before convening it. A copy of the consolidated balance sheet, final accounts, and reports of board of directors and auditor and feedbacks made by the ministry of social affairs shall all be attached with this invitation.

Article (29)

The board of directors shall have the right to appoint a manager from the assembly members or non-members . The board of directors shall determine the authorities, obligations, remunerations, and bonuses of the director. He shall be prohibited to work for his own account or for third party's account in any kind of business carried out by the society, or the activities that conflict its interests. The board of directors shall be responsible vis-à-vis the general assembly for the director's acts.

The director shall have the right to attend the board of directors meetings, but without having any countable vote in the deliberations.

Article (30)

The cooperative society's board of director shall present to the ordinary General assembly a report on the current and future projects of the society, determining its financial position. He shall provide the ministry of Social Affairs with a copy of this report at least one month before date of its convening.

Article (31)

Each cooperative society shall maintain the following books and records:

- 1- Membership Book containing the names, nationalities , ages, domiciles, professions of members, the shares they hold, and commencement and expiry dates of such membership.
- 2- The commercial books stipulated under law.
- 3- Two books on the meetings of the board of directors and the general assembly.

Article (32)

The members of board of directors shall carry out their works without any payment. However, the members of the board of directors may be granted remunerations under society's resolution in consideration of good management.

Article (33)

Each member shall have one vote in the general assembly, regardless of number of shares such member may hold. The members of the general assembly may delegate other assembly members to represent them in the general assembly.

The minors and the interdicted persons shall be represented by their legal representatives.

Article (34)

The general assembly shall be convened by virtue of an invitation by the board of directors within the four months following the end of the fiscal year, for approving the annual accounts and the reports of the board of directors, auditors, and election of the new members of board of directors or to deliberate any other matters not included in the agenda of the assembly.

The board of directors shall invite for convening the extraordinary general assembly at any time, based on the request by any of the following:

- 1- The Cooperative Union to which the society belongs.
- 2- Auditor (Chartered Accountant).
- 3- Fifth (1/5) of the members of the general assembly who have right to attend the assembly pursuant to its articles of association.
- 4- Majority of members of the board of directors.
- 5- The ministry of social affairs

The matters for which the assembly shall be convened shall be mentioned in the invitation letter.

Article (35)

The general assembly shall not be deemed valid unless it is attended by majority of its members. Should the number of attendees be less than that, then the assembly shall be postponed to another session to be held at any time fixed in the invitation letter but not exceeding fifteen days from date of the first meeting. The next assembly shall be considered valid if attended by tenth of members (1/10) or at least fifteen members.

The general assembly shall be chaired by the board of directors chairman. The resolutions shall be issued by the majority of the attendees' votes. When such votes are in tie, then the chairman shall have a casting vote.

Article (36)

None of the following resolutions may be issued except by an extraordinary general assembly attended by more than half of the members, and under consent by two thirds of the present members:

- 1- Amendment of the society's articles of association.
- 2- Society's amalgamating with another society.

- 3- Dissolution of the society before its specified expiry date or extension of such date.

Article (37)

The resignation of the auditor or the members of the collective resignation of the board of directors may not be valid before the invitation for convening the general assembly for an ordinary assembly to appoint an auditor or to elect a new board of directors.

Article (38)

Any matters not mentioned in the assembly's agenda or any matters which have already been discussed but six months have not yet passed since the date at which it did not realize the required majority, may not be discussed by the ordinary or extra-ordinary general assembly.

Chapter Four

Distribution of Profits, and Formation of Reserve

Article (39)

Without prejudice to the provisions stipulated under the articles of association of each society, the net profits resulting from the running businesses during the fiscal year, shall be distributed as per the following order:

- 1- Not less than 20% of the net profit to form the statutory reserve, until such reserve reaches double the capital.
- 2- Value of the proceeds of the shares as may be determined under the society's articles of association, in a manner not contradicting the provisions of the first article of this law.
- 3- The remunerations determined by the general assembly for the members of the board of directors as per article (32) of this law.
- 4- The retention from the net profits, as determined by the general assembly to improve the affairs of the zone to which the society belongs, financially and socially or for charity purposes in a

manner that the retained amounts shall not exceed 10% of the net profit.

- 5- The balance of the profits shall be distributed to the members in proportion of their respective dealings with the society.

Article (40)

The following shall be added to the statutory reserve of the society, in addition to the percentage mentioned under the previous article:

- 1- The grants and wills determined in favor of the society .
- 2- The forfeited claims out of the proceeds of shares, values, and the profits payable to the members.

Chapter Five Supervising the Cooperative Societies

Article (41)

The ministry of labor and social affairs shall assume supervision and inspection over the activity of the cooperative societies including their prices, business , and accounts to ensure their operation as per the law and in accordance with their articles of association and the resolutions issued by the general assembly. The inspectors delegated by the minister of social affairs for this purpose, shall assume inspecting the violations and crimes stipulated under this law, and such inspectors shall enjoy the capacity of the judicial officers .

Article (42)

The minister of labor and social affairs shall have right to suspend execution of any decision issued by the authorities managing the society, if such decision contradicts any law provisions or the society's articles of association or principles of cooperation. The concerned cooperative society shall have right to contest the suspension verdict before the supreme federal court within fifteen days from its notification of such verdict. The contest versus the verdict shall not lead to stop of its enforcement.

Upon hearing both parties' views, the court shall dispose of the contest promptly and without fees.

Article (43)

The reports of the inspectors mentioned under article (41) of this law shall be presented to the ministry of labor and social affairs and to the society's board of directors to present them to the general assembly.

Chapter Six

Joint Societies and Cooperative Unions

Article (44)

Any societies registered as per the provisions of this law may form joint cooperative unions for producing or importing the requirements of the activity of the societies to which they belong or to serve their purposes.

Article (45)

At least five societies registered as per the provisions of this law may incorporate a cooperative union among themselves, provided that not more than one union may exist for each kind of cooperative societies. The task of these unions shall be promoting the call for the cooperation, advocating the interests of the cooperative societies, and providing assistance to the citizens to incorporate the cooperative societies.

Article (46)

The joint cooperative societies and cooperative unions shall acquire artificial personalities by announcing their articles of association and by registering them at the ministry of labor and social affairs pursuant to the provisions of articles (17) and (18) of this law.

Article (47)

The articles of association of the joint cooperative societies and the cooperative unions shall determine the manner of forming the board of

directors of the joint society or the union and the number of its members and manner of electing or appointing them, as well as all the matters related to their affairs, and the manner of forming the general assembly and the rules related to their meetings and manner of voting therein.

Article (48)

The cooperative unions and the joint cooperative societies shall fix the value of subscription in their memberships and manner of settlement of the subscription fees. The joint societies and the joint cooperative unions shall be subject to the provisions of the cooperative societies law, without prejudice to the provisions of this chapter.

Chapter Seven

Expiry , dissolution and liquidation of societies

Article (49)

Pursuant to article (36) of this law , the extraordinary general assembly, shall have right to issue a resolution for voluntary dissolution of the society . The dissolution resolution shall include a decision appointing the liquidators and determining their remunerations, and stating their authorities and the necessary period for liquidation.

Article (50)

The minister of labor and social affairs shall have the right to issue a resolution dissolving the society in the following cases :

- 1- If number of its members became less than fifteen.
- 2- If the society lost more than half of its capital or if its continuation shall lead to loss.
- 3- If it is proved that it has breached its financial obligations or cooperative purposes or transgressing the rules stipulated by law.
- 4- If it is proved that it intervened into religious or political matters

The minister of labor and social affairs shall issue the dissolution resolution including appointment of liquidators, determining their remunerations. The concerned parties may challenge such resolution before the supreme federal court within thirty days from the date the society is being notified of the contested resolution.

Article (51)

The liquidation accounts shall be published in the official gazette. The society members shall, within thirty days following the date of publishing these accounts, have the right to object the same before the supreme federal court. All the objections shall be joined, and one verdict shall be

ruled for all of them. Such verdict shall be valid vis-à-vis all members of the society, and shall be published in the official gazette.

Article (52)

After three years from the date of publishing the liquidation accounts, the right to prosecute the members of the society board of directors for their acts shall be forfeited.

Article (53)

The funds resulting from the liquidation shall be distributed among the members as per the share contributed by each of them in the society shares.

Article (54)

The minister of labor and social affairs, whenever he deems it necessary for the interest of the cooperative movement or for the interest of its members, may, under a reasoned resolution, dissolve the society's board of directors, and may appoint, for a period not exceeding six months, an interim director or board of directors consisted of the society members enjoying the authorities granted to the board of directors.

However, The minister may only suspend the chairman of the board, his deputy, treasurer , or secretary of the society and appoint any member of the society to carry out their duties for a period not exceeding three months.

The resolution mentioned under the above two articles shall be published in the official gazettes. The concerned parties may contest this resolution before the supreme federal court within fifteen days from date the society is being notified of the said resolution. The court shall dispose of this contest promptly and without fees. The objection to the resolution may not lead to stop its enforcement .

Article (55)

In case the board of directors is dissolved, the members of the dissolved board and the society officials , shall initiate to hand over all the society's funds, records, books, and documents to the interim board of directors. The interim board of directors shall call for convening the general assembly within the period fixed under the minister's resolution issued for dissolution , to submit them a detailed report on the society's status, and to elect a new board of directors.

In case any of the persons in-charge of the society management is suspended, such suspended person shall hand over the trust of the society's funds, documents, and records to the person assigned by the minister. The general assembly, within the period fixed under the minister resolution for suspension, shall elect a substitute in stead of the suspended board of directors member or in place of the suspended society's treasurer or secretary as the case may be.

Chapter Eight

Penalties

Article (56)

Without prejudice to any stricter penalty stipulated under the penal law or under any other law, an imprisonment penalty not exceeding six months and a fine penalty not less than One thousand dirhams but not more than Three thousand dirhams or any of these two penalties, shall be imposed against:

- 1- Founders and members of board of directors, directors, inspectors, and auditors who deliberately , in their acts , accounts or reports presented to relevant authorities or the general assembly, established untrue representations or incorrect figures on the society's status, or who intentionally concealed all or some facts or documents related to this status.

- 2- The members of board of directors and directors who deliberately distributed to members the profits or proceeds which were not taken from the actual profits of the society.
- 3- The members of the board of directors who decided issuance of shares with value less or more than its nominal value.
- 4- The liquidators who distributed to the members assets of the society in a manner contradicting law, also the members of board of directors, directors, and liquidators who have not executed the liabilities stipulated upon them by law or by (The society's executive bylaw or articles of association).
- 5- Members of the Board of directors , the managers and the employees who violate the provisions of this article (55) of this law.

Article (57)

A penalty not less than One thousand dirhams and not exceeding three thousand dirhams shall be imposed against the board of directors members and the directors of any cooperative society having carried out cooperative activities before being registered and announced pursuant to the provisions of this law, or after the issuance of the resolution by the minister of the social affairs to dissolve it as per article (50) of this law. The same penalty shall be levied against any person who, without legal right , uses in his correspondence or signboards of his shops or in his advertisements related to any project or business conducted by him , a name making the public feel that this work or this project is cooperative. In addition to that, a judgment shall oblige him to remove that name, and the judgment shall published in a daily newspaper at the expense of the judgment debtor.

Article (58)

With exception of the provisions stipulated under both above mentioned articles, a penalty of two hundred dirhams shall be levied against any one who breaches any of the provisions stipulated under this law.

Chapter Nine

Conclusion Provisions

Article (59)

The cooperative societies , the joint cooperative societies and the cooperative unions shall enjoy the following privileges:

- 1- Exemption of all taxes and fees payable for the contracts and instruments related to their articles of association or amendment of articles of association and their announcement as well as fees of registration that are usually borne by them in the contracts they are party thereof.
- 2- Exemption of the customs duties for the tools, machines, and equipment as well as all the imports to their accounts once they are to be used for serving their objectives.

However, if the society disposes of these items for third party within one year of importing the same, then the customs duties applicable at time of import as customs tariff shall be payable in full.

Article (60)

The cooperative societies existing at the time of implementing this law, shall amend their articles of association and shall apply for registering the same as per the provisions of this law within six months from date of the its implementation ; otherwise, they shall be deemed dissolved and the ministry of Social Affairs shall liquidate their funds and shall appoint the party to which these funds may go to.

Article (61)

The minister of labor and social affairs shall issue the resolutions necessary for enforcing the provisions of this law.

Article (62)

This law shall be promulgated in the official gazette and it shall be implemented effective from date of its publication.

Zayed Bin Sultan Al Nahyan
President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi
On 9 Thulhija 1396H.,
Corresponding to 30 November 1976.

نحو حوكمة ومسؤولية اجتماعية أفضل للتعاونيات
Towards Better Governance and Social Responsibility of Cooperatives

الملتقى الثاني للتعاونيات
Second Cooperatives Forum

Delma Co-operative

Delma Co-operative society is established in 1981 by the decree of Late H.H.Shaikh Zayed Bin Sultan Al Nahyyan on the basis to provide all the facilities, arrangement and the development of the Delma Island and the Inhabitants of Delma Island. Our various activities include:

**Transportation to and from Delma Island
Supermarket & dept. store
Fish catching, fish purchasing & fish supply to various islands
Vehicle /equipment hiring for contractors on Projects work
Sea transport
Ice factory
Dry dock
Garage
Driving school
Commercial centre (rent – flats and shops)
Motel
Cafeteria
Laundry
Hair cutting saloon**

All the above mentioned organizations are arranged for the benefit of Delma Island People. Arranging all the necessary for the fishermen and marketing the fresh fish catches for their welfare by keeping their heritage. They are availing all the facilities directly from the above organizations at cost price by keeping an account system and at the end of every year the total amount will deduct from their share dividend.

Beside the above , yearly supporting Social Affairs Centers and Schools on the Island. Providing food/lodging services for the visitors on the Island.

Administration/Direction is by the Board of Directors , elected by the Share Holders of Delma co-operative Society, under the supervision of the Co-operative Department of Ministry of Social Affairs.

OUR EXPERIENCE'S AT YOUR SERVICE

Amidst the huge architectural renaissance of the United Arab Emirates in the late seventies which focused mainly on the country's benefit, interest, and elevation of its His Highness (the late) Sheikh Zayed Bin Sultan Al Nahyan order for the establishment of Al Sadiat Cooperative Society in 1978, a national society for Al Sadiyat residents .

Since its establishment until now, the Society believes that honesty in relations, and accomplishing work with maximum precision is the ideal way the trust of our highly respected clients, and the key for our success in the market.

We put our experience at your service, and we strive hand in hand with our clients to effectively contribute in a modern and advance methods to contribute in accomplishing the developmental projects of our country in general and our capital in specific, amidst the wise leadership of His Highness Sheikh khalifa Bin Zayed Al Nahyan - President of the UAE (May Allah Protect him) .

OUR VISION

Al Sadiyat Cooperative Society has been striving for an ideal prominence with regards to the nature and quality of work it provides. Our ambitions lay in modernizing new sections to contribute in the display of the civilized and touristic aspect of the Emirate of Abu Dhabi in particular and the United Arab Emirates in General, by cooperating with the distinguished national establishment and companies bearing a clear future vision built on modern and scientific bases.

Maritime Transport Section

A – General Overview

Al Sadiat cooperative Society is among the leading national establishments in the field of maritime transport. Since the society's establishment in the late seventies, we have entered upon contracts with most of the government's private departments and companies. Abu Dhabi municipality, Ministry of defense, Etisalat, Emirates media, and Tourism Authority are some examples of our clients. We also work in the field of employees and workers transport from one island to another, as well as transporting tourists to the islands around the Emirate of Abu Dhabi.

There is also a special section through which we rent excursion boats for sea lovers, this section is hugely popular with the public and we personally provide it with special care as it uncovers the touristic aspects of the Emirate of Abu Dhabi.

In addition to the fact that the service performance of maritime shipping from and to remaining islands in the country's vast number of islands. This service has been praised by our highly respected clients and we work hard to satisfy our clients in reaching their destination safely and with utmost comfort.

Al Sadiyat cooperative Society runs a port a dock in the port area of Abu Dhabi Island for its maritime fleet, a part of which is specialized to provide rental service and docking facilities for boats and jet skis.

B - Our Maritime Fleet

Our maritime fleet is characterized with the diversity of its activities and size, as most of the requirements of this activity is provided such as yachts, sea buses and small excursion boats in addition to the marine shipping carriers.

From time to time, we update and modernize this fleet so as to remain among the leaders in the field; we have been developing and elevating this activity to the best possible level, which balances with the most immense development of the whole country.

Land Transport Section

A – General Overview

Among the overall services provided by AL Sadiat Cooperative Society to companies and organizations in Abu Dhabi Emirate and the surrounding islands, we have established a section which specializes in the hiring of various types of cars, trucks, and equipment.

The Society maintained the provision of the latest vehicles and equipment needed as the requirements of these companies, the foremost of which are National Construction Company, Japan oil Company, and Hazelnut Company to name few.

B - Our Land Fleet

Our land fleet is composed of a large and diverse variety of salon cars, four wheel drives, trucks, and heavy equipments. Al Sadiyat cooperative Society replaces the salon cars and four wheels drives every two years, and as for the trucks and heavy equipments we replace every five years as maximum or as needed if replacement is required at earlier stages. This policy has been adopted to ensure the maximum satisfaction of our clients, and to provide them with the service they deserve.