

COOPERATIVE-GOVERNMENT RELATIONSHIP



Participating ministers responsible for cooperative development at the inaugural session of the ICA Cooperative Minister's Conference, Jakarta



International Cooperative Alliance
Regional Office for Asia & the Pacific, New Delhi



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Report and other documentation on the
**ICA Asia-Pacific Second Conference of
Ministers Responsible for Cooperative
Development on "Cooperative-Government
Collaborative Strategies for the Development of Cooperatives"
Jakarta, Indonesia. February 18-21, 1992**

Jointly organized by :

International Cooperative Alliance
Ministry of Cooperatives, Government of Indonesia
Dewan Koperasi Indonesia-Dekopin



International Cooperative Alliance
Regional Office for Asia and the Pacific
"Bonow House", 43 Friends Colony, New Delhi-110065

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Contents

Foreword		
Conclusions and Recommendations of the Conference	...	01
Agenda and Programme	... ..	11
Participants	... ..	14
Agenda Notes and Background Papers for the Ministers' Conference :		
Background	... ..	37
Part-I : Conclusions and Recommendations of the Regional Consultation	...	39
Part-II : Review of Follow-up Action and the Impact... of the Sydney Conference Recommendations		51
Part-III : Guidelines to Evolve a Practical System of Cooperative-Government Relationship	...	71
Report presented by Hon'ble Bustanil Arifin SH, Minister of Cooperatives, Indonesia	...	93
Inaugural Address by His Excellency Soeharto, President of the Republic of Indonesia	...	95
Report from the Secretariat delivered by Mr. G.K. Sharma, ICA Regional Director	...	98
Address by Prof. Sri-Edi Swasono, President of the Indonesian Cooperative Council-Dekopin	...	101
Remarks by Mr. Bustanil Arifin at the Closing Ceremony		107

Statements made by the participating countries:

Afghanistan	...	...	...	108
Australia	...	...	...	111
Bangladesh	...	...	...	117
Brunei Darussalam	...	...	...	122
China	...	...	...	124
Egypt	...	...	...	127
Fiji	...	...	...	136
Ghana	...	...	...	139
India : Statement made by Dr. Balram Jakhar, Minister of Agriculture and Cooperation, India				143
India : Statement made by Mr. B. Vishwanathan, President, National Cooperative Union of India	...			148
Indonesia	...	...	...	152
Iran	...	...	156	
Japan : Statement made by Hon'ble Takao Jin-Nouchi, Parliamentary Vice-Minister for Agriculture, Forestry and Fisheries, Japan				160
Japan : Statement made by Mr. Hiroumi Kawamura, Director, Social Betterment Division, Ministry of Health and Welfare, Japan				165
Japan : Statement made by Mr. Mitsugu Horiuchi, President, Central Union of Agricultural Cooperatives	...			169
Korea, Republic of	...	...	...	170
Malaysia	...	...	...	173
Mauritius	...	...	...	176
Nepal	...	...	...	185
Pakistan	...	...	...	189
Philippines	...	...	...	193
Singapore	...	...	...	205
Sri Lanka : Statement made by Hon'ble Weerasinghe Mallimaratchi, Minister of Food & Cooperatives				207
Sri Lanka : Statement made by Mr. Lionel Samarasinghe, President, National Coop Council of Sri Lanka				217
Thailand	...	...	...	219
Tonga	...	...	...	222
Vietnam	...	...	...	229

Statements made by the participating international organisations :

Afro-Asian Rural Reconstruction Organisation	...	234
Asian Confederation of Credit Unions	...	237
ASEAN Cooperative Organisation	...	241
Canadian Cooperative Association	...	242
Food and Agriculture Organisation of the UN	...	245
International Labour Organisation of the UN	...	252

Technical Papers Presented at the Conference :

Global Cooperative Trends and Basic Values by Mr. Lars Marcus, President, ICA	...	254
Capital Formation in Cooperatives by Mr. Bruce Thordarson, Executive Director, ICA	...	260
Outline of Environmental Problems and Movements of Japan 's Cooperatives by Mr. Tadafumi Yoshida, Chairman, Environment Working Committee, JA ZENCHU		266
Environment Protection Activities of Consumer Cooperatives in Japan and Environmental Programme Towards the 21st Century of the JCCU by Mr. Hiroshi Suzuki, Director, JCCU Laboratory	...	277

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I have great pleasure in issuing this documentation entitled COOPERATIVE-GOVERNMENT RELATIONSHIP covering the Conclusions & Recommendations, agenda papers, statements made and the technical papers presented at the time of the 2nd Conference of Cooperative Ministers held at Jakarta, Indonesia, February 1992. The documentation thus presented is complete, comprehensive and technically relevant for the use of policy-makers, cooperative officials, cooperative leaders and cooperative scholars.

The Jakarta Conference has been viewed as an important land mark in the efforts of the ICA in bringing the governments and Cooperative Movements together at which the two sides were able to discuss their problems and programmes and agree on finding relevant solutions for the development and nourishment of genuine, self-reliant and self-sustaining cooperative institutions. Viewed in the context of the Sydney Conference which was held by the ICA in February 1990, the participation by cooperatives, governments and international organisations was impressive and highly relevant. The Jakarta Conference, held at the invitation of the Government of Indonesia and in collaboration with the National Cooperative Council of Indonesia, was able to go deeper in the key areas of cooperative development. It was agreed that the holding of the Conference should be institutionalized and consequently offers of technical and financial support, on voluntary basis, were announced by the participating countries. The next Conference has been invited by Sri Lanka.

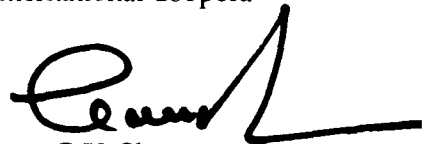
The acceptability and credibility of the role played by the ICA ROAP in fostering unity of purpose between the governments and the movements has been acknowledged by all the participants. This is further supported by the presence of as many as 17 ministers and a total of 164 delegates from 23 countries from the Region and outside attending the Conference for its full duration.

I am indeed grateful to His Excellency Soeharto, President of the Republic of Indonesia for inaugurating the Conference, to Hon'ble Bustanil Arifin, Minister of Cooperatives of Indonesia for providing moral, financial, logistic and technical support to the ICA, and to the Indonesian Cooperative Council-Dekopin, for its active collaboration in the organisation of the Conference. The ICA ROAP is extremely thankful to all the Ministers, cooperative leaders and representatives of international organisations for taking part in this important event.

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In the preparations for the Conference and its follow-up, I am thankful to Dr. R.C. Dwivedi who took upon himself the task of enriching the content and purpose of the Conference by acting as our consultant. My special thanks are also due to my colleagues, Mr. Karl Fogelstrom, Senior Development Advisor and particularly Mr. Daman Prakash, Regional Advisor (Development Planning) who followed the practical aspects of the Conference and took upon himself the preparation of the entire documentation of the Conference. This report is the result of his efforts.

I only hope and wish that the efforts of the ICA ROAP in strengthening the relationship between the cooperatives and the governments in this part of the world in making the cooperative institutions self-sustaining would be taken into consideration by governments and cooperative leaders. The entire subject will even come under review at the third conference which will now be held in Sri Lanka some time in 1995 - the centenary year of the International Cooperative Alliance.



G.K. Sharma
ICA Regional Director
for Asia and the Pacific

Bonow House,
New Delhi.
30th June 1992

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Indonesia	152
Iran	156	
Japan : Statement made by Hon'ble Takao Jin-Nouchi, Parliamentary Vice-Minister for Agriculture, Forestry and Fisheries, Japan				160
Japan : Statement made by Mr. Hiroumi Kawamura, Director, Social Betterment Division, Ministry of Health and Welfare, Japan				165
Japan : Statement made by Mr. Mitsugu Horiuchi, President, Central Union of Agricultural Cooperatives	...			169
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Sri Lanka : Statement made by Hon'ble Weerasinghe Mallimaratchi, Minister of Food & Cooperatives				207
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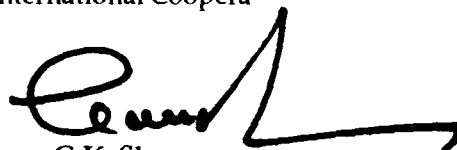
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A handwritten signature in black ink, appearing to read 'G.K. Sharma', with a long horizontal stroke extending to the right.

G.K. Sharma
ICA Regional Director
for Asia and the Pacific

Bonow House,
New Delhi.
30th June 1992

Conclusions & Recommendations of the Conference

Background

The Sydney Conference-1990

The International Cooperative Alliance Regional Office for Asia and the Pacific, New Delhi (ICA ROAP) had organised a Cooperative Ministers' Conference for Asia and the Pacific which was held in Sydney (Australia) in February, 1990. The Conference had adopted and released a Declaration known as "Sydney Declaration on Cooperative Development". In addition, the Ministers' Conference had also made a set of recommendations, including an 'Action for 1990s'.

With regard to Action for 1990s, the Sydney Conference had made the following recommendations.

- i. The Conference recommends that national governments in collaboration with the national cooperative organisations should develop clear perspective for the development of cooperatives in specific areas during the '90s. In the identification of the target groups, small farmers, artisans, workers, women and un-employed youth and other down-trodden people should be given special attention.
- ii. The Conference recommends that the strengthening of cooperative values by building up self-reliant Cooperative Movements should be given priority during the '90s.
- iii. The ICA should work out guidelines to evolve a practical system of cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
- iv. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above Declaration and Recommendations in collaboration with national cooperative organisations and national governments.
- v. The Conference recommends that the ICA, along with its member-organisations and international agencies, should take measures to develop skills and transfer of technology to facilitate cooperative trade.

In order to follow-up the recommendations of the Sydney Conference, the ICA ROAP developed a strategy of an intensive interaction with its member-

organisations and the governments concerned in the Region. The strategy included: i) organisation of five national level follow-up workshops on the subject in Fiji, India, Indonesia, Philippines and Thailand; ii) contacts with senior level government officials and cooperative leaders in various countries; iii) inviting written follow-up reports from governments and national cooperative organisations; and iv) review of general documents and correspondence. On the basis of the material thus received and collected, a regional background paper was prepared which was considered by the Regional Consultation held in Manila, Philippines, 20-22 November 1991. The Regional Consultation made comprehensive recommendations for the consideration of the Ministers' Conference, Indonesia, February 1992. These recommendations formed the major agenda for the consideration of the 1992 Conference.

The Jakarta Conference-1992

The second Conference of Ministers Responsible for Cooperative Development on "Cooperative-Government Collaborative Strategies for the Development of Cooperatives" was held in Jakarta, Indonesia, from 18th to 21st February 1992. 17 ministers responsible for cooperative development representing Afghanistan, Brunei, China, Egypt, Ghana, India, Indonesia, Iran, Japan, Malaysia, Mauritius, Nepal, Pakistan, Philippines, Sri Lanka and Tonga participated in the Conference for its entire duration. In all 164 delegates from 23 countries viz., Afghanistan, Australia, Bangladesh, Brunei, China, Egypt, Fiji, Ghana, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Mauritius, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Tonga and Vietnam attended the Conference. In addition, representatives of international organisations, namely, AARRO, ACCU, ACO, CCA, CCD, DANIDA, FAO, FES, ILO, UNDP and UNESCO attended the Conference.

Conference Agenda

The following was the agenda of the Conference :

- a. Cooperative-Government collaborative strategies with special reference to:
 - a.1 Follow-up of the Sydney Conference Recommendations;
 - a.2 Achievements;
 - a.3 Problem areas;
 - a.4 Regional and national plans of action; and
 - a.5 Laying down guidelines to evolve a practical system of adoption by the cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
- b. Basic Values in Cooperatives and Trends in Cooperative Development.
- c. Capital Formation in Cooperatives.
- d. Cooperatives and Environment.

The Conference was inaugurated by His Excellency Soeharto, the President of the Republic of Indonesia, at the Presidential Palace in Jakarta. The inaugural session was also attended by Ambassadors of various countries in the region. The President in his speech emphasised that "we do not only need social justice on the national level in our respective countries, but also on a global level among the comity of nations". He further said that existing gap cause wide-ranging tensions and conflicts. The President appreciated the Conference plan to discuss the link between the fundamental value of cooperatives and current global trends and expressed "I am sure it will contribute significantly to the creation of a new world order that ensures greater peace, prosperity and common well-being imbued with justice".

At the inaugural function, the ICA President, Mr. Lars Marcus, presented an Award to President Soeharto. The Award stated :

"This Award is presented by the International Cooperative Alliance, an International Association of Cooperative Movements, to His Excellency Soeharto, President of the Republic of Indonesia, in recognition and appreciation of his consistent commitment and significant contribution to the Indonesian Cooperative Movement".

Preceding the inaugural address by the President, Mr. Bustanil Arifin, Minister of Cooperatives of the Republic of Indonesia, gave a brief account of performance of the Conference. Mr. Lars Marcus expressed his appreciation of the excellent arrangements made by the Government and the Dewan Koperasi Indonesia (DEKOPIN) to host the Conference. He also mentioned the progress which the Cooperative Movement has made in the region since the Sydney Conference.

Upon arrival at the Manggala Wanabakti building, the participants witnessed the opening ceremony of a Cooperative Trade Exhibition. The Exhibition was inaugurated by Hon'ble Ms. Shailaja Acharya, Minister of Agriculture, Nepal, and witnessed by Mr. Bustanil Arifin and Mr. Lars Marcus, President of ICA. An impressive display of products by 45 cooperative institutions in Indonesia and Sri Lanka was arranged by the Conference organisers in the corridors of the Manggala Wanabakti Building.

After the inaugural function, the Conference held its business sessions at the Manggala Wanabakti Building.

Mr. Bustanil Arifin, Minister of Cooperatives, of the Republic of Indonesia, was unanimously elected the Chairman of the Conference.

After adoption of the formal agenda and methodology of the Conference, the Ministers, representatives of cooperatives and international organisations made their statements.

Mr. Lars Marcus presented his address on "Basic Values in Cooperatives and Trends in Cooperative Development". The subject of "Capital Formation in Cooperatives" was introduced by Mr. Bruce Thordarson, Executive Director, ICA. On "Cooperatives and Environment" a detailed review was presented by Mr. Tadafumi Yoshida and Mr. Hiroshi Suzuki from Japan.

The Conference inter-alia considered the recommendations of the Manila Consultation of Permanent Secretaries of Cooperatives held at Manila from 20 to 22 November 1991.

Conference Drafting Committee

In order to produce a draft of conclusions and recommendations for its consideration and approval, the Conference approved the constitution of a Drafting Committee consisting of the following :

(a) Committee Members

01. Mr. Geoff Ayres (Australia)
02. Mr. V.K. Mittal (India)
03. Dr. Noer Soetrisno (Indonesia)
04. Mr. Ahmad Bakir bin Mohamed (Malaysia)
05. Mr. Romulo M. Villamin (Philippines)
06. Mr. S.B. Divaratne (Sri Lanka)

(b) Facilitators

07. Mr. G.K. Sharma (ICA ROAP)
08. Mr. Karl Fogelstrom (ICA ROAP)
09. Dr. R.C. Dwivedi (ICA ROAP Consultant)
10. Mr. Daman Prakash (ICA ROAP).

Observations & Recommendations of the Conference

The following are the observations and recommendations of the Conference:

General Observations

01. The Conference expressed gratitude to His Excellency Soeharto, President of the Republic of Indonesia, for inaugurating the Conference and extending hospitality to the delegates.

02. The Conference appreciated the follow-up action taken by the ICA ROAP as a follow-up of the Sydney Conference recommendations and Action Plan for 1990s in holding workshops in Fiji, India, Indonesia, Philippines and Thailand as per the mandate of the Sydney Conference.

03. The Conference appreciated the excellent arrangements made by the Government of the Republic of Indonesia and the Dewan Koperasi Indonesia (DEKOPIN) and the key role played by the Minister of Cooperatives of Indonesia in facilitating the work of the Conference in Jakarta.

Guidelines to Evolve a Practical System of Cooperative-Government Relationships

04. The Conference considered and endorsed the guidelines formulated by the

ICA ROAP in regard to integration of cooperative values, socio-economic objectives and competitive strength. The Conference identified and recommended the following role for the governments, cooperatives and international organisations :

Role of the Government

05. Governments' collaboration in cooperative development is vital to strengthen cooperative values in several ways, particularly providing appropriate cooperative legislation and administrative policies.

06. The cooperative values need to be safeguarded while extending government financial and other assistance to cooperatives.

07. The Conference took note of the governments objectives of cooperative development in various countries.

08. The Conference took note of the various approaches developed in different countries to achieve the socio-economic objectives. The Conference recommended that a planned combination of various approaches be evolved in various countries according to local situation and requirements for the extension of Cooperative Principles and greater absorption of cooperative values.

09. The Conference recognised the role of the government in the creation of a conducive environment for the implementation of various programmes allowing cooperatives to diversify so as to achieve the projected objectives and goals. The Conference recommended the following measures in this regard :-

9.1 to support the publicity campaigns undertaken by cooperatives to develop understanding about cooperative values, socio-economic objectives and competitive strength in the cooperatives.

9.2 continuing dialogue with the cooperatives to secure support and reaffirm faith of the executive heads of the government in the potentials of cooperatives.

9.3 to encourage extensive mass media coverage of the role played by cooperatives in the socio-economic development for the purpose of educating the general public as to the potential of cooperatives.

10. The Conference recognised the role of government in enhancing competitive strength in the cooperatives so as to withstand competition in the market. It recommended that the governments in respective countries formulate suitable fiscal and other policies more supportive of cooperatives which may be required for greater competitive strength.

11. The Conference felt that to ensure greater functional efficiency, it was essential to promote professional management in cooperatives. It recommended that adequate measures should be taken by the Movement with the support of the government to strengthen human resource development.

12. The Conference took note of the financial strains faced by cooperatives in some countries. It recommended that the governments support measures taken by cooperatives to ensure their sustainability at all levels.

13. The Conference took note of the increasing trend towards privatisation and de-regulation in the policies of the governments. The Conference recommended that the cooperatives be given the advantage accruing from such policies and also to ensure that the new economic environment does not impair the progress of cooperatives in any manner.

14. The Conference further recommended that de-regulation also be extended to cooperatives.

15. The Conference considered adoption of modern technology necessary to enhance the competitive strength of cooperatives. It recommended that the government facilitates its adoption by cooperatives at all levels.

16. The Conference acknowledged that planning should be the primary responsibility of each cooperative. The government's technical and other assistance be made available as required.

Role of Cooperatives

17. Cooperatives have to play a conscious role in the propagation, promotion and strengthening of values. It is an important responsibility of each cooperative to educate its members about the concept and essentiality of cooperative values. The working of cooperatives ought to reflect the values. The bye-laws should specifically provide for value-oriented operations of cooperatives. The education and training courses for various categories of office-bearers and employees include discussion on cooperative values.

18. Cooperative values need to be safeguarded and maintained while accepting government financial and other assistance.

19. Cooperatives need to undertake education, publicity and intensive campaigning to educate the members and general public about the socio-economic objectives of cooperatives.

20. The projection and realization of long-term objective depend to a great extent upon the performance of promotional unions or federations within the cooperative structure itself. The Conference noted that these were weak organizationally, financially, and professionally. In many cases they depended upon government financing. The Conference recommended that due support be given to make them strong.

21. In order to develop competitive strength, cooperatives need to avoid any kind of financial/material waste.

22. The Conference recognised that the competitive strength of cooperatives

depended upon integrated working of the cooperatives both horizontally and vertically and recommended that the Principle of Cooperation among cooperatives be operationally strengthened.

Areas of Emphasis

23. Keeping in view the national objectives of cooperative development, the Conference recommended greater diversification of cooperatives to various fields of economic activities particularly in the direction of alleviation of poverty in the rural and urban areas and promotion of consumers' welfare.

24. The Conference recommended that greater attention be given to the production of value-added goods to ensure better prices to the farmers. It further recommended in this context that cooperatives should adopt modern technology.

25. The Conference took note of the various approaches developed in different countries for economic development such as general scheme approach, project approach, area approach, group target approach, etc. It recommended that a planned combination for various approaches may be evolved.

26. The Conference recommended that steps should be taken by cooperatives to promote and develop international trade on cooperative-to-cooperative basis within and outside the countries of the region.

27. The Conference took note of various models in different countries in regard to relationships between the cooperatives and the private sector enterprises, including participation of cooperatives in the equity capital of joint-stock companies as provided in Indonesia. The Conference, however, was of the view that cooperatives may subscribe to the equity capital of private enterprises, but the latter should not be allowed to subscribe to the equity capital of cooperatives without proper safeguards. It was further suggested that in the context of the international trade development, cooperatives may consider to set up joint-ventures in collaboration with private enterprises to develop their competitive strength and to better service their members.

28. The Conference recommended that Cooperation should be integrated at various levels in the syllabi of general educational system.

29. The Conference recognised that there need be no compulsion on cooperatives to invest their funds outside cooperative enterprises to facilitate availability of funds within the cooperative framework. This will also promote independence and autonomy of the cooperatives.

30. The Conference took note of the steps taken by the various governments to amend their cooperative legislation, keeping in view the spirit of Sydney Recommendation. The Conference recommended that needed legislative changes be carried out expeditiously.

31. The Conference took note of a weak condition of many primary cooperative societies and recognizing that primaries being the base of the entire cooperative structure, recommended that adequate measures be taken to strengthen them.

32. The Conference emphasised that education of members and general public in the concept and potential of cooperatives is vital for the success of cooperatives. It, therefore, recommended that cooperative education programmes be strengthened at all levels. In pursuance of the efforts in cooperative education the ACO group proposed the setting up of centres of excellence, with the assistance of the international agencies, in the various cooperative institutions in the Asean Region. The Conference emphasised that special education programmes be developed and promoted for women and youth.

33. Agriculture is the dominating sector of economy of most of the developing countries of the Asia and the Pacific region. The Conference recommended that development and strengthening of agricultural cooperatives be given due attention.

34. The Conference recommended that cooperatives have both economic and social objectives. It recommended that the progress of these objectives of cooperatives be assessed from time to time, in order to project the image of cooperatives and set new directions. The Conference also recognised the need of cooperatives to organise activities for the promotion of the social welfare of the community at large within the area of their operation, such as building of educational and medical facilities, organisation of cultural activities, education in social hygiene, promotion of functional literacy, rural sanitation and environment protection, etc. In this context the Conference also took note of the social costs and benefit analysis being adopted in some countries.

35. The Conference recommended that programmes for a greater involvement of youth and women in the management and operations of cooperatives be formulated.

Infrastructure to facilitate Cooperative Development

36. The Conference observed that in order to implement various programmes / schemes for the development of cooperatives, adequate and efficient infrastructure was necessary and measures be taken in this direction.

37. In order to meet the financial needs of cooperatives, national cooperative financing institutions be allowed to be established by cooperatives within the monetary framework of the country concerned.

38. The Conference recommended that a data bank be built up by government / movement or jointly by both.

39. The Conference emphasised the need to build /strengthen research in the cooperative sector. It recommended that necessary infrastructure be built for this purpose.

Role of International Organisations

40. The need of more international assistance was emphasised. In view of this, the Conference suggested that international organisations and donor agencies assist cooperatives in the region in the transfer and building of technology and know-how. The services of the ICA ROAP be available to cooperatives as well as international organizations for this purpose.

41. The Conference noted that international organisations at times insist on certain structural changes as a condition when providing assistance to cooperatives, and that these conditions create certain problems and difficulties. The Conference recommended that international organisations be flexible in their approach by taking into account the local situation, environment and other factors while providing assistance.

42. The Conference appreciated the steps taken by the ILO to review its Recommendation No.127 in view of various changes and developments in the cooperative field and government policies.

43. The Conference recommended that a Committee of the Ministers of Cooperatives of Asean countries may be set up to foster greater coordination among the cooperatives of Asean countries.

Fund for Holding Cooperative Ministers' Conferences

44. The Conference recognised the importance of the Ministers' Conference as its recommendations greatly helped the governments and the national cooperative organisations in building conducive environment for the development of cooperatives.

45. The Conference felt the need of meeting of the Ministers periodically for the review of the development of cooperatives.

46. The Conference accepted the need to build financial resources to follow-up and continue Conference activities. It recommended that the governments and cooperatives in the region contribute to meet the required finance. The ICA ROAP was asked to work out modalities of the Fund.

47. The Conference further clarified that such contributions will be on voluntary basis.

48. The Conference noted with high appreciation the announcements of voluntary contributions to the Fund by Hon'ble Bustanil Arifin, Minister of Cooperatives of the Government of the Republic of Indonesia, a sum of US\$ 25,000 and by Hon'ble Dato Khalid Yunus, Deputy Minister for Lands and Cooperative Development of the Government of Malaysia, a sum of US\$ 20,000.

Capital Formation in Cooperatives

49. The Conference noted the various examples on capital formation by cooperatives and looked forward to the discussions at the ensuing ICA Tokyo Congress.

Cooperatives and Environment

50. The Conference took note of the importance being given by cooperatives in regard to protection of environment and promotion of ecological plans by cooperatives in various ways. The Conference appreciated such activities in view of the present situation of environmental degradation. The Conference recommended to develop more intensive environment-related awareness activities by cooperatives.

Venue of Next Conference

51. A number of invitations were extended by the participating countries to hold the next Conference. The Conference took note of these offers with great appreciation. The Conference, after a brief discussion, decided to accept with thanks the invitation extended by Hon'ble Weerasinghe Mallimaratchi, Minister of Food and Cooperatives, Sri Lanka, to hold the next Conference in Sri Lanka.

Vote of Thanks to Indonesian Hosts

52. The Conference expressed its high appreciation, thanks and deep gratitude to Hon'ble Bustanil Arifin, Minister of Cooperatives, Indonesia, Chairman of the Conference, and the host Cooperative Movement of Indonesia, for making elaborate arrangements for the participants and work of the Conference held in Jakarta, February 18-21, 1992.

Agenda and Programme

- Dates : February 18-21, 1992
Venue: a) Presidential Palace for inaugural ceremony on February 18, 1992.
b) Manggala Wanabakti Building for Working Sessions.
c) Manggala Wanabakti Building for Cooperative Trade Exhibition.

February 17, Monday

- Arrival of Delegates
 - Accommodation in respective hotels
 - Registration of Delegates
- 1900-2100 Welcome Cocktail party hosted by Professor Wagiono Ismangil, Secretary-General, Department of Cooperatives-Indonesia, at Atlet Century Park Hotel, Jalan Pintu Satu, Senayan Complex, Jakarta.

February 18, Tuesday

- 0845 Departure for Presidential Palace
1000-1100 Inaugural Session at the Presidential Palace:
1000-1015 Address by Hon'ble Bustanil Arifin, Minister of Cooperatives-Indonesia.
1015-1025 Address by Mr. Lars Marcus, President, International Cooperative Alliance, and presentation of ICA Award to His Excellency Soeharto, President of the Republic of Indonesia.
1025-1100 Inaugural address by His Excellency Soeharto, President of the Republic of Indonesia.
1130 Departure of participants from the Presidential Palace to the Conference venue.
1200-1230 Inauguration of the Cooperative Trade Exhibition by Hon'ble Bustanil Arifin, Minister of Cooperatives-Indonesia.
1230-1400 Lunch at Manggala Wanabakti Building
1400-1530 Working Session-I
Chairman : Mr. Lars Marcus, President, ICA
a. Welcome address by the Host Movement - Prof. Sri Edi Swasono, Chairman, Indonesian Cooperative Council-DEKOPIN..

- b. Election of Conference Chairman
Chairman : Hon'ble Bustanil Arifin
 - c. Working Methods and Adoption of Agenda for the Conference - Mr. Karl Fogelstrom.
 - d. Report from the Secretariat - Mr. G.K. Sharma.
 - e. Country Statements
- 1530-1545 Coffee break
- Chairman* : Hon'ble Bustanil Arifin
- 1545-1800 Country Statements (contd.)
1900-2200 Dinner-Reception & Indonesian Cultural Programme hosted by Hon'ble Bustanil Arifin, Minister of Cooperatives.

February 19, Wednesday

- 0900-1000 **Working Session-II**
Chairman : Hon'ble Bustanil Arifin
Topic-I: Global Cooperative Trends and Basic Values in Cooperatives.
Introduced by Mr. Lars Marcus, President, ICA.
Discussion on Topic-I.
- 1000-1100 Country Statements (contd.)
1100-1130 Coffee break
1130-1300 Country Statements (contd.)
1300-1400 Lunch
- Chairman* : Hon'ble Weerasinghe Mallimaratchi
- 1400-1500 Country Statements (contd.)
1500-1530 Coffee break
- 1530-1730 **Working Session-III**
Chairman : Hon'ble Weerasinghe Mallimaratchi
Consideration of Manila Regional Consultation Recommendations.
- 1900-2100 Reception hosted by Hon'ble Ir.Wardojo, Minister of Agriculture-Indonesia.

February 20, Thursday

- 0900-1000 **Working Session-IV**
Chairman : Prof. Sri Edi Swasono
Topic-II: Capital Formation in Cooperatives.
Introduced by Mr. Bruce Thordarson, Executive Director, ICA.

- 1000-1030 Discussion on Topic-II.
Coffee break
- 1030 **Working Session-V**
- Drafting Committee in Session
- All other participants join study visits programmes.
- 1030-2100 Study Visits Programme-East Java
- KUD Batu in Malang District
- Cooperative Rural Bank "KBPR Pancadana" Batu

February 21, Friday

- 0830-1000 **Working Session-VI**
Chairman : Hon'ble Bustanil Afrifin
Topic-III: Cooperatives and Environment.
Introduced by : Mr. Tadafumi Yoshida, Chairman, Study
Committee on Cooperatives and Environment, Organising
Committee of the ICA XXX Congress Tokyo.
Supported by : Mr. Hiroshi Suzuki, Director of JCCU Labora-
tory.
Discussion on Topic-III.
- 1000-1045 **Working Session-VII**
Chairman : Hon'ble Bustanil Arifin
i. Plenary Session to adopt Conference Conclusions /
Recommendations.
ii. Consideration of venue and dates of the next Conference
of Cooperative Ministers.
iii. Closing Session of the Conference.
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Agenda Notes and Background Papers for the Ministers' Conference

BACKGROUND

1. The International Cooperative Alliance Regional Office for Asia and the Pacific, New Delhi (ICA ROAP) organised a Cooperative Ministers' Conference for Asia and the Pacific which was held in Sydney (Australia) in February, 1990. The Conference adopted and released a Declaration known as "Sydney Declaration on Cooperative Development". In addition, the Ministers' Conference had also made a set of recommendations, including an 'Action for 1990s'.
2. With regard to Action for 1990s, the Sydney Conference made the following recommendations.
 - i. The Conference recommends that national governments in collaboration with the national cooperative organisations should develop clear perspective for the development of cooperatives in specific areas during the 90s. In the identification of the target groups, small farmers, artisans, workers, women and un-employed youth and other down-trodden people should be given special attention.
 - ii. The Conference recommends that the strengthening of cooperative values by building up self-reliant Cooperative Movements should be given priority during the 90s.
 - iii. The ICA should work out guidelines to evolve a practical system of cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
 - iv. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above declaration and recommendations in collaboration with national cooperative organisations and national governments.
 - v. The Conference recommends that the ICA, along with its member organisations and international agencies, should take measures to develop skills and transfer of technology to facilitate cooperative trade.
3. In order to follow-up the recommendations of the Sydney Conference, the ICA ROAP developed a strategy of intensive interaction with its member-organisations and the concerned governments in the Region. The strategy included; i) organisation of five national level follow-up workshops on the

subject in the Philippines, Indonesia, Fiji, India and Thailand; ii) contacts with senior level government officials and cooperative leaders in various countries; iii) inviting written follow-up reports from governments and national cooperative organisations; and iv) review of general documents and correspondence. On the basis of the material thus received and collected, a regional background paper was prepared which was considered by the Regional Consultation held in Manila, Philippines, 20-22 November 1991. The Regional Consultation made comprehensive recommendations for the consideration of the Ministers' Conference, Indonesia, February 1992. These recommendations form the major agenda for the consideration of the 1992 Conference.

4. Part-I of this Background Paper contains the recommendations of the Regional Consultation held in Manila. Part-II is the review of follow-up action and the impact of the Declaration and the Recommendations of the Sydney Conference in the Asia-Pacific Region, and Part-III contains a critical analysis of Recommendation 3 of the Action for 1990s viz., "the ICA should work out guidelines to evolve a system of cooperative-government relationship to combine cooperative values, socio-economic systems and competitive strength."

Part-I

Conclusions/Recommendations of the Regional Consultation of Permanent Secretaries Responsible for Cooperatives in Governments and the Chief Executives of National Cooperative Organisations of Asia and the Pacific Countries Held in Manila from 20-22 November 1991

Introduction

The Consultation of permanent secretaries responsible for cooperatives in governments and the chief executives of national cooperative organizations from Asia and the Pacific countries was held at Manila from November 20-22, 1991.

Forty (40) participants from 10 countries namely: Australia, Bangladesh, Fiji, Indonesia, Japan, Malaysia, Pakistan, Philippines, Sri Lanka and Thailand participated. In addition, the representatives of 5 international organizations namely: Afro-Asian Rural Reconstruction Organisation (AARRO), Canadian Cooperative Association (CCA), International Labour Organisation (ILO), Food and Agriculture Organization (FAO), Swedish Cooperative Centre (SCC) also attended as observers.

The Consultation was organized by the ICA ROAP in collaboration with the Government of the Philippines, Cooperative Union of the Philippines (CUP) and the National Confederation of Cooperatives (NATCCO). The Consultation was held in the background of the recommendations of the Sydney Conference of the Cooperative Ministers held in 1990, which, inter alia, made the following recommendations (Plan of Action for the '90s):

1. The Conference recommends that national governments in collaboration with the national cooperative organisations should develop clear perspective for the development of cooperatives in specific areas during the '90s. In the identification of the target groups: small farmers, artisans, workers, women and unemployed youth and other down-trodden people should be given special attention.
2. The Conference recommends that the strengthening of cooperative values by building up of self-reliant Cooperative Movements should be given priority during the '90s.
3. The ICA should work out guidelines to evolve a practical system of cooperative-government relationships to combine cooperative values, socio-economic objectives and competitive strength.

4. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above Declaration and Recommendations in collaboration with national cooperative organisations and national governments.
5. The Conference recommends that the ICA, along with its member-organisations and international agencies should take measures to develop skills and transfer of technology to facilitate cooperative trade.
6. The Conference recommends that the ICA ROAP should organise Asia-Pacific Ministerial Conferences periodically to review the development of cooperatives in the Region and to promote regional collaboration.
7. The Conference appreciates the invitation of the Minister of Cooperatives, Government of Indonesia, for hosting the next Conference in Indonesia. The Conference requests the ICA ROAP secretariat to finalise the dates and other arrangements in consultation with Government of Indonesia and the Indonesian National Cooperative Council - DEKOPIN.

Agenda of Consultation

The Consultation had the following agenda for discussion:

1. Review of the action taken by the ICA ROAP and follow-up of the above recommendations of the 1990 Ministers' Conference and the actions taken by the national governments and Cooperative Movements in various countries.
2. The agenda of the Cooperative Ministers' Conference to be held in Jakarta, Indonesia from 18-21 February 1992.
3. Consideration of guidelines formulated by ICA ROAP to evolve a practical system of cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
4. Setting-up of a Regional Cooperative Development Fund.

The Consultation was inaugurated by the Honourable Franklin Drilon, Executive Secretary of the Republic of the Philippines. He, inter alia, emphasised the following points in his inaugural address:

- i) The constitutional support to cooperatives in the Philippines;
- ii) The role of the government should be that of providing the environment where individual initiative can flourish;
- iii) Cooperatives are recognized as critical structures for social justice and economic development;
- iv) Publicize cooperative development success stories;
- v) Strengthen training and education;
- vi) Encourage political parties to integrate cooperative development in their platforms and agenda.

Conveying the importance of cooperatives in the government's thinking, Executive Secretary Franklin Drilon quoted the President of the Republic of the Philippines who said "I believe that hope of this country is in cooperatives" and "The Cooperative is not the best way to farmers' prosperity, it is the only way".

Earlier, welcome addresses were given by Gen. Arcadio S. Lozada, Chairman, ICA Regional Council and Mr. G. K. Sharma, Regional Director, ICA ROAP. The representatives of AARRO, CCA, FAO, ILO and SCC conveyed their greetings and appreciation to ICA ROAP for taking the initiative to organise the Consultation.

Agenda Item No. 1 : Review of the Action Taken by the ICA ROAP and Follow-up of Recommendations of the 1990 Ministers' Conference and the Actions Taken by the National Governments and Cooperative Movements in Various Countries

On the basis of discussion on the above agenda, the following observations, conclusions and recommendations were made by the Consultation:

1. The Consultation appreciated the action taken by the ICA ROAP in organizing five national workshops in Fiji, India, Indonesia, Philippines and Thailand. It also noted the action on the recommendations of the 1990 Ministers' Conference by the governments and the Cooperative Movements in other countries. The Consultation took note of the positive impact of the Sydney Declaration and Recommendations of the 1990 Ministers' Conference.
2. At the outset, it was observed by the Consultation that regional collaboration was increasing by way of movements of certain countries, for example, Republic of Korea, Peoples Republic of China, Republic of India, Australia, Japan, offering facilities and support for training of cooperative leaders and officials with emphasis on cooperative management. It was further observed that a kind of unification of Cooperative Movement was emerging as a result of the follow-up of Sydney Conference.
3. It was brought to the notice of the Consultation that the following developments took place in various countries as a result of Sydney Conference:
 - a. Greater consciousness has developed about the need of government-cooperative collaboration;
 - b. Consultation between the governments and cooperative representatives has taken place;
 - c. Governments have formulated national policies on Cooperation;
 - d. A review of cooperative legislation has been taken up by the governments with a view to amending it in the spirit of the Sydney Conference.

Agenda Item No. 2 : The Agenda of the Cooperative Ministers' Conference to be held in Jakarta, Indonesia, from 18-21 February 1992

1. It was suggested that the following could replace the part of paragraph 01 of the agenda notes on Terms of Reference:

“However, it may be noted from developments in the various countries of Asia and the Pacific that there has been considerable erosion of the Cooperative Principles in the process of extension of mutual assistance to the cooperatives by governments. The involvement and importance of members in the management of affairs of their own cooperatives has also been considerably eroded. Efforts must be continued towards the greater education of members to enhance member knowledge and involvement in their own affairs. A more appropriate balance of economic objectives and cooperative values, is of urgent necessity in order to ensure the sustainability of the Cooperative Movement in the region.” in place of the original text beginning with "However.....focus".

2. The Consultation recommended the following agenda for the 1992 Conference of the Cooperative Ministers of Asia and the Pacific countries to be held in Jakarta from 18-21 February 1992:

- a. Cooperative-government collaborative strategies with special reference to:
 - a.1 Follow-up of the Sydney Conference Recommendations;
 - a.2 Achievements;
 - a.3 Problem areas;
 - a.4 Regional and national plans of action; and
 - a.5 Laying down guidelines to evolve a practical system of adoption by the cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
- b. Basic Values in Cooperatives and Trends in Cooperative Development.
- c. Capital Formation in Cooperatives.
- d. Cooperatives and Environment.

Agenda Item No. 3 : Guidelines to Evolve a Practical System of Cooperative-Government Relationship

The Consultation made the following observations and recommendations:

1. In view of the nature of the States at present and the similarity of the socio-economic objectives of government and cooperatives for cooperative development, it was felt necessary that government and cooperative relationship should be strengthened.

2. It was recognized that both governments and cooperatives have specific roles in strengthening and combining cooperative values, socio-economic objectives and competitive strength of cooperatives.
3. It was observed that for the development of a system combining the three above elements, creation and building of conducive environment is necessary. The Consultation noted the following essential measures for building such an environment:
 - a. Sustained publicity and intensive campaigning to develop understanding about cooperative values, socio-economic objectives and consciousness about the necessity of competitive strength in the cooperatives;
 - b. Continuing dialogue with a view to securing support and reaffirm faith in the executive head of the governments in the potentials of cooperatives.
 - c. Support of the press and other mass media like TV, radio, etc.
4. The Consultation took note of the various approaches such as general scheme approach, project approach, area approach, group target approach, etc. for development of cooperatives and achievement of socio-economic objectives.
5. The Consultation recommended that a planned combination of various approaches may be evolved in various countries for the extension of the Cooperative Principles and greater absorption of cooperative values.
6. The Consultation suggested that the progress of socio-economic objectives of cooperatives should be assessed from time to time in order to project the image of cooperatives and set new directions.
7. The Consultation recognized the need of cooperatives to organize activities for the promotion of the social welfare of the community at large within the area of their operation out of their own financial resources such as building of educational and medical facilities, organization of cultural activities, education in social hygiene, promotion of functional literacy, rural sanitation and environment protection, etc.
8. It was brought to the notice of the Consultation that in some countries the audit also included the social cost and benefits. The desirability of considering economic and social cost and benefits was appreciated and taken note of.
9. The Consultation felt that building of competitive strength in the cooperative is a must for the very survival and to meet the needs of the members. The Consultation endorsed the suggestion made in this regard given in the Background Paper.
10. The Consultation emphasized that cooperative values must be safe-guarded and maintained while accepting government financial and other assistance.

11. The Consultation laid great stress on sustainability of cooperatives in the context of the financial strains in various countries. It was recommended that considered measures/steps should be taken to ensure sustainability of cooperatives at various levels.
12. The Consultation took note of the trend towards privatization and deregulation in the policies of governments. It was suggested that the cooperatives take note of the opportunities for cooperatives arising from the deregulatory and privatisation policies of the governments.
13. The Consultation further suggested that similar measures for deregulation be considered for and accorded to cooperatives.
14. The Consultation suggested that cooperatives also diversify themselves for alleviation of urban poverty and promotion of consumers' welfare.
15. The Consultation felt that perspective planning should be undertaken at the level of the primary cooperative societies themselves. The respective plans so formulated should be integrated into regional and national plans. While the primary responsibility of planning should be that of each cooperative, the government could support by way of providing technical know-how and other assistance.
16. The Consultation recommended that a Data Bank be built up by government/movement or jointly by both.
17. The Consultation recognized the need of modernization and adoption of appropriate technology by cooperatives.
18. The Consultation suggested that cooperatives lay greater stress on production of value-added goods to ensure better prices to the farmers. Post-harvest technology should be developed and adopted.
19. Cooperatives be encouraged to develop and function as members' organizations, where powers remain with the members along with needed resources, to ensure that the decision-making is exercised by the members at various levels effectively.
20. The government should formulate fair and clear fiscal policies ensuring that cooperatives do not function under conditions of disadvantages.
21. The Consultation suggested that the government formulate more supportive policies for the development of cooperatives in various countries. The Consultation took note of experience of India and the Philippines with parastatal organizations, where they have been given resources and responsibilities for the development of cooperatives.
22. The Consultation discussed at length different trends in various countries regarding relationship between the cooperatives and the private sector enterprises;

as in the context of the Indonesian model, where private sector is encouraged to sell to cooperatives shares to the extent of 25%. Also in Indonesia, State-owned enterprises have been directed to provide 5% of their profits for strengthening of cooperatives and small business. The Consultation, however, was of the view that cooperatives may subscribe to the equity capital of private enterprises, but the latter should not be allowed to subscribe to the equity capital of cooperatives. It was further suggested that in the context of the international trade developments, cooperatives may consider to set up joint-ventures in collaboration with private-enterprises to develop their competitive strength and better serviceability to the members.

23. It was recommended that there should be no compulsion on cooperatives to invest their funds outside the cooperative enterprises.

24. The Consultation emphasized the need to strengthen the Human Resource Development for promotion of professional management in cooperatives.

25. The Consultation recommended that Cooperation should be integrated at various levels into the syllabi of general educational system.

26. In order to meet the financial needs of the cooperatives, national cooperative financing institutions be allowed to be established by the cooperatives within the monetary framework of the country.

27. The need of greater international assistance was emphasized by the Consultation. It was suggested that international organizations and donor organisations should assist the cooperatives in the Region in the transfer and building of technology and know-how. The services of the ICA should be available to cooperatives as well as international organisations for this purpose.

28. The Consultation appreciated the steps taken by the ILO to review its Recommendation No.127 in view of various changes and developments in the cooperative field and government policies.

29. The Consultation noted that international organizations insist on certain structural changes as a condition to provide financial assistance, which may create certain problems and difficulties. The international organizations should take into account the local situation, environment and other factors in providing financial assistance.

30. Cooperatives should develop inter-cooperative trade within and outside the countries and Region. Governments may consider measures to support and promote international trade.

31. The Consultation emphasizes the need of strengthening research in the cooperative sector.

32. The Consultation suggested that the ICA Background Paper be amended suitably in the light of the discussions for the Ministers' Conference.

Agenda Item No. 4 : Setting up of Regional Cooperative Development Fund

1. The Consultation discussed various aspects and implications of the proposal of setting up Regional Cooperative Development Fund. It was expressed that the objectives of the Fund should be further clarified and concretized.
2. The Consultation felt need of further clarity of the objectives of the proposed Fund. The Consultation suggested that alternatives may be considered which may serve the same purpose.
3. The Consultation suggested that the proposal may be discussed at the level of the respective governments and Cooperative Movements in view of various implications. In the meanwhile, the ICA will work out details including projected activities and financial involvement and such proposal may be discussed at government level.
4. The Consultation recommended that Agenda Item 4 may be included in the agenda of the Ministers' Conference for decision.
5. The Consultation recognized the utility of the two fora namely: The Consultation of Permanent Secretaries and the Conference of Ministers of Cooperatives.

The Consultation appreciated the Background Paper presented to it.

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**Consideration of proposal for creation of a
“Cooperative-Government Collaborative Strategies for
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Pacific Region Fund” “COOP STRATEGIES FUND”**

1. At the ICA Regional Consultation held in Manila (Philippines) in November 1991, prior to the Jakarta Ministers Conference, one of the items considered was a proposal to set up a Regional Cooperative Development Fund with a view to provide financial resources for convening the Regional Ministers' Conference periodically and to systematically follow-up its recommendations. On this subject the Consultation had made the following recommendations :

- i. The Consultation discussed various aspects and implications of the proposal of setting up Regional Cooperative Development Fund. It was expressed that the objectives of the Fund should be further clarified and concretised.
 - ii. The Consultation felt need of further clarity of the objectives of the proposed Fund. The Consultation suggested that alternatives may be considered which may serve the same purpose.
 - iii. The Consultation suggested that the proposal may be discussed at the level of the respective governments and Cooperative Movements in view of various implications. In the meanwhile, the ICA will work out details including projected activities and financial involvement and such proposal may be discussed at government level.
 - iv. The Consultation recommended that Agenda Item 4 may be included in the agenda of the Ministers' Conference for decision."
2. Thus the Consultation while recommending the proposal to be included in the agenda for consideration of the Ministers' Conference, proposed the following further action:

- i. The objectives of the fund should be further clarified and concertized.
- ii. The ICA to work out details including projected activities and financial involvements which could be discussed at the government level.
- iii. Alternatives which could serve the same purpose.
- iv. The proposal may be discussed at the level of respective governments and Cooperative Movements in view of various implications.

Objectives of the Fund

3. In the Asian and Pacific countries governments have played an important

role in promotion, development and strengthening of the Cooperative Movements. Development of Cooperative Movement has been included in the programmes of National Planning and Development. Cooperatives have been provided financial assistance, managerial support and tax benefits. This commitment of the government and close association has accelerated the development of Cooperative Movement. In some cases it has also resulted into over-dependence on government assistance and directions and thus losing their basic character. The Cooperative Movement and national governments have common objectives in many fields of social and economic development. They need each other's support and cooperation. Cooperative Movement contributing in the efforts of the government in social and economic development is needed, but in this process they should not become State agencies. Thus government-movement relations assumes great significance.

4. The ICA has been making efforts particularly since last two decades to bring cooperative leaders and government policy makers together for a better understanding and healthy relationship between them. Within the UN system a relevant forum also does not exist where matters connected with cooperative development and cooperative government relationship are discussed. The current efforts of the ICA are designed to satisfy such a requirement. The further continuation of Ministers' Conference, on a regular basis, under the umbrella of the ICA is to fill in the existing gap. However, these were ad-hoc steps and there was no regular forum at international level or at regional level where policy-makers from the governments and Cooperative Movement could meet and discuss common problems and work out common strategies. Thus convening of the Cooperative Ministers' Conference in Sydney in February 1990 along with cooperative leaders was the first attempt by the ICA to create such a forum where the movements and government leaders could meet periodically and review strategies for cooperative development.

5. One most vital point that has emerged is the practical utility of ICA and ICA ROAP. The Singapore Consultation Meeting and Sydney Ministers' Conference have motivated several international organisations to come to Asia-Pacific Region to join and support the implementation of Sydney recommendations. Live contacts have been established among various countries. As mentioned earlier, Japan has taken a decision to extend further, the training project for agricultural cooperatives. Each country has expressed the need of international support and integration of cooperatives at international level. It seems that the direction is to establish a more cohesive Cooperative Movement in the Region. This has emerged as a result of the positive response of the various governments through the Ministers' Conference at Sydney and their subsequent continuing interest in the Sydney Recommendations. The Network proposal of FAO-RAPA in Singapore Consultation has already taken a practical shape. The Ministers Conference has now been visualized as a permanent institution. It is to function more systematically, which calls for a viable arrangement. It may need establishment of a separate International Cooperative Development Fund at the ICA ROAP level so that continuity of interaction is

ensured and the Ministers' Conference continues to play a meaningful role. It is suggested that the proposed fund be named as "Cooperative-Government Collaborative Strategies for the Development of Cooperatives in Asia and the Pacific Region Fund" or, in short, "ICA ROAP COOP STRATEGIES FUND".

6. At the Cooperative Ministers' Conference held in Sydney, the Federal Government of Australia provided substantial financial support to cover the cost of the conference. The Indonesian Government is also providing substantial support in hosting the Conference. However, to make the conference a purposeful one, substantial advance preparation is needed which also requires financial resources. Recognising the need and practical utility of the Cooperative Ministers' Conference the Swedish Cooperative Centre and the Canadian Cooperative Association have provided financial support for the preparation of these Ministers' Conferences as also for the follow-up action. Now that, the follow-up of the Sydney Conference has demonstrated its positive results, it is both logical and necessary to build financial resources at the ICA ROAP level within region with contributions by the governments and the movements to make the Cooperative Ministers' Conference a regular periodical feature.

7. Thus the fund is to be used primarily for preparatory and follow-up of the Regional Cooperative Ministers Conference and Regional Consultation of Permanent Secretaries.

Projected Activities and Financial Projections

8. The hosting and organisation of Ministerial Conferences and Consultation of Permanent Secretaries entail a substantial expenditure on a variety of activities. These expenses include, generally the following :

- Documentation including employment of Consultants.
- Publication of Consultation and Conference reports
- Communication, Postage etc.
- Follow-up of recommendations
- Collection and dissemination of information
- Development of contacts etc.
- Provision of consultancy and technical support to needy movements / government.

9. Since the ICA Regional Office is the focal point for organisation and follow-up, most of the costs mentioned above rest there.

10. The following expenses incurred by the ICA ROAP in the past would give an indication of funds needed for holding Ministers Conference, Consultation

and Follow-up activities in the Region:

I.	-	Consultation in Singapore (1988)	US\$ 30,000
	-	Sydney Conference (1990) (excluding ICA Staff salaries)	US\$ 70,000

			US\$100,000
			=====
II.	-	Follow-up of Sydney Conference (1991)	US\$ 40,000
	-	Manila Consultation (1991)	US\$ 25,000
	-	Jakarta Conference (1992) (estimated) (excluding ICA Staff salaries)	US\$ 80,000

			US\$145,000
			=====

11. The major costs incurred relate to documentation and preparatory work, postage and telecommunication, travel grants, boarding and lodging, secretarial support, printing of reports.

12. In addition, the host organisations and participating governments/movements met relevant costs directly.

13. Thus, after Jakarta Conference, the funds needed till the next Regional Ministerial Conference (1992-1995) are estimated as under:

i.	Follow-up of Jakarta Conference including printing of reports	US\$ 60,000
ii.	Next Regional Consultation of Permanent Secretaries preceding the Cooperative Ministers Conference (as a preparatory forum)	US\$ 40,000
iii.	Next Ministerial Conference (1995) (excluding ICA staff salaries)	US\$100,000

		US\$200,000
		=====

14. The above funds will be required for a period of 3 years covering 1992-1995. The 1995 is incidentally also the ICA's Centenary year.

Sources of Fund

15. The fund may be raised as contributions / subscriptions from participating governments and cooperative institutions of the Region. In addition, other donors, government agencies, cooperatives from industrialized countries will be approached for providing assistance. So far the assistance has come primarily from Canada, Sweden, and Australia.

Management of the Fund

16. The fund can be kept at ICA ROAP and can be utilized as per the plans and programmes approved by the Ministers' Conference.

PART-II

Review of Follow-up Action and the Impact of the Declaration and the Recommendations of the Sydney Conference in the Asian and Pacific Region

INTRODUCTION

1. The Sydney Declaration and Recommendations of Cooperative Ministers' Conference were sent to all the members of the ICA in the Region and the governments for their consideration. The attention of the Governments and the Cooperative Movement was drawn to the need of formulating collaborative strategies for the development of cooperatives. National follow-up workshops were organised jointly by governments and cooperatives in five countries, namely, India, Indonesia, Fiji, Philippines and Thailand. The objective with which the ICA ROAP had organised the Ministers' Conference in Sydney has been achieved considerably as could be seen from the following perceptible impact:

- i. The Government and Cooperative Movement came closer on a common platform to discuss various issues and formulate perspective action plans;
- ii. The relationship among the cooperatives and between cooperatives and governments changed towards more positive and harmonious side;
- iii. Efforts have been made jointly by the Government and the cooperatives to identify problems and difficulties in the development of cooperatives;
- iv. The pre-requisites/infrastructure needed for the growth and expansion of cooperatives could be specified;
- v. Efforts have been made to evolve a system for continuing dialogue between cooperatives and the government;
- vi. Measures have been initiated in countries for the development of genuine and self-reliant Cooperative Movement; particularly comprehensive amendments in the co-operative laws to remove restrictive, undemocratic and negative provisions so as to entrust responsibilities to the members themselves;
- vii. ICA ROAP organised TCDC (Technical Co-operation among Developing Countries) with the support of UNDP which brought closer the developing countries for mutual collaboration;
- viii. Outside the Region, the Afro-Asian Rural Reconstruction Organisation (AARRO), which had also participated in the Singapore workshop and the Sydney Conference, sponsored missions for study of present status of Cooperative Movement in the Philippines, Mauritius, Ghana and Malaysia and recommended measures to strengthen the existing cooperatives and develop them in diversified areas.

2. Thus, in short, a productive environment of Government-Cooperative Collaborative Strategies has emerged throughout the Region with its radiating effects outside the Region.

3. The impact is towards the fulfilment of the following three basic objectives of the ICA's Development policy:

"i. The establishment and growth of independent democratic and viable cooperative organisations...capable of serving their members efficiently and contributing economic growth and social equity.."

"ii. Strengthening collaboration between cooperative organisations of various types and in different countries, thereby promoting the growth of international solidarity, which is the foundation of a constructive peace."

"iii. To influence public opinion, national authorities and international organisations in order to stimulate the growth of a favourable atmosphere for cooperation, promoting the enactment of appropriate cooperative legislation and enlist the support of governments and international organisations for the development of Cooperative Movement."

4. To a great extent the Sydney Conference has become a turning point in the positive development of Co-operatives in this Region.

A BRIEF REVIEW OF THE ACTION TAKEN ON SYDNEY DECLARATION AND RECOMMENDATIONS IN VARIOUS COUNTRIES

5. Follow-up action has been reported from a number of countries - Australia, Bangladesh, India, Indonesia, Japan, Malaysia, Philippines, Sri Lanka, Singapore and Thailand. As per the Sydney recommendations, Follow-up National Workshops were organised jointly by governments and co-operatives, with the support of ICA ROAP as follows:

Philippines :	June 4-7, 1991
Indonesia :	July 10-12, 1991
Fiji :	July 17-19, 1991
Thailand :	August 26-28, 1991
India :	September 1,1991 (Ministers' Conference)

6. The above workshops were attended both by the Government representatives and cooperative leaders. Elaborate reporting was done by the Government and cooperative representatives through various papers. The recommendations made by the workshops were very comprehensive which indicated the depth of interest and inquisitiveness of the participants in the development of cooperatives in their respective countries.

Philippines

7. The Philippines Workshop (National Cooperative Development Forum) was held from 4-7 June 1991. In addition to specific recommendations made the following general recommendations are being made. The Forum came up with the following general recommendations:

- i. That the values of cooperativism be promoted as a way of life;
- ii. That existing infrastructure and support services be strengthened to enhance the development and growth of agricultural cooperatives;
- iii. That the financial system be rejuvenated and revitalized through the introduction of appropriate structures and adequate services;
- iv. That management skills and technical know-how of cooperators honed through training to meet the present demands of enterprises;
- v. The new marketing structures be set up to meet the various needs of target beneficiaries;
- vi. That vertical and horizontal linkages be forced to optimize benefits through the economics of scale;
- vii. That a single cooperative matrix for development be formulated, adopted and implemented by the Movement with the support of Government;
- viii. That a Cooperative Code of Ethics be formulated and adopted;
- ix. That assistance from donor agencies be rationalized to ensure that deserving sectors are reached;
- x. That an awareness campaign on environmental issues be made in the Movement so that they can be properly addressed;
- xi. That the existing conveners' group of the Forum oversee the implementation of the strategies and plan of actions through consensual decision-making.

8. The Workshop arrived at the following Conclusions:

- i. This modest report gives us a genuine picture of the present state of affairs of the Philippine Cooperative Movement. It portrays the multi-dimensional problems that have been affecting the growth of the Cooperative Movement.
- ii. The strategies and plans of actions were matched with the perceived and felt problems within specific time frame. Further, the respective roles of the government agencies, the cooperative and the donor community were identified and delineated.
- iii. The delineation of roles will lead to unified thrust in the implementation of the strategies and plan of action. This concerted effort will provide the cooperative movement the required impetus and direction to become a prime mover in the socio-economic development of the Philippines.

Indonesia

9. The Indonesia Workshop was held 10-12 July, 1991 and made detail recommendations on various aspects of cooperative development. These can be seen in the report of the workshop. The workshop drew the following conclusions:

- i. Most of the recommendations of the Conference have been implemented although further improvements are still necessary and considered essential;
- ii. The respective improvements could be achieved by way of seeking way out of the problems mentioned previously. Cooperative Movement is expected to take more concrete steps by way of increasing their role and participation in cooperative sector;
- iii. With regard to international collaboration with cooperative business promotion in Indonesia, upto this time is still in a pioneering stage. This could be increased if Cooperative Movement is able to anticipate the needs of business and respond to these needs in time and effectively; and
- iv. To stabilize cooperative business there should be a flexible organizational structure in line with the requirement of business. In this case, participation and job description among primary and secondary cooperatives should be based on the objectives of KUD's business efforts.
- v. Review of Cooperative Law.

Fiji

10. The Fiji Workshop was held 17-19 July, 1991 and made comprehensive review of situation and proposed a time bound programme for follow-up. On the recommendations made in Sydney Conference the conference noted following actions:

- i. The Consultation recommends strongly that the Cooperative Union and the Department review closely funding situation of the Union. Revision and rationalizing of affiliation fee from affiliating societies to the Union was also mentioned as the most suitable method. Another possible source was the institution of Cooperative Education Fund from the Societies. The Government may also make some special Grants-in-Aid to the Union for specific project, e.g. member education, women and youth programmes, Cooptrade contacts programmes, etc.
- ii. The Consultation was of the view that all registered cooperatives should become members of the Fiji Cooperative Union as soon as possible.
- iii. The Consultation expressed its satisfaction over the purchase of a real estate by the Fiji Cooperative Union and hoped that this step would provide some security and continuity to the activities of the Union in the

service of the Movement. The Consultation appreciated the positive role played by the Cooperative Minister and Mr. A.P. Sharma, Director/ Registrar of Cooperatives, in this regard.

- iv. The Consultation strongly recommended that action on various recommendations of the Consultation should be initiated as soon as possible and efforts should be made to realize the time frame established by the Ministers' Conference in its Action Plan for the 90s. The Consultation noted that the next Regional Consultation will take place in Manila in November 1991; the next Cooperative Ministers' Conference in Indonesia in February 1992, and the ICA Congress in Japan in October 1992.
- v. The National Consultation recommends to the Department of Cooperatives and the Fiji Cooperative Union Limited to constitute a small Monitoring Group to oversee and review the progress of implementation of the recommendations from time to time.
- vi. Revision of existing Cooperative Societies' Law to be undertaken.
- vii. The National Cooperative Development Policy and Strategy Paper to be developed and approved by the Government.
- viii. The Consultation placed on record the highest appreciation of the Government and the Cooperative Movement of Fiji of the positive support extended by the ICA ROAP and its Regional Adviser, Mr. Daman Prakash.
- ix. The Consultation was of the view that the ICA ROAP and the Australian Cooperative Movement help to organize a forum for the South-Pacific Cooperative Movements so that they participate in cooperative development process and take advantage of experience of each other.
- x. The Consultation expressed its appreciation of and placed on record the positive collaboration and rapport that exists between the Department Director, Mr. A.P.Sharma, and Chairman of the Cooperative Union, Mr. K.B. Matalau, and hoped that the positive relationship continues to enable Cooperative Movement of Fiji to grow as a strong and self-reliant movement.

Thailand

11. The National Follow-up Workshop in Thailand was held 26-28 August, 1991. It made detailed recommendations on amendment of Cooperative Law, Plans and Strategies and Cooperative Management. It also made the following general recommendations.

- i. In the service of cooperatives and cooperative members, the Workshop recommends to develop collaborative strategies on cooperative trading activities between the cooperatives on one hand and between the cooperatives and the private sector on the other.

- ii. Keeping in view the dangers faced by mankind due to pollution, deforestation and disturbances in ecological balances, the Workshop strongly recommends that the government, cooperatives and cooperative members participate actively in all activities relating to Environment Protection. Special emphasis be laid on suitable sustainable cooperative development programmes on deforestation, regeneration of natural resources and pollution controls. The Workshop takes note of the initiatives taken in this sector by the ICA ROAP and the Canadian Cooperative Association. The Workshop agrees to support the ICA ROAP Asian Regional study on the subject.
- iii. The Workshop agreed to undertake a periodic review of its recommendations and the Cooperative Ministers' Conference recommendations, at least once a year.
- iv. The Workshop stressed on the importance of developing a positive and open collaborative and understanding attitude between the Government and the movement on removal of unnecessary irritants thereby facilitating a faster development of cooperative activities in the country.

India

12. In India cooperatives have been State subject. The State Cooperative Ministers' Conference was held on September 1, 1991. The Conference adopted resolutions dealing with various aspects of cooperative development and can be seen in Page 8-10 of the Indian Conference report.

Information from Other Countries

Australia

13. The Australian Association of Cooperatives (AAC) organized a one-day Conference on the theme "Planned Cooperative Relationships-Focussing Towards 2001" to discuss the importance and implementation of Sydney Ministers' Conference Recommendations. It was expressed that "the future of Australian Cooperatives depend on the relationship with Government". While the Cooperative movement seeks to be independent and self-sufficient, it is reliant in every country in the world on the supportive governments to apply policies which encourage the strengthening and development of Cooperative Movement. Each State in Australia needs to apply such policies. The AAC had brought out a document which presented relevance or otherwise of every recommendation, progress made and action for 1991. Australia has also established the "Asia-Pacific Centre and the New Cooperative Development Programme."

Bangladesh

14. Some positive developments were reported by the National Cooperative Union of Bangladesh (BJSU). These were:

- Comprehensive amendments have been enacted in the cooperative law which are in conformity with the spirit behind the Sydney recommendations;
- Elections have been held at all levels in cooperatives to provide democracy;
- Constitution of a national level Cooperative Council consisting of representatives of government and cooperatives;
- In the Constitution Cooperatives have been recognised as the second sector of economy, the other being the public and private sectors;
- A National Cooperative Policy has been formulated and announced;
- Curricula on Cooperation has been introduced in related subjects of general education in schools, colleges and universities;
- Decreasing credit flow from government sources to cooperatives;
- A proposal has been submitted by the National Union to the government for assistance in building a cooperative complex which, if granted, will provide scope for establishing a national cooperative management training centre, along with Union offices and other facilities; and
- The Union has taken up a small project for the training of 600 cooperative leaders of primary cooperatives during 1991-92 on cooperative management and cooperative member participation. A part of the project is to be financed from the Cooperative Development Fund.

Japan

15. In Japan, the follow-up activities of Central Union of Agricultural Cooperatives (ZENCHU) to realize the recommendation made by the Sydney Conference are reported as follows:

15.1 The reform of agricultural co-operative structure in Japan

To promote the reform of agricultural co-operative structure towards the 21st Century, the draft of resolution of the 19th National Congress is now being prepared. The following three pillars are being considered:

- i. Innovation of Agricultural Production: The concerns of consumers have been transferred from price to safety, good-health and conservation of natural environment. The policy of 'reduction of production cost' and "promotion of 3H agriculture - Healthy, High-quality and High technology" worked out in the 18th Congress. The policy on promotion of "Agriculture which can conserve national environment" and "organic farming and less/no pesticide farming" will be much more emphasized.
- ii. Re-structure of 3-Level Organisation System: The target of amalgamation

is to be 1000 agricultural cooperatives in the year 2000. Now, there are some 3,600 and to attain this purpose, further efforts are needed. To realize the expansion of business function, such as credit, etc. and the strengthening of management system, an amendment of agricultural cooperative law is needed. Japan's agricultural cooperative organisations have now 3-level as primary, prefectural and national level. However, it is being considered that prefectural federations would be abolished and 2-level system as primary and national level be made in the future. Prefectural unions would remain.

- iii. Promotion of changes in the consciousness of co-operative officers: Re-establishment of corporate identity on Cooperative Movement will be carried out. The Movement will be called JA for short. It means Japan's Agriculture. An idea of agricultural Cooperative Movement will be re-established through discussions of "the basic values of cooperatives" which will be the main theme of the 30th ICA Tokyo Congress. The Central Cooperative College is now a specialized college, which is not registered at the Ministry of Education. It will be registered and renamed to be 'International Cooperative College', which name be tentative for the time being. Acceptance of students from overseas countries is being considered.

15.2 Technical cooperation to developing countries in Asia:

The following programmes are sought to be introduced or continued:

- i. Extension of 'ICA Training Course for Strengthening Management of Agricultural Cooperative Movement'

This training course was started in 1985 as a five-year programme and was scheduled to finish in 1990. After the Sydney Conference, ZENCHU had requested the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan to extend this programme and the Ministry has approved to continue it.

- ii. ICA Training Course for Rural Women in Development: As follow-up activities, ZENCHU had made approaches to the Ministry to provide a training course for rural women in Asia. As a result, the Ministry finally agreed to provide funds for a special ICA project, through the ICA as its implementing organisation, starting in 1991. Six rural women from Asian countries will be trained for about a month in Japan under the theme of 'Rural Women in Development.'

15.3 Others

ZENCHU has been accepting over one hundred trainees from Asian countries, each year and providing lectures on Japanese Agricultural Cooperative Movement and opportunities for field visits.

16. In the Consumer sector in Japan, the Japanese Consumers Cooperative Union (JCCU) is promoting intensive discussions on Cooperative Basic Values. In this context an International Symposium on Basic Values of Consumer Cooperatives in Industrialised countries was held in Tokyo in November, 1990. The primary goals of the Symposium were to stimulate discussion and debate among cooperatives in Japan and contribute to the formulation of the JCCU stand point concerning Basic Values, which will be one of the main themes of the 40th ICA Congress to be held in Japan in October, 1992.

16.1 The Japanese Consumers' Cooperative Union (JCCU) is keeping the close contact with the Ministry of Health and Welfare in preparing the ICA Congress to be held in Tokyo in October 1992. The Ministry has extended the strong support to JCCU in various fields.

16.2 JCCU, in collaboration with ICA ROAP and members of ICA Committee on Consumer Cooperation for Asia and the Pacific, has been implementing Consumer Cooperative Development Project so that consumer cooperatives in the region have opportunities to train coop staff and to improve their operation and management. During 1990-91, 13 programmes have been carried out.

16.3 JCCU has been developing bilateral relationship with cooperative organisations in neighbouring countries such as China, South Korea, Vietnam and Mongolia which are not members of ICA Committee on Consumer Cooperation. It has been accepting many trainees and delegations from those countries this year. It has set up a special fund for this purpose.

16.4 JCCU has made an action programme to pursue sustainable way of life for consumers and cooperatives. At the same time, it has set up "Environmental Secretariat" in JCCU which works for realising this programme. According to the programme, JCCU sets policy criteria, on which JCCU seeks to establish ecological merchandising policy and recycling system.

Malaysia

17. In Malaysia, as informed by ANGKASA (Malaysian National Cooperative Organisation), a new Ministry has been formed as 'Ministry of Land and Cooperative Development', which emphasizes the importance the Government is giving to the Cooperative Movement. For continuing dialogue, the Ministry will have special sessions with ANGKASA. The Ministry of Lands and Cooperative Development adds the following:

- In October, 1990, with the creation of the Ministry of Land and Cooperative Development, the Department of Cooperative Development, the Cooperative College and the Bank Kerjasama Rakyat Berhad (Cooperative Bank) were put under the jurisdiction of the new Ministry.
- The new Cooperative Act, which is in the final stage of preparation, is more progressive than the present act. The government takes on a more liberal

view towards the running of the individual cooperatives. For instance, where currently the Registrar-General decides and approves on the investment plans of the cooperatives, the new act allows the cooperatives to determine their own investment programmes. The new act also introduces elements of self-regulation through the creation of the Internal Audit Committee. These are the more significant changes introduced in the new cooperative law.

- In addition to the formal cooperative education and training programs undertaken by the three institutions, the Government, through the Department of Cooperative Development, promotes the formation of cooperatives in secondary schools. The objective of forming school cooperatives is to inculcate the spirit of Cooperation and to obtain hands-on experience in managing their cooperatives.
- The Government has recently announced the new National Development Plan that covers the period from 1991 to 2000. The National Development Plan can be seen to prepare the foundation for Malaysia to become a developed nation by the year 2020. In this connection, the Government wants the Cooperative Movement to participate actively and contribute towards achieving the national development targets. For this to materialize, a number of policy issues needs to be addressed, that is:
 - a. cooperative training and education needs to be strengthened. A recent study in 1990 by the Farmers' Organization Authority (FOA), shows that much of the cooperative education and training programmes appear to be centered around introductory courses which attempt to provide an appreciation of the concepts of Cooperation. It is estimated that 60% of the total number of members receiving training in the past were involved in the basic courses in Cooperation. While knowledge on the principles is vital, the cooperators need to be informed and educated in specific technical and management skills in order to become more self-reliant. There are plans to encourage more academic research about the nature of the Movement in Malaysia. This could lead to Cooperatives being taught as a full subject at the university level leading to an academic degree on its own;
 - b. the role of the Cooperative Development Department is to be redefined - from a regulatory function to that of facilitator and advisor. The Department will become 'Consultants' to cooperatives on matters on how to solve their problems and assist them to identify opportunities and develop them; and
 - c. a formal forum needs to be formed for greater collaboration between the Cooperative Movement and the Government to be realized. The present Cooperative Act allows for the formation of a National Advisory Cooperative Council to be formed.

The Government of Malaysia will continue to promote and support the formation of cooperatives as an approach to mobilize people's participation in the context of achieving the development objectives of the country. Suitable policy initiatives will be formulated, implemented and reviewed in collaboration with the cooperatives to ensure that the cooperatives will grow to their potentials.

Pakistan

18. According to information furnished by the National Cooperative Union of Pakistan "there has been practically no progress as far as the action to be taken by the government is concerned" towards implementation of recommendations of the Sydney Conference. However, as per the information received from Government sources, following action has been taken as follow-up of Sydney Conference recommendations:

18.1 Recommendations of the Sydney Conference were communicated to the provinces as well as provincial cooperative unions for implementation. Most of the provinces have highly appreciated the recommendations and informed the Federal Government that most of the recommendations are under implementation.

18.2 A Plan of Action or Policy Resolution has been formulated which included the following:

- a. Principles of Cooperation adopted by the International Cooperative Alliance will be adhered to, disseminated and embodied in the Cooperative Law. Cooperative leadership including Provincial Cooperative Unions and National Cooperative Union of Pakistan will be consulted in all policy formulation matters relating to cooperatives. Cooperative Unions will be strengthened and encouraged to educate the people about the Cooperative Movement.
- b. Cooperatives being voluntary institutions of people of small means, shall be predominantly used to promote the economic interests of poor people, small farmers, fishermen, livestock breeders, poultry farmers, dairy farmers, artisans, unemployed youth and women and to relieve them from the clutches of middlemen and to build them as a bulwark against big business and feudal interests.
- c. The principles of devolution and flexibility will be fully respected to restore autonomous, self-reliant character of the cooperative development.
- d. Existing training facilities for cooperative sector will be augmented and National and Provincial Cooperative Unions will be assisted financially to build up an infrastructure for educating people and cooperators on the principles and management of cooperatives.

- e. Cooperative farming, where possible, will be organised.
- f. Cooperative sector, being heavily tilted in favour of agriculture credit, will be given a new dimension by encouraging formation of primary level multipurpose cooperative societies for the supply of inputs, credit and marketing and linking recovery of loans with marketing of produce of members. These would be organised as large sized viable units through process of amalgamation and reorganisation of existing small sized societies. The multipurpose societies would be interlinked with the District Cooperative Federations which, in turn, would be affiliated with their apex provincial federation. Efforts will be made to secure a reasonable quota of imported and indigenous fertilizers and other agricultural inputs under the control of the Government to the aforesaid Federation for distribution through the network of cooperatives.
- g. In order to arrest the tendency of having cooperatives registered for a large area of operations, it will be ensured that a primary cooperative society (whose members are individuals and not societies) is registered to confine its activities to the limits of a Union Council.
- h. Multi Unit Cooperative Societies will be discouraged from indulging in illegal banking business and will be allowed on very selective basis based on feasibility of projects and shall be project-specific. Efforts to merge the existing Multi Unit Cooperative Societies will be encouraged. In order to broaden the democratic structure and arrest the tendency of "one man" societies, it will be ensured that MUCS should be federations of primary cooperative societies registered in the provinces and that primary societies are represented in the managing committees of such societies through democratically elected delegates and such societies shall be encouraged to get themselves involved in support of agriculture. MUCS shall also be encouraged to set up agro-based small scale industries and sugar mills, ginning and food processing factories and in the procurement of agriculture produce at support prices and sale at issue prices fixed by the Government.
- i. The role of Federal Bank for Cooperatives shall be redefined in consultation with the Ministry of Finance, Provincial Governments and the proposed National Cooperative Council.
- j. Cooperative Law will be revised: Among other things, it will be ensured that the maximum credit limit of a society shall be determined by the financing bank without unnecessary recourse to the Registrar; that no officer of the Cooperative Department shall be Ex-officio President/Chairman/Chief Executive of a Cooperative Institution; that provisions with regard to acceptance of deposits by cooperatives and banking are removed; that the maximum limit upto which member may hold shares of a Cooperative Society be raised to 25 per cent of the share capital in order to broaden the capital structure of the cooperative societies. In order to check proliferation of inviable cooperatives and multiplicity of cooperatives

for identical objectives, it will be provided in the proposed revised law that if a cooperative has been registered for a specific economic activity for a specified area, no other cooperative for that area for the specified target group of people shall be registered for the same purpose.

- k. A "National Council of Cooperatives" with suitably broad based membership will be set up. It shall perform the following functions:
- i. To advise the government on all general matters relating to Cooperatives;
 - ii. To review the working of Cooperatives and to identify factors affecting their smooth operations;
 - iii. To suggest suitable ways and means to remove the constraints experienced by the Cooperatives;
 - iv. To make recommendations to the government on matters relating to Cooperatives, directly or indirectly;
 - v. To advise the government on matters as may be referred to the Council by the government; and
 - vi. To constitute committees or sub-committees on any subject relating to cooperatives.

Sri Lanka

19. In Sri Lanka, as reported by Ministry of Food and Cooperatives, Government of Sri Lanka, following action has been taken:

19.1 A National Policy on Cooperation has been formulated which, inter-alia, includes the following:

- i. Cooperative Movement to be an effective performer in the economic development of the country;
- ii. Promotion of self-management and self-development of the Cooperative Movement;
- iii. Enhance the productivity and raise the social status of the cooperative employees;
- iv. Expand membership of cooperatives;
- v. Enhance effectiveness of cooperative education and training;
- vi. Human resource and social development.

19.2 State has recognised the Cooperative Sector as an agent to improve the conditions of the low-income and socially inactive groups of the society. Existing cooperative law is being amended in the following direction:

- i. Transfer of powers vested in the Registrar in respect of removal and appointment of cooperative directors to the general body;

- ii. Transfer of authority for acquisition and disposal of property vested in Registrar to General Body;
- iii. Power of decision-making in respect of investment of funds from Registrar to General Body;
- iv. Eligibility of a member to vote and contest election for an office only after completion of membership of one year;
- v. Restriction on Members of Parliament, Provincial Councils and Local Authorities from holding offices in co-operatives.

19.3 Cooperation has been made a provincial subject.

19.4 District Cooperative Councils have been set up.

19.5 Greater emphasis on the role of cooperatives in rural areas.

19.6 Cooperation has been included as a subject of social studies.

19.7 Personnel policies have been formulated.

19.8 Professionalisation of management has been emphasized.

20. The National Cooperative Council of Sri Lanka (NCC) reports the following:

- The Board of Directors of the National Cooperative Council of Sri Lanka (NCC) was informed of the Conference recommendations and a Committee was appointed to formulate an action programme. However, unfortunately a meeting of this Committee was never convened due to the changes in the leadership of the NCC.

However, the Conference recommendations were taken into consideration by the NCC in the development programmes carried out since the Sydney Conference as given below:

- **Institutional Development:** a) The restructuring of the NCC is completed in keeping with the state establishment of Provincial Councils for decentralization of state administration and devolution of power. The membership is now limited to apex organisations and the 27 District Cooperative Councils; b) The NCC By-law was amended with the future vision of a strong, viable and self-reliant national institution; c) A series of national workshops and seminars were held for Directors and Staff Officers of the NCC to determine operational tasks, organise working units and define responsibilities. The NCC that used to be the ideological apex has ventured into business advisory servicing. The Architectural Unit and Printing Press have proved to be profit making ventures. New advisory units on Cooperative Insurance, Rural Banking, Taxation and Project Planning are also proving to be profitable. Emphasis is also being laid on development of research and planning, women in development, publicity and formation and foreign relations.

- **Coordination with the State and Membership:** a) Workshops were conducted with the participation of staff from District Cooperative Councils and Apex Unions to fully realise the main objectives of the NCC and to service the movement as the apex cooperatives body of the country; b) Regular meetings of the Cooperative Project Planning Committee are held with the participation of presidents of Apex Unions to strengthen the liaison between the apex unions and their relations with the NCC; c) Programmes are being conducted to prevent over-lapping and duplication of activities carried out by apex unions and mainly in Multipurpose Cooperatives and Thrift and Credit Cooperative sectors; d) The President and General Secretary of the NCC always attend meeting at the Ministry and the People's Bank to maintain continuing dialogue between cooperatives and state sectors; e) NCC coordinates with the Department of Cooperative Development in all education and training activities.
- **National Plan:** A national plan and a medium term plan has been drawn up to streamline the activities of the Movement. The non-availability of which had resulted in isolated development of activities without any coordination, in repetition and overlapping of programmes. Steps are now being taken to prepare medium term plans for the District Coop Councils.
- **Education and Training:** a) The Education and Training Unit of the NCC has conducted the following programmes during the period under consideration b) Educational panels of resource persons were formed, and their services are being utilised during the training and education programmes. Management and administrative needs, basic needs in skills development assessing and of training and educational needs were identified in the early part of this year; c) Study circles methods were introduced with assistance from Vuxenkolan in Sweden, with the intention of increasing member participation and development of effective management; d) A test programme on cooperative member participatory methodology was held in these stages in the Mahaweli area and a handbook for the use of the staff of the newly formed cooperative societies in this area.
- **Women and Youth:** a) District level active cooperative youth groups have been identified to organise programmes further at district level; b) Cooperative Women's Committee has been encouraged to participate in the mid-day-meal programme for the school children; c) A national level workshop on 'Women in Development' was conducted and a new plan, structure and objectives were drawn up to include women leaders from all sectors of the Movement in the National Women's Committee; d) Special interest is being taken to develop the cooperative knowledge and participation of youth and school children in cooperative activities. The NCC in collaboration with the Ministry of Education is taking a special interest to train teachers to teach the subject of cooperatives in schools which is now included in the school curricula. Establishment of cooperative shops, canteens and stalls within the school premises is encouraged.

- **Coop Trade:** The Coop Trade Unit of the NCC recently opened a sales centre within the premises of the head office to collect and sell the products of the coop sector.
- **Project Planning and Research:** Sustainable environmental conservation, small farmer development, dairy development, use of chemical fertiliser usage of appropriate technology for agricultural production and by-products, waste recycling and some of the subjects currently engaged in by this Unit of the NCC.
- **Business Service Units:** The NCC to become self-reliant and independent has embarked on business service units such as the Architectural Unit, Insurance, Banking and a Cooperative Press.

Singapore

21. In Singapore, the Singapore National Cooperative Federation (SNCF) reported that the Cooperative Movement does not face any threat to its autonomy. Cooperatives have high degree of autonomy in their management. The relationship with Government is harmonious; cooperatives get government financial support including tax exemption without any conditions infringing autonomy and intervention. Some of the statutory functions have been delegated to SNCF. The environment for cooperative development is conducive for cooperative growth. Exercise is being carried out on cooperative principles and cooperative values. The SNCF is also responsible for developing cooperative leadership. It looks after members' education and employees' training.

IMPACT AND ISSUES

22. From the findings at the workshops and action taken on various recommendations of the Sydney Minister's Conference in various countries of the Region and outside, the following aspects/issues emerge:

OBJECTIVES OF COOPERATIVE DEVELOPMENT

23. While normally the objective of cooperatives is to improve the living conditions of their members in broader terms in Asia, the objectives of cooperatives have been identified as organisation that secure employment, improve income distribution and establish market value. It is treated and considered as a vehicle for improving the economic, social and cultural situations of people belonging to the lower echelon like the farmers.

24. In the Philippines, P.D.No.175 confirmed that "fostering the growth and development of cooperatives as a means of increasing the income and purchasing power of the low-income sector of the population in order to attain a more equitable distribution of income and wealth".

25. Similarly, in many other countries, cooperatives have been envisaged as an organisation with specific role to improve the situation of the economically weak and as an instrument to alleviate the poverty.

26. It is difficult to adopt common objectives of cooperatives for all countries. It would depend more on local situation/ demands and national priorities. In the developing countries all over the world, one common problem is the alleviation of poverty. Hence one common objective, among others, could be poverty alleviation.

INNOVATIVE APPROACHES

27. The Cooperative Movement in a country is influenced by socio-economic and political factors /developments. It face new challenges from within in the process of its working and growth, as also from outside. The dynamism of co-operatives lies in evolving new approaches to adjust and meet the new situations and challenges. In each country, co-operatives at various levels evolve their own methods and experiment solutions to different problems. While there is need to systematize and intensify efforts to evolve innovative approaches, it is very necessary to pool, at national and international level, such approaches/ experiences for a wider dissemination, knowledge and use. This calls for strengthening of field as well as fundamental research in the field of Co-operation.

PERSPECTIVE PLANNING

28. Another important aspect is the realization of needs of perspective planning for cooperative development, both at each unit level for different sectors of Cooperative Movement as also for the Cooperative Sector as a whole. This needs necessary expertise, technical know-how and proper infrastructure within the movement. The scope of perspective planning is to include increased coverage of area, activities, new cooperatives, qualitative improvement, member participation, management, business, income generating activities, self-reliance, etc.

CHANGES IN LEGISLATION

29. As was recommended by the Sydney Conference, many countries have realized the need to review cooperative legislation in their countries and initiated measures to remove restrictive provisions. Basic approach in amending the cooperative laws has been:

- i. To delegate /transfer powers vested in the Registrar of Cooperative Societies to the co-operatives;
- ii. To enable maximum participation of members in decision making;
- iii. To make elected office bearers accountable;

- iv. To restrict government interference/intervention in the affairs of the cooperatives;
- v. To promote and strengthen self-reliance;
- vi. To introduce element of professionalisation in cooperatives;
- vii. To ensure timely conduct of audit, convening of general body meeting and conduct of elections;
- viii. To make federal structure responsible for the strengthening of primary cooperatives in the given sector;
- ix. To strengthen cooperative education;
- x. To build a cooperative system of economy.

30. The Cooperative Code in the Philippines, which was introduced after the Singapore Consultation, goes to the extent of awarding punishment in the case of any kind of interference by government employees such as:

"Direct or indirect interference or intervention by any public official or employee in the internal affairs of a cooperative of which he is not a member, such as, but not limited, to the following:

- a. Influencing the election or appointment of officers, directors, committee members and employees through public or private endorsement or campaign for or against any person or group of persons;
- b. Requiring prior clearance for any policy or decision within the cooperative;
- c. Requesting or demanding for the creation of positions or organisational units, or recommending any person for appointment, transfer, or removal from his positions, or
- d. Any other acts inimical or adverse to the autonomy and independence of cooperatives.

31. In India, the proposed Model Cooperative Societies Act repeals all the restrictive provisions that discourage members participation in the working of their societies. It has been proposed to drastically curtail discretionary powers of the Registrars.

TECHNOLOGY

32. It has been increasingly felt in all the countries of the region that there is a great need for cooperatives to utilise technology to improve their operational efficiency and services. Utilization of technology should be a vital component of cooperative development work. The areas/activities for which technology may be adopted may be identified as:

- i. Survey the needs of the cooperatives and their members;

- ii. Collection and dissemination of information including research and scientific findings;
- iii. Commercial aspects of cooperatives, etc.
- iv. It will also be necessary to identify what kind of technology would suit cooperatives of various kinds and levels in different countries.

FINANCING SYSTEM

33. A nation-wide cooperative financing system is greatly required in the developing countries in the Region. In its absence, cooperatives face financial problems to diversify their activities/operations. The programmes could not be executed, which frustrates the farmers/members of cooperatives. In the Philippines, efforts are being made to establish a centralized financing system for cooperatives. In India, a proposal has been made to promote a National Cooperative Bank. It is necessary to further analyse the need of national cooperative banking system in other countries where they are not existing.

CONSTITUTION OF A PARASTATAL AGENCY FOR COOPERATIVE DEVELOPMENT

34. India had set up a National Cooperative Development Corporation (NCDC) in 1960, with the objective of providing resources with more flexible terms to support financially the development of cooperative marketing, processing, etc. Subsequently, it has diversified its activities so as to assist the weaker sections of the society. It also acts as a nodal agency to obtain World Bank assistance for specific projects. After the Sydney Conference, the Philippines has created the Cooperative Development Authority (CDA). Its functions include registration, regulatory, developmental and quasi-judicial functions. It is expected that the CDA will play a vital role in developing cooperatives in the Philippines. It is relevant to examine the need or otherwise of such Parastatal organisations in other countries, in view of the impact of such organisations in India and the Philippines.

INTERNATIONAL COOPERATIVE COHESION

35. One most vital point that has emerged is the practical utility of ICA and ICA ROAP. The Singapore Consultation Meeting and Sydney Ministers' Conference have motivated several international organisations to come to Asia-Pacific Region to join and support the implementation of Sydney recommendations. Live contacts have been established among various countries. As mentioned earlier, Japan has taken a decision to extend further, the training project for agricultural cooperatives. Each country has expressed the need of international support and integration of co-operatives at international level. It seems that the direction is to establish a closer Cooperative Movement in the Region. This has emerged as a result of the positive response of the various

governments through the Ministers' Conference at Sydney and their subsequent continuing interest in the Sydney Recommendations. The Network proposal of FAO-RAPA in Singapore Consultation has already taken a practical shape. The Ministers Conference has now been visualized as a permanent institution. It has to function more systematically and calls for a viable arrangement. It may need establishment of a separate International Co-operative Development Fund at the ICA ROAP level, so that continuity of interaction is ensured and the ICA continues to play a meaningful role.

36. At the Cooperative Ministers' Conference held in Sydney, the Federal Government of Australia provided substantial financial support to cover the cost of the Conference. The Indonesian Government is also providing substantial support in hosting the Conference. However, to make the Conference a purposeful one, substantial advance preparation is needed which also requires financial resources. So far, the Swedish Co-operative Centre (SCC) and the Canadian Co-operative Association (CCA) have provided financial support for the preparation of these Ministers' Conferences as also for the follow-up action. However, it cannot be taken for granted that this support will continue for ever.

37. Therefore, if the conference is to be made a regular feature, there is need to create a Fund from which the Regional Conference of Cooperative Ministers and Cooperative Leaders can be convened on a regular basis. The Fund could be created by contributions from participating Governments Movements, as also from donors. The Fund could be located in the ICA ROAP.

PART-III

Guidelines to Evolve a Practical System of Cooperative-Government Relationship

Dr. R.C. Dwivedi*

INTRODUCTION

1. The Conference of Ministers of Cooperation at Sydney, under ACTION FOR THE 1990s had recommended that "the ICA should work out guidelines to evolve a practical system of cooperative-government relationship, to combine co-operative values, socio-economic objectives and competitive strength". The complexity of this recommendation is quite obvious, since it directs to evolve a workable system through which to integrate the three elements of values, objectives and competitive strength, in the promotion of which the Governments and cooperatives combine their role with mutual understanding and harmony. It is, by no means, a n easy task to design or conceptualize a common system of relationship between Government and cooperatives for adoption in all the countries uniformly, because situations differ from one country to another. However, certain broad parameters may be laid down.

2. The basic question could be what is the relevance of government-cooperative relationship? Historically, the attitude of the cooperatives particularly in the West, was that the government should keep its hands off the Movement. This approach has witnessed a gradual change in the development of the role and responsibilities of the State towards its people. The nature of State at present is the 'welfare State'. It means that it is the responsibility of the State to ensure socio-economic welfare of the people. It is this change of the role and responsibility of the state that relationship between the State and cooperatives has become a matter of essentiality. More over, the State and cooperatives have much similarity in their objectives and goals. The major difference is that cooperatives are to work for the fulfilment of objectives as laid down in the Bye-laws or the purpose for which the members join together. In other words, the co-operatives are to promote the welfare of their respective members, whereas the Government has a wider responsibility. Cooperatives have been visualized and developed as institutions, in most developing countries, through which the governments could implement their policies and programmes for the betterment of the life of the people. In this context of wider responsibility and

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use of cooperatives as instruments and agencies of government programmes, certain conflicts do arise in the objectives of the cooperatives and that of the government. This situation of conflict may create certain distortions in the cooperatives against which it is necessary to evolve certain safeguards. Moreover, cooperatives, as any other institution, have to function within the policy and programme formulations of the government. They cannot, therefore, ignore the priorities in perspectives developed by the government for socio-economic transformation and development. It is desirable and justifiable, therefore, to develop a close relationship between the government and cooperatives.

3. The effect of Government-cooperative relationship could be both positive and negative depending upon the attitude of the Government. With a positive attitude, a conducive environment for the development of cooperatives may be created in which cooperatives may flourish and function as people's popular democratic institutions, government supporting the strengthening of co-operative character of institutions, cooperative philosophy and principles. Negatively, governments may start regulating the working of cooperatives eroding their autonomy and limiting the role of members in the decision making, a situation which is so very prevalent in many of the developing countries within this Region and outside. It is all the more necessary, therefore, that there should be built certain safeguards within the government cooperative relationship framework so that the cooperatives can get government support, while at the same time, preserve their character. It is in this context of need and desirability of government-cooperative relationship that a workable system is to be evolved in various countries in the region. The system, as the recommendation demands, should be such as to integrate the co-operative values, socio-economic objectives, and competitive strength of cooperatives.

COOPERATIVE VALUES

4. Ever since its inception, co-operation has been visualized as value-based and value-oriented concept. Minus values, Cooperation will have no cause for its existence. The 29th International Cooperative Alliance Congress, held at Stockholm in 1988, had on its agenda, the subject of Basic Values of Cooperatives. The ICA President, Mr. Lars Marucs, identified the following as basic values in his Congress presentation:

- i. Self-help values (activity, creativity, responsibility, independence, do it yourself),
- ii. Mutual-help values (cooperation, unity, collective action, solidarity, peace),
- iii. Non-profit interest values (resource conservation, elimination of profit as a driving force, social responsibility, utilization goals "not profiting from others' work"),
- iv. Democratic values (equality, participation, equity),
- v. Voluntary effort values (commitment, creative power, independence, pluralism),

- vi. Universal values (global perspectives, openness),
 - vii. Education values (knowledge, understanding, insight, etc),
 - viii. Purposeful values (benefit to members).
5. The ICA Congress held at Stockholm in 1988, however, recommended the following as the Basic Values:
- i. Democracy (conscious decisions based on free will),
 - ii. Participation (in share capital, management, deposits, business,etc.),
 - iii. Honesty (in business, management, including personnel management, etc.),
 - iv. Caring (for members, community at large).
6. It is not the scope and intention of this paper, in the present context, to go into the details of various aspects of values. There may be different groupings from different angles, e.g. individual's values, institutional values, business values, etc. No grouping or cataloguing can be final. But what is important is that each value has relevant in characterizing cooperatives. It is not only desirable, but necessary to have understanding of meaning or content and essentially of various values, as related to cooperatives.
7. There are several sectors which influence the effective operation of the above values, the important of these being cultural heritage, economic situation, general education level of the country, socio-political environment, State's attitude towards values, operation of Cooperative Principles, exposure of cooperative values, etc.
8. Government collaboration in co-operative development can strengthen cooperative values by providing suitable cooperative legislation, liberal administrative policies, etc.'The restrictive laws and obstructive administrative decisions cloud the cooperative values. In short, government is a big factor in influencing cooperative values.
9. While government can promote or undermine cooperative values, the cooperatives have to play a more considered role in the propagation, promotion and strengthening of values. It is the most important responsibility of each cooperative to educate its members about the concept and essentiality of cooperative values. the working of cooperatives ought to reflect the values. The bye-laws should specifically provide for value-oriented operations of cooperatives. The education and training courses for various categories of office bearers and employees should include discussion on cooperative values.
10. Thus, both the governments and cooperatives have respective roles in the promotion and strengthening of cooperative values.

SOCIO-ECONOMIC OBJECTIVES

11. Historically speaking, the long-term objective of cooperative is to transform an exploitative, egoist society into a non-exploitative, altruistic society, based on self-help and mutuality, envisaging union of capital and intellectual and manual labour and promoting distribution of wealth in most equitable manner. An orthodox view of Cooperation is economic self-emancipation without State aid.

12. In the pursuit of the above objective, immediate or short-term objectives are set up to organise a certain number of cooperatives in different sectors of economy - agriculture, consumers, housing, industry, services, etc. The short-term objectives intend to evolve certain immediate problems, eg. regulating distribution of scarce commodities, supply of agricultural inputs for effecting increase in agricultural production, providing shelter, etc.

GOVERNMENT OBJECTIVES OF COOPERATIVE DEVELOPMENT

13. In several Asian & Pacific countries, long-term objectives of cooperatives have been set up by the governments as under:

- i. Development of a distinct sector of economy to balance the public and private sectors (Bangladesh, Republic of Korea, India, Indonesia),
- ii. Ensure equitable distribution of national income (Indonesia),
- iii. Develop a self-reliant and decentralized economic system (Bangladesh, India, Indonesia, Japan, Malaysia),
- iv. Minimize the role of private middlemen (India, Indonesia),
- v. Develop self-reliance among people (India, Japan, Malaysia, Thailand),
- vi. Bring about economic democracy and social justice (India, Thailand),
- vii. Establishment of Cooperative Commonwealth (India),
- viii. Build an instrument of economic planning (India, Malaysia, Philippines, Thailand),
- ix. Develop a self-reliant and independent cooperative movement, making it a united, strong and viable system (Singapore).

14. The short-term objectives of cooperatives envisaged by the governments are:

- i. Increase agricultural production and promote rural development (Bangladesh, India, Japan, Republic of Korea, Malaysia, Philippines, Sri Lanka, Thailand),
- ii. Ensure equitable distribution of essential /scarce commodities (Sri Lanka, India, Indonesia),

- iii. Generate self-employment (Bangladesh, India, Indonesia, Malaysia, Thailand),
- iv. Develop member's resources (India, Indonesia),
- v. Career planning for management (Indonesia),
- vi. Provide financial assistance (India, Malaysia).

15. Besides the above long-term and short-term economic objectives, in some countries governments have political and administrative objectives behind developing cooperatives such as:

- i. Facilitate development of democratic government (India, Thailand),
- ii. Enlist peoples' participation (India, Bangladesh, Indonesia, Japan, Malaysia, Thailand),
- iii. Development of an organizational agency to implement government policies (India, Japan, Malaysia, Thailand).

OBJECTIVES OF COOPERATIVES

16. Like the governments, the cooperatives also have long and short term objectives. The long term objectives of cooperatives are:

- i. Develop a strong cooperative sector (India, Thailand),
- ii. Develop peoples participation in the economic institutions to establish economic democracy (Indonesia),
- iii. Instil sense of self-reliance and mutuality, equality and social justice,
- iv. Reinforce economic ties between urban and rural areas (Vietnam).

17. The short-term objectives of cooperatives are as follows:

- i. Increase income and well being of members (Thailand),
- ii. Protect members' interest (Japan),
- iii. Serve better the needs and business activities of the member (Thailand),
- iv. Optimal profits for capital formation,
- v. Increase agricultural production and to enhance the socio-economic status of member farmers (Korea).

SOCIAL OBJECTIVES

18. Cooperation is a Movement which combines both social and economic objectives. Both government and cooperatives have certain social objectives to achieve in developing cooperatives. They are as follows:

Governments' Social Objectives

- i. Promote quality of life especially among the poor (Bangladesh, India, Thailand),
- ii. Encourage integration among various races and to promote racial harmony (Malaysia).

Cooperatives' Social Objectives

- i. Improve socio-economic standard of living and comfortable living in society (Japan, Republic of Korea),
- ii. Upgrade the socio-economic status of the economically weaker sections of the society,

The objectives of government and cooperative are thus identical.

ACCEPTABILITY OF OBJECTIVES

19. Once the objectives are set, it is necessary to develop their voluntary and popular acceptability by the people at large, so that they become national objectives. They are to be so projected that a feeling does not develop that government has set objectives for itself, otherwise people will have no sense of commitment and participation, leaving it to government to achieve the objectives. An environment of acceptability and cooperative spirit is to be generated. Creation and building of such an environment depends upon several factors, such as:

- i. Sustained publicity and intensive campaigning to spread the message of objectives by each cooperative at its level,
- ii. Continuing dialogue with a view to securing support and reaffirm faith in executive head of the government in the potentials of cooperatives,
- iii. Support by the press and other mass media like TV, Radio, etc.

20. Members and others come in frequent contact with cooperatives. This provides valuable opportunity to cooperatives to convey to the individuals the objectives of cooperatives to motivate them to contribute their mite to achieve them. A cooperative symbolizes the cooperative spirit. It should have radiating effect to make people understand the long-term objectives.

21. When the executive head of the government commits himself/ herself to develop co-operatives, the entire administrative machinery gets motivated and moves at every level to project the objectives. The case of India proves it. When the first Prime Minister of India, Pandit Jawaharlal Nehru declared that he wanted "to convulse India with Co-operative Movement", "make Cooperation common thinking of India" establish "Cooperative Commonwealth" and integrated Cooperation with his government's economic policies and planning

apparatus, the entire country vibrated with these objectives; Conferences, seminars, etc., used to be organized throughout the length and breadth of the country to discuss development of cooperatives; Press and radio highlighted, intellectuals wrote articles; Cooperatives diversified fast to different areas of economy and social services, process of de-officialisation and de-bureaucratization set in respectability; the rank and file of party in power were mobilized to work for developing cooperatives; Cooperation reached its highest peak and so on. But after him, the ideals set forth for achieving gradually lost their glamour and laurels, although cooperatives continued to multiply and diversify. Now the declaration and aspirations are no more referred to. The newer generation of cooperators, politicians and administrators are hardly aware of them or accept them as reliable and practical concepts. A more recent example is Philippines, where President Mrs. Corazon Aquino expressed "I see cooperatives as a way my country can develop from within". With her support, a new more progressive cooperative law, democratizing co-operatives has been enacted, and a new Cooperative Development Authority has been set up. This has enthused the Cooperators. Likewise statements may be quoted from speeches of President Suharto of Indonesia, who believes in "Cooperatives as the way to economic democracy".

22. With change in the attitude in the political party in power, the emphasis on and projection of cooperative objectives also undergoes a change. In case the party in power has faith and conviction in the values and potential of cooperatives, the objectives get a wider and brighter glow, while conversely, if it does not have faith or is opposed to cooperatives, the objectives get clouded and Cooperators get a set back and feel disheartened. History of cooperatives of each country provides evidence to it.

23. Again, in countries where cooperatives are not a national but state or provincial subject, as in India, e.g., the emphasis on objective depends on the state governments' attitude and approach. The national government only advises them to adopt the national policies, but cannot compel them to do so. Resultantly, the objectives do not get uniform projection. To obviate this situation, cooperatives should be a subject of states' policy, i.e., it should find appropriate placement in the constitution of the country itself.

24. Another vital force to influence the environment is the support of the mass media, particularly the press. Healthy projection through news items, success stories, articles, etc. by the press and media leave a lasting impression on peoples' minds. In some countries, however, the press shows a hostile attitude by disproportionately highlighting the shortcomings, lapses and failures of cooperatives. This cautions the people to believe in the declared objectives of cooperative development. Coverage on TV and radio, etc. depends more on the personal attitude of decision-making authorities in the administration.

25. Turning to cooperatives, the projection and realization of long-term objectives depend to a great extent, upon the strength and performance of ideological

unions or federations within the cooperative structure itself. They are the intellectual side of cooperative structure. It is their responsibility to constantly remind and project the long-term objectives of cooperative development, both to the government and public at large. But actually, they go by default in most cases as they themselves are weak organizationally, financially, academically and managerially. They depend upon government finances. The cooperatives own them only constitutionally. The research and publicity activities of the unions are ad hoc, weak and not purpose-oriented.

MATERIALIZATION OF OBJECTIVES

26. In order to achieve the objectives, various approaches have been adopted in different countries. The following are important:

General Schemes Approach

27. In most of the developing countries, governments formulate schemes for general adoption and implementation all over the country. Physical targets to be achieved within a specified period are laid down. The administrative machinery is galvanized to achieve them. The greatest demerit of this approach is that the implementation process often creates a feeling in the people that it is in the government's interest and responsibility to develop cooperatives. Implementation of schemes is not preceded by education of the people about the need and advantages of setting up cooperatives. In the anxiety to achieve the targets, the basic foundation of developing understanding about the ideology, percepts and principles behind cooperatives is not built, which makes the very short faculty. In many cases, members do not know that they are members or what for they are members. At best they are told, the facilities they may get through cooperatives. Thus cooperatives are brought into existence without the people's awareness about and acceptance of objectives of organizing cooperatives. The physical growth of cooperatives, however, takes place. As a consequence of target achievement oriented approach, the long-term objectives to transform the society or change the psychology of people through cooperatives gets blurred and short-term objectives (organising cooperatives, etc.) are taken as the ultimate goal of the whole exercise. The functioning of isolated cooperatives does not exhibit the glow of the long-term objectives.

28. In many instances, the governments in reality simply views the cooperatives as a channel for agricultural inputs, subsidized consumer items, credits, etc. The cooperative structures are being reorganized time to time by government decrees without consultation with the cooperative members. Where this type of policies occurs, one often finds that the "members" regard the cooperatives as government institutions and quite correctly so!

29. Some time, a government decides that there shall be one primary per village only to be changed later to have one primary society per district. These type of policies play havoc in the very essence of Cooperation.

30. Apart from the ignorance of members, there are other factors which spread a cover over the long-term objectives. The performance of cooperatives is adjudged in several countries by the volume of turnover and profits earned at the end of the year, rather than on the basis of the extent of objectives laid down in the bye-laws and long-term national objectives achieved. Even the audit classification of cooperatives in some countries is based on such aspects as profits earned, dues recovered, etc. These are, no doubt, important elements to assess the performance of management, but these are not the summum-bonum of year-long working. Presently, the commercial results have over shadowed the long term objectives. In assessing the performance, the overall influence on long-term objective must also be taken into account.

31. Another short-coming of this approach is that at times, out of enthusiasm or unscientific basis of fixing targets, unrealistic and over ambitious targets are projected. Their non-achievement reflect over the overall performance of the schemes.

Project Approach

32. As in other fields, project approach has been conceptualized in cooperative field also. This has several merits. The objects of project, both long-term and short-term, to be achieved are clearly defined. The input-output ratio is pre-conceived. There is in-built system of ongoing evaluation of the progress of results. Post-project follow-up is envisaged. The success of the project is to be judged by continuity of the activities after the project period is over and its radiating effect over other areas. The objects are measurable.

33. International assistance is obtained on project basis. The internationally aided projects have diversified objectives within cooperative field. A new pattern of mutual assistance among the developing countries themselves has been visualized recently known as Technical Cooperation among Developing Countries (TCDC) projects. This is practical manifestation of value of mutuality and international collaboration. It will be of great value to consolidate the experiences and results of various experimental projects implemented in different countries to have an assessment of various approaches and objectives.

34. It has been observed that in a number of cases, internationally assisted projects discontinue with the discontinuance of the assistance. This defeats the very purpose of the project. It is necessary to ensure necessary resources for post-project follow-up and continuity.

Area Approach

35. In this approach one selected area becomes the unit of activities to be spread over. The target is to saturate the area with a particular activity or several activities with a long-term objective. This approach has its merits. There is concentration of resources, attention and services to introduce cooperative activities. However, it warrants careful planning and techniques to involve

people of different socio-economic status. Adequate infrastructure is to be created for continuity with people's own efforts and mutual help to continue the activities.

Group Target Approach

36. A more recent approach in the cooperative field is to approach certain identified groups like the poor, women, youth, students and occupational groups like fishermen, forest labour, etc. This approach is more towards the social objectives of cooperatives. A number of projects are being implemented in all the countries with two-fold objectives, viz. to involve them in cooperatives and to develop self-help gainful employment. This approach has been found successful to the extent economic gains are obtained. But in cases, the economic results get receded, the group loses interest in the cooperatives. Mere educational programmes have been found to have no interest and impact unless combined with economic activities.

37. Formation and development of cooperatives and strengthening of ideological objectives though their working is closely associated with psychological conditions and attitude of those of whom they are composed and their leadership. It is a matter of common knowledge that under identical conditions, one cooperative store, or some other type of co-operative, succeeds while another fails. Successful society leads towards the destination while the failure distances away the objectives. Dedicated leaders and enlightened members are the flag-bearers of long-term objectives.

38. Turning again, to social objectives of cooperative development, achievements of economic objectives leads to social objectives in due course of time. By working together in cooperatives for mutual advantage has a great educative value and effect. Fixation of price according quality of goods is a powerful incentive to individuals. Cooperatives have eliminated middlemen parasites in several fields. The moral advantages which flow from successful application of cooperative method are not less conspicuous and important. It has promoted social cohesion. A number of cooperatives have undertaken diversified activities for the promotion of social welfare out of their own surplus, e.g. establishing libraries, reading rooms, dispensaries, general and technical higher educational institutions, women welfare centres, children's creches, social afforestation, old age care centres, rural sanitation, etc. In India, the children's orchestra organized by a school run by a cooperative sugar factory had been awarded first prize at an international competition. Through education for cooperative development, other concepts and suggestions are also made to improve the social life of people, e.g. hygiene and cleanliness, balanced diet, planned parenthood, child care, environmental improvement measures, and so on. All such activities, which promote social objectives, build the image of cooperatives, which go a long way in taking the government and cooperative objective nearer to achievement.

39. But social objectives depend upon the economic success of co-operatives. It is the centrifugal force. Economic welfare precedes social welfare. The economic success of cooperatives together with social emancipation will lead towards a new socio-economic system based on higher values.

ASSESSMENT OF ACHIEVEMENT OF OBJECTIVES

40. Cooperative institutions are increasingly diversifying their activities. New approaches are being innovated. Large industrial units are being set up in the production field. Greater attention is being paid in developing countries to generate new employment avenues through cooperatives. Quite a substantial number of personnel are employed in the cooperative sector in each country. With emphasis on women and youth involvement, their participation is increasing. Cooperatives have definite impact on agricultural development. However, in no country, scientific assessment has been made to find as to what extent the long and short term objectives could be achieved. The exercise is rather overdue. It needs priority in the last decade of the century.

41. Once the socio-economic objectives have been defined and set, the role of the government stand critical to create conducive environment for the implementation of various programmes and diversification of cooperatives in the direction of achieving the projected objectives and goals.

COMPETITIVE STRENGTH

42. A straight and ordinarily understood meaning of competitive strength is to establish one's superiority over the rivals. It means having the capacity and capability to accept various challenges from the competition. In the economic sense, without going into the various forms, it signifies strength of an enterprise or industry to be the pace-setter in the field of production and distribution of goods and services. The competitors of cooperatives are:

- a. Private and public enterprises;
- b. Multi-nationals;and
- c. Other cooperatives.

43. It is to be understood that the rivalry with the first two stems from the challenges which cooperatives pose to their motives/objectives viz. maximization of profits. Cooperatives are organized with the objective of obtaining and developing collective services, particularly for their members, as a measure against exploitation, profiteering and situation of helplessness. Conceptually, competition among cooperatives themselves is not considered desirable, but in actual practice it does take place, e.g. two consumer cooperatives may compete in the same locality on the basis of greater efficiency in marketing and consumers cooperatives compete in the market for making purchases in bulk.

Big federations compete with their own constituents. However, competition among cooperatives is not for profiteering but for better services.

44. Competitive strength has wider scope of applicability to different objectives, viz:

- i. improve the quality of goods and services;
- ii. diversification of enterprise;
- iii. creation of demand for products in the market;
- iv. maximization of profits;
- v. maximization of production capacity;
- vi. modernization of production, management, etc.;
- vii. maximization of services to maximum people;

45. The test of competitive strength of cooperatives lies in their becoming:

- i. Better producer (quality goods, hygienically produced, elimination of waste to reduce cost of production to the minimum),
- ii. Better seller (supply of quality goods, hygienically packed, no profiteering, no false advertisements, incentives to customers, etc.),
- iii. Better services (assessment of needs, procurement of goods for timely supply, equal services, etc),
- iv. Better employers (objective recruitment, healthy personnel policies, satisfying working environment, job satisfaction, workers' participation in decision making)

46. The sum and substance of competitive strength is that none else has better elements to attract the members of cooperatives to migrate, that members do not consider it worthwhile to leave co-operative to get services.

47. There are several production enterprises in the cooperative sector which have established their overall superiority and competitive strength over public and private enterprises. To cite a few examples from India the sugar cooperative factories have given better results in all respects (recovery, cost of production, earning surpluses, payment of prices to cane growers, research and development of cane quality etc) vis a viz sugar factories outside cooperative field. Consequently, preference is given to cooperatives in licensing new sugar factories or increasing additional capacity. Cooperatives produce more than 60% of the national sugar production. The sugar cooperatives have developed around them various social services or projects, e.g., general and technical schools and colleges, hospitals, clubs, women and children welfare activities etc. Similarly, dairy and fertilizer producing cooperatives have overshadowed the private and public enterprises.

48. There are a number of consumer cooperatives which are pace-setters in their areas for price determination of various commodities. Their success is quoted as evidence of cooperatives' capabilities to successfully compete in the market.

49. In the field of housing in urban areas, cooperative dwellings are produced at less cost and better quality than by private builders and colonizers or public bodies.

50. Similar examples demonstrating competitive strength of cooperative may also be cited from other countries.

Factors Affecting Competitive Strength

51. Among various factors the following have direct bearing on competitive strength of cooperatives:

- i. Sound Management (Harmonious relationship with power/functional structure, smooth changeover of elected management etc);
- ii. Financial & Material (Judicious use of funds, material man power etc);
- iii. Integrated Working (Cooperation among cooperatives);
- iv. Size of enterprise (Economic viability, Capital formation);
- v. Modernization (Research, Adoption of Technology);
- vi. Cost-benefit analysis (Supervision);
- vii. Human resources (Dedication, enlightened membership; committed leadership, workers satisfaction, industrial peace etc, Education & Training);
- viii. Government policies (Developmental, fiscal etc);
- ix. Perspective planning (Assessment of demand, availability of resources, data collection and surveys).

Sound Management

52. Managerial competence and efficiency is the most important factor to determine the competitive strength of a cooperative. However, management of cooperatives is more complex and difficult than that of any other enterprise in the public or private sectors.

53. In a cooperative all the principles, precepts and fundamentals of management applicable elsewhere are to be adopted, plus something more. The additional elements are:

- i. Observance of ICA Principles of Cooperation in working;
- ii. Observance of Cooperative Law and Rules, Bye-Laws of cooperative itself

and that of the concerned federal organisations, directions from government and other laws of the land in force for the time being;

- iii. Promotion and preservation of cooperative values, ideology, philosophy and spirit combined with efficient business;
- iv. Synthesize individuals welfare and that of the group;
- v. Ensure capital formation without profiteering;
- vi. Enlisting members' participation in the affairs of their cooperatives;
- vii. Human approach in decision making;
- viii. Integration of ideology, social outlook and economic objectives; and
- ix. Harmonization of power structure Member vis-a-vis Board of Directors, Board of Directors vis-a-vis General Body, Board of Director vis-a-vis Chief Executive etc.

54. The task of balancing all the above elements puts the management at times, in a situation of dilemma. In no other form of economic organisation the management is as complex and challenging as in cooperatives.

55. The Management in cooperatives has two wings viz the Board of Directors elected by the members on the basis of their "free choice"; and paid employees of various categories. Both the wings are equally important. On their combined competence and dexterity depends the management efficiency of a cooperative. The efficiency and effectiveness of management as a factor to improve competitive strength requires the following:

- i. Clear understanding and conscious appreciation of each other's role, responsibilities, area of working, accountability and no crossing of each other's functions and authority;
- ii. Mutual trust and confidence between elected and paid management;
- iii. Objective policy decisions by the Board and their implementation by the executives;
- iv. Working on the basis of a well conceived code of conduct for the Board of Directors, office bearers and Chief Executive to avoid any conflict;
- v. Smoother transfer of power from one elected Board to another; and
- vi. Efficient and honest reporting and information system.

56. In the case of mission of the above requirements distortions are bound to develop, adversely affecting the management of the organisation and its efficiency. Many examples, can be cited from the practical situations as evidence to establish that neglect of the above requisites become disastrous to the organisation. Interference of elected or appointed office bearers in the day to day working of cooperative is against the principle of sound management.

It leads to conflict constrained relationship and tension between them (office bearers, chief executive). On the other hand, when Chief Executive try to treat the office-bearers only as formal figureheads, and to run the cooperative according to their own will and pleasure conflicts arise. Both the situations affect efficiency and damage the institution and its cause. Transgression of one's authority and functions is one of the foremost causes of managerial inefficiency. There should be recognition and acceptance of each others role and limitations. It is also absolutely essential that the office-bearers, board members and chief executive must have mutual trust and confidence, otherwise working efficiency is bound to suffer.

57. The Sydney Conference has also suggested that there should be a code of conduct for the Board of Directors, Office-bearers and chief executives for harmonious relationship and efficiency.

58. Management is the custodian of the cooperative on behalf of members. Therefore, promotion of members interests should be the guiding principle, while taking business decisions. No personal considerations and factors should be allowed to play in decision-making. Observance of cooperative and other laws, bye-laws of cooperatives should be followed in letter and spirit. Ignoring them would ultimately pull back the society leading it to inefficiency and curtailing its strength.

59. It is sometimes doubted that efficiency and democracy can not go together. This doubt cannot command general validity and acceptability. The experience is that when democracy is exercised in its spirit, it enhances efficiency.

60. Cooperatives periodically witness transfer of power from one elected set of office bearers and Board to another. It happens many a times, more so at the level of primary cooperatives, that if a rival group is elected the outgoing board does not hand over the charge and record, making the newly-elected Board non-functioning and ineffective. The entire working comes to a halt. Courts are approached for recovering records. In the process of prolonged fight the working of cooperative gets a set back.

61. There should also be evolved a reliable, information-flowing system of reporting to enable the elected management to keep a watch on the results to detect shortcomings, if any, and to take remedial steps. As stated earlier, there would be no disinformation and hiding of facts from the Board etc.

Financial and Material Management

62. The prudence of the management lies in the judicious management of its finances and materials, on which depends the competitive strength of a cooperative. Cooperatives in the developing countries face a great deal of financial difficulties in running their business, as the members have very limited capacity to save and invest in their cooperative. Outside financial institutions and governments are vital source of getting finances. Often

cooperatives have to borrow on terms unfavorable to them which reduced the competitive strength. In most developing countries inter-institutional lending has not yet developed. The surpluses of a cooperative cannot be channelled to another society, which is in need of funds. There is need to evolve such a system as may allow outflow of funds from surplus funds to deficit cooperatives at agreed terms. It is desirable and essential that cooperatives should build their own internal resources. This is possible in societies which are not capital intensive.

63. The next condition is judicious or optimum utilization of procured funds. They should not be kept idle or blocked in imprudent transactions. There are many cases where funds have been so used that they become bad debts and non recoverable. Such goods are purchased with hidden considerations. Bad quality goods not only causes losses and reducing competitive strength, but also damage the reputation and image of cooperatives, causing decrease of turnover, surpluses and competitive strength.

64. Overhead expenses constitute an important factor in determining the competitive strength of any cooperative. Administrative extravagance in several forms e.g. over-staffing, expenditure on costly furnishing, entertainments, unproductive meetings and other avoidable expenses has brought several organisations into "reds" and threatened their very existence not to speak of reducing their competitive strength. The management is accountable and answerable to members for every unit of money spent. The administrative overheads must be kept to the minimum. Only such expenses may be permitted which are essential to maintain the efficiency of the cooperatives. Any expenditure over and above that reduces the competitive strength.

65. Losses accruing at the end of year or from a business transaction ought to have convincing explanation for causes of losses. Sometime the losses are intriguing. For example, when several commodities of mass consumption witness constantly ascending market price, some cooperatives dealing in those very commodities show losses. Such situations need an in-depth study, so as to ensure competitive strength.

66. Like financial management, no less important is material management, which constitutes a substantial part of the total production. It has several aspects viz., procurement of quality raw material, its proper storage, adequate safety and security, procurement from point of production itself to the extent possible to explore cheaper substitutes, if available, stock verification, etc. It is also necessary that proper precautionary measures should be taken to ensure regular supply of raw material, so that production or distribution process is not disrupted. For the maintenance of machinery spares should also be kept in stock. At times for want of spares, productions stops reducing utilization of productive capacity as also competitive strength. It is also necessary to get the materials insured to recover losses caused by unforeseen factors.

67. In order to improve the over all competitive strength of the enterprise the

waste material should also be used by recycling it to produce new items for domestic use. Some countries have successfully demonstrated how to make alternative use of waste material.

Integrated Working

68. The competitive strength of a cooperative depends to a great extent upon mutual support of cooperatives to each other. Cooperation among cooperatives is a vital source of strength. This has been subject of discussion and emphasis again and again at the ICA Congresses. Its imperativeness is established by including it in the set of Cooperative Principles. However, its operational absence is a serious cause of weakening the competitive strength of various cooperatives. The situation is all pervasive. It is not required to go into various causes at lengths in this paper.

Size of organisation

69. Size of a cooperative also influences the costs. The assumption is that large size units are economically viable, more efficient and dynamic. It is argued that small cooperatives do not have competitive strength because they do not enjoy the economies of scale. They suffer from various handicaps, disadvantages and limitations e.g., small volumes of turnover, not enough surplus to employ qualified competent and technically trained staff, inability to adopt innovative and modern management techniques and production technology, continuance of conventional attitudes etc. There is a tendency in most of the countries to create large sized cooperatives by amalgamating small units. In some countries, it has been done voluntarily, while in others the governments have resorted to compulsory amalgamation to set up viable units. Reorganisation with consent of members enlists member commitment to improve the efficiency of the organisation while forced merging leads to dissension, resistance and disharmony. Resultantly a number of forcibly created viable cooperatives also became weak financially and organizationally in a short time itself.

70. It is true no doubt that the small cooperatives face certain problems of scale-economies, but in spite of this handicap, there are small societies, which demonstrated their competitive strength because of the cohesiveness and commitment of the small group. The important aspect is who and where the exploiting rival is! Small village cooperatives have succeeded in many cases in ousting and uprooting their counterpart parasites as the traditional village trader-cum-moneylenders, the professional moneylenders financing industrial workers, input suppliers to farmers etc. Not a very large-sized society is needed to compete with small village level trader-cum-moneylenders. It is a different aspect that a large society will be able to serve the members and the community at large better and with greater credibility. The size of cooperative will certainly effect if the competitor has large size. In that situation small unit will not be successful. Thus small cooperatives do have competitive strength. Their supporting organisation namely, the federations should have economies

of scale, which will percolate to small constituent units. This will further augment the competitive strength of the base level cooperatives.

Modernization

71. Most of the cooperatives, especially at base level, in developing countries have less competitive strength because of their continuing with traditional techniques of production and management. There is considerable scope to improve it by introducing modernization. Modernization is a wide term. Its contents include professionalism, modern management systems, use of technology for various purposes, mass communication and transportation and other modern infrastructural facilities. It is a full package. However, it may be introduced in stages according to availability of technically trained personnel, furnish resources, technical equipment, preparedness of management and its attitude etc. With modernization various records are kept up-to-date, each individual member can be given his position in the society. In the wake of amalgamation of small cooperatives to set up large cooperative covering wider area of operation, population and multi-purpose activities, modernization is essential. But it has to be introduced with great caution. It is not to dislodge the manual workers not to imbalance the financial position of cooperatives.

72. In several developing countries measures are being taken towards modernization. However, even with accelerated adoption it is to take some time before yielding the needed results.

Cost Benefit Analysis

73. It is very important to adopt a system of on-going cost benefit analysis in production and trading cooperatives to ensure the viability of their operations, keep a watch in economic results and to take corrective measures; if required, to improve the performance and end results. This forms an essential part of modern management. With the introduction of computerization and mechanized accounting it has been possible to have "performance-sheet" at the end of the day or the next day in the morning. This has been introduced in some cooperatives in developing countries also, e.g., dairy cooperative in India at different level right from the milk collection centers where quality and fat content in the milk of each milk-supplier is simultaneously measured. In other cooperatives where operations are large, system of internal audit has been introduced. But this meets only a part of the cost-benefit analysis. Often cooperatives ignore this kind of exercise and "suddenly" find themselves landing in a situation of incurring losses. On-going cost-benefit analysis is imperative to ensure competitive strength of a co-operative.

Human Factor

74. This is a vital determinant of competitive strength of any cooperative. It includes the members, elected members of board of directors, office-bearers and paid employees of the organisation. The importance of this set of persons

and personnel cannot be overemphasized. Their role has been briefly outlined earlier under sound management. It may be re-emphasized that enlightened, committed and participative membership is a powerful source of strength to cooperatives. However, in the developing countries the problem is removal of misunderstanding of cooperatives in the ordinary members, who view them as government agencies and how to encourage the members for larger participation. It is herculean task. It needs intensive education in a manner that attracts and impresses them. Each country and even each cooperative may have to design its own programme keeping in view the background of members. Once they get motivated to move and march they will cross highest hurdles to win the race. Greatest attention should be paid to this aspect. This is admitted by all in the government and cooperatives, but in practice members education is a weak activity. It suffers from paucity of funds, technical support and above all apathy towards it. This is general situation, with some exceptional twinkling cases here and there. Members' ignorance, apathy, non-commitment and non-participation is the root cause of several weakness of cooperatives, which upset the competitive strength. Unless this problem is addressed, all other measures will be only treatment of the symptoms of the problems and not their causes.

75. A strong and efficient elected management with weak chief executive cannot develop efficiency and competitiveness. So also a strong and efficient chief executive cannot carry the organisation to fast development with an elected management dominated by vested interests. Both must commit to the cause of ensuring competitive strength. It is like the "three leg race" in which if both the partners are not equally strong and competent, they cannot win the race.

76. In several developing countries it is the government officials who are deputed to administer/manage the cooperatives. This is a great weakness and unless cooperative have their own chief executives with commitment, professional dexterity and freedom to work, cooperatives which may have the potential to be competitive will lag behind.

77. Turning to board of directors and office bearers, they are the promoters, preservers and protectors of cooperative ideology, values and interest of the members. On their conduct, convictions and outlook the efficiency of cooperatives depends to a large measure. Their role has been emphasized and clarified earlier. It needs no repetition as a factor determining the competitive strength. There are instances where boards have been responsible for the rise and fall of the cooperatives.

78. Paid personnel in a cooperative represent the other side of the coin. The Chief Executive is the leader of his team of employees. His vision and dynamism percolate down below to those working with him and prove strength to the elected board. Hence he must have clear perception and understanding about the basics of power structure in the cooperative, visualization of goals to be achieved and tact and tenacity to get the willing support of others under him.

79. The recruitment of the staff should be done with utmost objectivity keeping foremost in the view the interest of the cooperative. With incompetent and disinterested subordinate a strong Chief Executive will also feel weak and helpless. In several developing countries with problem of unemployment of educated youth, objectivity in recruiting personnel of different category is ignored and selections are made with subjective considerations. Even a high numerical strength of employees so recruited and appointed proves to be a great weakness of cooperatives and reduces their competitive strength.

Planning

80. Another factor to influence competitive strength is perspective planning for the development of members, expansion of activities, determining targets etc. At present planning cooperative development is undertaken by the government in the developing countries and cooperatives adopt the "assignments" and "role" given to them. Such planning indicated governmental priorities and not necessarily that of the members or communities. With government laid down targets, competitive strength plays only a marginal role.

81. Effective planning is to be done by each cooperative with details of needs of each individual members at the primary society level and of each cooperative at federal level, keeping in view the possible changes in socio-economic environment. Along with projected demands, resource planning should be undertaken. A sound perspective planning ensures competitive strength.

82. Each cooperative formulates an annual work programme and adopts corresponding annual budget. But this exercise is not done scientifically, due to lack of competent, technically trained staff. The federal cooperatives in developing countries do not have the strength enough to assist each member cooperative in the formulation of perspective plans to achieve the long term objectives and socio-economic goals. This aspect needs to be strengthened.

Government Policies

83. The two important instruments in the hands of government influencing the working efficiency and competitive strength of cooperatives are the cooperative laws and its trading and fiscal policies. There are some healthy legal and policy contents which increase the competitive strength of cooperatives, while some other that adversely effect it. The following are important in regard to both the aspects.

84. Cooperative laws in several countries provide vast powers to intervene in the management of cooperative. A reference has been made to this earlier. The law provides for compulsory representation of certain groups of members (weaker sections, woman, youth etc) on the board of directors. While it is justified from the social point of view by the government, but it is not in conformity with the canons of management. A Cooperative may face difficulties

because of unsound business decisions taken by the board of directors, which has on its persons with no acumen, experience and expertise for taking business decisions. In some countries governments have assumed power to nominate 1/3rd or 3 members of the board of directors or even the chairman where government contributes towards the share capital or stands guarantee on behalf of a cooperative for outside borrowing with veto-power in some laws. The government nominees on the board view issues and matters more from administrative and government viewpoint and not necessarily from the point of view of members interests or that of competitive strength and development of cooperatives. The veto power makes the situation still worst. It means the "will" of government nominee is to prevail most against the opinion and numerical strength of the rest of members of board of directors. The board is made ineffective as its decision making power is negated by veto-vote. This is against the very principle of democratic management. In such cases each member of the board does not have equal rights and powers. Again, several state cooperative laws and rules contain provisions for approval of the resolution/decisions of the board of directors and general body before their implementation. A period, generally, 30 days, is specified for the cooperatives to wait for the "red" or "green" signal from the government. In business matters such a time span for government approval entails business risk to effect competitive strength. The governments are also clothed with power to give directions to cooperatives. This is a vast power which covers everything that is not covered specifically in the laws and rules. This power is widely used. Governments direct cooperatives to undertake a business which may not be economically viable. It directs the cooperative to serve certain sections of society compulsorily to minimum specified extent. Government enforce certain politically motivated decisions which adversely affect the competitive strength of cooperatives e.g. restraining cooperatives from recovering their dues from members or waiving off repayment of principal and interest amounts. These are but few examples.

Factors Regulating Healthy Relationship

85. In brief, one could say that it is difficult to lay down precise guidelines on practical system of cooperative - government relationship. However, the important factors which could regulate as also help in healthy relationship between government and cooperatives could be as under:

(A) Relating to Governments

- i. Government should clearly state its objectives and policies with regard to the need and desirability of promoting cooperatives and utilizing services of cooperatives.
- ii. Under the state policies and laws, cooperatives should not be put to disadvantageous positions compared to other sectors of society.
- iii. If cooperatives are utilised to carry out certain responsibilities and functions

on behalf of the Government it should be ensured that they are suitably remunerated for services and not put to incidental losses.

- iv. Cooperatives belong to its members and they should be allowed to function as per wishes and aspirations of their members.
- v. Cooperatives' accountability should remain with their members and not with government authorities for their working policy and functioning.

(B) Relating to Cooperatives

- i. Cooperatives should have clear policies and stand with regard to relations with Government in carrying out programmes and activities on behalf of Government.
 - ii. Cooperatives should work and cooperate with government not losing their individuality for the sake of getting easy money, patronage or facilities offered by or available with the Government.
 - iii. Cooperatives should work and cooperate with Government because it is in the interest of their members to do so and not only because they are asked to do so by the government.
 - iv. Cooperatives should have clear well-defined roles and functions including code of conduct particularly for the highly elected officials.
 - v. Cooperatives should not lose sight of 'Basic Values' and follow Cooperative Principles in their working.
 - vi. Ultimately the autonomy and independence from the State depends to a great extent on their efficiency, competence and progressive activities. If they have honest and forward looking leadership and professionally competent management, Government support will be more often forthcoming and it will not be easy for any Government to intervene or interfere in their working.
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Report Presented by Hon'ble Bustanil Arifin, Minister of Cooperatives, Republic of Indonesia

His Excellency the President of the Republic of Indonesia, His Excellency Ambassadors, Distinguished guests, Ladies and Gentlemen.

Praise be to God, Almighty. Today, we, the delegates of government institutions and several Cooperative Movements in the Asia-Pacific region are gathered here to attend the 2nd Cooperative Ministers Conference hosted by Indonesia. The 1st Cooperative Ministers Conference was held in Sydney Australia in February 1990 under the sponsorship of the International Cooperative Alliance.

The theme of this 2nd Conference is "Cooperative-Government Collaborative Strategies for the Development of Cooperatives during 1990s". We hope that cooperatives in the Asia-Pacific region would some day be strong and self-reliant.

The Conference will be held at Gedung Manggala Wanabakti from the 18th to 21st February 1992. A total of 220 participants will take part in this Conference. Some of the delegates are Ministers and high-ranking government officials involved in cooperative development and Cooperative Movements' leaders from 20 countries in the Asia-Pacific region. 4 countries from Africa are also attending this conference.

The participating countries in this 2nd Cooperative Ministers' Conference are : Afghanistan, Australia, Bangladesh, Brunei Darusalam, China, Egypt, Fiji, Ghana, India, Indonesia, Iran, Japan, South Korea, Malaysia, Morocco, Mauritius, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Tonga, Vietnam.

This Conference which is being held under the sponsorship of the ICA-International Cooperative Alliance, will also be attended by representatives of 11 international organisations namely: Food and Agriculture Organisation (FAO); International Labour Organisation (ILO); United Nations Development Programme (UNDP); Afro-Asian Rural Reconstruction Organisation (AARRO); Canadian Cooperative Association (CCA); Cooperative Centre Denmark (CCD); ASEAN Cooperative Organisation (ACO); Swedish Cooperative Centre (SCC); Asian Confederation Credit Unions (ACCU); Institute for the Development of Agricultural Cooperation in Asia (IDACA-Japan); The Friedrich Ebert Stiftung (FES), Danish International Development Agency (DANIDA) and the UNESCO.

In addition, there will be a Trade Exhibition at Manggala Wanabakti in conjunction with this Conference to promote cooperative trade. On the third

day of the Conference, the participants will have a study tour to East Java to visit some of our cooperative institutions.

Several activities have been conducted in Indonesia in conjunction with the Cooperative Conference. As a follow-up of the 1st Cooperative Ministers' Conference in Sydney, Australia, a cooperative workshop was held in Semarang in July, 1991. This workshop in Semarang was also in connection with the 44th Cooperative Day Commemoration. During this workshop, several recommendations were made concerning the role of the government, the role of Cooperative Movements, and cooperative network in developing cooperatives. This workshop concluded that the 1st Conference Recommendation concerning cooperation between government and cooperative movements have been an integral part of cooperative development in Indonesia, although we realized that there are still some improvements needed.

Furthermore, a preparatory Consultation meeting of the 2nd conference attended by 10 countries namely: Australia, Bangladesh, Fiji, Indonesia, Japan, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand and 5 international organisations namely : ICA Regional Office for Asia and Pacific, AARRO, ILO, FAO, CCA and SCC was held in Manila on the 20th to 22nd November 1991.

As a result of the Manila Preliminary Meeting, this 2nd Cooperative Ministers' Conference will discuss the following issues:

1. Cooperative-government collaborative strategies with special reference to
 - Follow-up of the Sydney Conference Recommendations;
 - Achievements;
 - Problem Areas;
 - Regional and national plans of action; and
 - Laying down guidelines to evolve a practical system of adoption by the cooperative-government relationship to combine cooperative values, socio-economic objectives and competitive strength.
2. Basic values in Cooperative and Trends in Cooperative Development.
3. Capital Formation in Cooperatives.
4. Cooperatives and the Environment.

The result of this Jakarta Conference will contribute greatly to the world Cooperative Congress to be held in Tokyo in October, 1992.

This Jakarta Conference will have a great influence on cooperative development in Indonesia in particular, and the Asia-Pacific region in general. This Conference is also a good chance to show to the international delegates, the development of cooperatives in Indonesia.

May I now request the pleasure of His Excellency President Soeharto, to deliver his inaugural address and officially open this Conference.

Inaugural Address by His Excellency Soeharto, President of the Republic of Indonesia

Excellencies, Distinguished Participants, Honoured Guests.

First of all, may I avail myself to this opportunity to extend my warmest welcome to Indonesia to Your Excellencies and Honoured Guests. I do hope that the current Asia-Pacific Cooperative Ministers' Conference will benefit our countries, individually and collectively, because cooperative is indeed an important means in our effort to create the people's prosperity and economic justice. It is precisely the effort to improve the people's well-being which is the main challenge of the majority of nations we are now representing in this conference. Whereas economic justice is increasingly becoming a universal issue.

Consequently, let us seize this valuable opportunity like this conference to exchange our experience on various issues related to the development of cooperative in our respective countries. Let us also avail ourselves on this occasion to exchange ideas on steps to be taken with view to developing cooperatives in the future. We can feel from today that the future will be filled with both challenges and opportunities, on account of the developments taking place in the Asia-Pacific region and the world in general.

Ladies and Gentlemen,

Cooperative's development as a vehicle of promoting the national economy is a noble mandate of our nation. It is especially provided for in our Constitution. One of the articles of our Constitution states that: the economy is managed as a mutual effort based on the familial spirit. Moreover, it goes further that the most suitable form is the cooperative.

What is interesting is that articles of our Constitution that deal with the economy is included in the Chapter on Social Welfare. Therefore, the ultimate goal of our economic development is to create social welfare in its widest sense of the word.

For this reason, therefore, our Government and people are strongly committed and shall work very hard to promote the cooperative.

It is also closely linked with the ideals of our independence. In the past, our nation had fought hard to regain and defend our independence, because we were convinced that we shall be able to build a democratic life in an era of

independence, not just in the political but also economic fields. Obviously, cooperative is one of the important means to attain our ideals. Consequently, in the implementation of our national development, we attach great importance to the promotion of cooperative.

We are well aware that we need diligence, resolve and hard work if we have to develop cooperative. Especially in today's situation where there is such a tough economic competition. Therefore, our founding fathers, since the very outset, have firmly laid down the principle that cooperative constitutes one of the main pillars of our nation's economy, beside the other two, namely state-owned companies and the private sector.

We hope that we can provide a channel for the people's economic aspirations and potentials through cooperative. Thus, economic growth and its equitable distribution will be more balanced and complementary in nature. We must, consequently, try to see to it that cooperative grow and develop as the people's movement. Cooperative is from, by and for the people. The first thing that we have to do, therefore, is to raise the people's awareness and confidence that through cooperative they will achieve greater progress in business, they will have a higher income, they will be able to meet their basic needs and they will lead a better life.

We are aware that in today's era of globalization, where the economic competition is so keen, cooperative cannot grow as fast as the state-owned or private enterprises. But this does not mean that our cooperatives are inert and helpless. We are therefore trying to encourage closer cooperation between the state-owned companies, the private sector and cooperative. Hopefully, this will bring about a mutually beneficial cooperation and complementary relationship between these three economic agents. We are determined to make cooperative part of Indonesia's economic system.

Ladies and Gentlemen,

As I mentioned earlier, it is not an easy task to build the cooperative. Especially since a nation's economy and its growth are closely linked with the world economic situation. We are now living in an era of globalization, and the impact of its process is primarily felt on the economy. In economic terms, we find ourselves in a society where there is such a strong interdependence. We are mutually needing each other. We need economic cooperation as the main characteristic of cooperative at the global level, particularly amongst the developing countries.

We do not only need social justice on the national level in our respective countries, but also on the global level amongst the comity of nations. The economic gap in the international community constitutes a serious danger, not just for nations still struggling in their initial stage of development, but also for the survival and security of the comity of nations in general. This gap will cause wide-ranging tension and conflicts.

Our nation is seriously striving together with other nations in the various international fora with a view to abolishing the economic gap in the comity of nations. This is the reason why I pay great attention to the holding of this conference which will discuss, among other things, the issue of the fundamental value of cooperative and the global tendencies. I am sure that it will contribute significantly to the creation of a new world order that insure greater peace, prosperity and common well-being imbued with justice.

Evidently we are demanded to translate the fundamental values and principles of cooperative in our respective national economies. Because the realization of social justice cannot be delayed. Growth and equity must go hand-in-hand. We must work even harder to lift up the small people from the abyss of poverty.

As far as our country is concerned, where the majority of its people live in the villages, the development of cooperative is centralized on the rural areas. Through the village cooperative, we are trying to facilitate the provision of goods in order to raise the people's productivity and to insure the distribution of the products to the market. In the meantime, we are also encouraging our sound private enterprises to sell some of its shares to well-run cooperatives. This will undoubtedly strengthen the latter's assets. We believe that these steps are necessary in order to bridge the gap between private enterprises and state-owned companies with strong capital and cooperative with weak capital.

Ladies and Gentlemen,

It is incumbent upon us to reinforce our people's economy in this Asia-Pacific region, because it is at present undergoing a relatively rapid growth. Moreover, we are also well aware that the globalization process - as I mentioned earlier - will have a considerable impact on our national economies. The competitive edge of the developing countries is not strong enough to enter this process. We have to boost and generate the people's economic potentials. This can best be achieved through, among other things, the cooperative movement.

We are certain that with a strong familial spirit and solidarity, our countries and regions can grow in tune with the times. We shall have greater ability to answer the challenges confronting us and seize every possible opportunity. Thus, we can meet our expectations.

In conclusion, and by praying to Almighty God for His continued deviance blessings on our endeavours, I hereby declare the Asia-Pacific Cooperative Ministers' Conference 1992 officially opened.

Thank you.

Report from the Secretariat delivered by Mr. G.K. Sharma, ICA Regional Director

Hon'ble Chairman, Hon'ble Ministers, distinguished cooperative leaders, Representatives of International Organisations, ladies and gentlemen.

I welcome all the distinguished participants to this second Cooperative Ministers' Conference on behalf of the ICA Regional Office for Asia and the Pacific in this beautiful city of Jakarta. I am sure you will have very pleasant stay with the excellent arrangements made by our hosts. In case you need any assistance please do contact the Conference Secretariat which is located in the conference premises during the day and at Atlet Century Park Hotel after office hours.

The ICA Regional Office for Asia and the Pacific, which was established in 1960, presently covers 55 national level cooperative organisations from 19 countries. The countries covered are Afghanistan, Australia, Bangladesh, People's Republic of China, Fiji, India, Indonesia, Iran, Japan, Democratic Republic of Korea, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, formerly USSR and Vietnam. In this Conference, in addition to members from the Region, we also have delegates from Brunei, Egypt, Ghana, Mauritius, Morocco, Nepal and Tonga. We have also delegates from international organisations like FAO, AARRO, ILO, UNDP, Asian Confederation of Credit Unions as also Canadian Cooperative Association, Danish Cooperative Centre and FES-Germany.

Since the last Conference held in Sydney in February, 1990, the new members from the Region who were admitted as members of ICA are : (i) The National Cooperative Housing Federation, India; and (ii) The Sind Government Employees' Cooperative Housing Society Ltd, Pakistan. On the other hand, the Bangladesh National Cooperative Federation for Rural Development, has ceased to be a member of the ICA since last year.

I am happy to report that since the Sydney Conference the Recommendations of the Conference have been well followed up in most countries. The Regional Office had planned 5 follow-up national workshops in collaboration with the concerned governments and national organisations in Fiji, India, Indonesia, Philippines and Thailand. They all have been held as planned in which the follow-up of the Sydney Recommendations were reviewed. In addition, we have also received follow-up reports from Governments and National Cooperative Organisations (NCOs) from many other countries. The findings of the Workshops and briefs of the country reports have been included in the Jakarta Conference background paper which was sent in advance to the delegates.

The follow-up of the National Workshops and follow-up reports are very encouraging. We hope we will be able to organize 5-7 similar national workshops before the next conference as a follow-up of the present conference.

The main objectives of the ICA Regional Office is to help in the development of a strong, self-reliant, democratic Cooperative Movement in the Region. Historically, the Asian Cooperative Movements have been joint efforts of governments and cooperative leaders. Cooperative Movement did not develop as a member-based peoples' movement as had happened in the West. Even where the initiative came from people it had to work under specific Government regulations. Governments in most countries provided liberal financial assistance. This assistance along with guidance and direction from cooperative departments changed the basic character of cooperatives in the Region. Not only people at large, but also the members of cooperatives started treating cooperatives as Government organisations rather than the institutions of their own. Cooperative initiatives also looked more towards governments than to their members and did not make enough efforts to be self-reliant and autonomous which are the necessary ingredients for genuine cooperatives. To create the spirit of self-reliance and make them autonomous organisations is a challenge now faced by the cooperative leadership in which government support is essential and important.

Cooperatives are basically economic organisations but they have to follow certain basic values. The belief in these basic values make them different from other types of commercial organisations. Mr. Lars Marcus, President of the ICA, will speak to you tomorrow on the subject of Basic Values to you.

Further, cooperatives must work as instruments of change - change in the life of its members and change in the society at large - a change for the good, a forward-looking change. If cooperatives cannot be forward looking and adapt to the changes, they will lose relevance and acceptability by the people.

The ICA has been making efforts to make cooperatives realize and foresee these coming changes through exchanges, workshops, conferences etc. In these efforts the ICA has been fortunate in getting support from its development partners, which include governments, international and national agencies and stronger Cooperative Movements. Particular mention can be made of Ministry of Agriculture, Forestry and Fisheries (MAFF), Central Union of Agricultural Cooperatives (CUAC) and the Japanese Consumers Cooperative Union (JCCU) of Japan, Australian Association of Cooperatives and Government of Australia from the Region and Swedish Cooperative Centre and Canadian Cooperative Association from outside our region. With the ILO, FAO and AARRO also we have good collaboration.

I am also happy to report that our member-organisations have realized the need to help each other in exchange of their successful experiences. Australia, China, India, South Korea and Singapore have agreed to support and meet the local costs of Regional Workshops to be held in these countries on the specific

subject which are of relevance to other countries of the Region. This is a very encouraging development.

Realizing the strong involvement of cooperative institutions in national development programmes in Asia and the Pacific, greater cooperative membership of this Region in the ICA structure, the relevance of cooperative institutions in the economies of this Region, the ICA had for the first time in its history, in Asia held its Central Committee meeting in New Delhi, India, in October 1989 and now the 30th International Cooperative Congress is planned to be held in Japan in October 1992. With the assistance of its member organisations, governments and its development partners, the ICA ROAP carries out a number of technical assistance programmes aimed at strengthening the Cooperative infrastructure.

In the Regional Office, we have a very competent team of professionals coming from People's Republic of China, India, Sri Lanka, Finland and Thailand. They have been working very hard with a strong commitment. They are responsible for planned project activities in their respective sectors of the Cooperative Movement in the Region.

While concluding, I would like to say that the Asian Pacific Cooperative Movement now stands at a crucial point. It represents two-third of the global cooperative membership. If Asian Movement can be strong and adapt to the changing needs of the time it can help in bringing stability, peace and prosperity not only to its members but to the people at large. Let all of us work hard and contribute our best for this worthy cause.

Address by Prof Sri-Edi Swasono, President of Indonesian Cooperative Council, DEKOPIN

Excellencies, Distinguished top level Leaders of the Cooperative Movements, Distinguished guests, Ladies and Gentlemen.

I am indeed honoured to welcome you and to address this distinguished Conference of Ministers and high-ranking officials of Governments and top-level leaders of the Cooperative Movements of Asian and Pacific countries. This conference is the first of its kind to be held in Indonesia, where policy-makers of Governments and Cooperative Movements of this part of the world assembled for the sake of millions of people who are striving for a better tomorrow through the cooperative way.

As has been stated by some leaders of Asian and Pacific countries, the Cooperative is indeed not only the best way, but the only way to upheave the life of millions of people who are living from agriculture. For many countries in Asia and the Pacific, Cooperatives are also the hope of people who have their living from other sectors like small industry, handicraft, fishery, animal husbandry, small trade and transportation. In these countries, Governments and Cooperative Movements in many instances are joining their efforts shoulder to shoulder for the best of the people, the cooperative way.

In this regard, due to time constrain, permit me to mention only some examples of commitments of Governments in Asia and the Pacific regarding the role of cooperatives in their respective countries.

In a proclamation of the President of the Philippines (on the 5th of March 1991) declaring the National Cooperatives Day of the country (10th of March), it is stated that national attention must be focussed on cooperatives as instruments for social justice and economic development by harnessing public support and awareness. This proclamation is based on the provision in the Constitution that: " The Congress shall create an agency which shall promote the viability and growth of cooperatives which shall serve as instruments for social justice and economic development".

It is clear that cooperatives in that country are recognised in the State Constitution as institutions for social justice and economic development, which consequently includes the function as tools for economic democracy.

In his welcome speech to the ICA Central Committee meeting held in New Delhi, India, in 1989, late Prime Minister Rajiv Gandhi stated, among others, the following:

“When we became independent, we had a number of challenges facing the nation. The most important was how the newly won independence would be converted into freedom for each and everyone of our citizens. Politically we chose democracy as the only way we could achieve this.... But in fledging democracy born out of a colonial structure, a feudal structure, freedom could mean nothing if those structures were not destroyed and changed. To break the feudal structures right down to the grassroots level, we chose the Cooperative Movement as our major weapon, and it was Pandit Jawaharlal Nehru who gave this trust to the Cooperative Movement in India.”

It is also clear that the new structure that India is aiming at, is the socio-economic structure where cooperatives would play as the major instrument for the democratic way.

I am sure, there are still other examples of Government commitments to the cooperatives and the Cooperative Movements in Asia and the Pacific countries. For that purpose there are ministers and high ranking officials responsible for cooperative development who among others are attending this Conference.

As far as Indonesia is concerned, the collaboration of the Government and the Cooperative Movement is, since the beginning of the independence, a must and an unavoidable requirement towards aiming the goals of the Republic.

The Cooperative Council of Indonesia, DEKOPIN, which is the reflection of the Cooperative Movement is even of the opinion that Government and the Movement is one in striving for the common ideals of cooperatives, since both are committed to the national consensus as prescribed by the Constitution of the Republic, Even cooperatives and their role may also be mentioned in the constitution of other countries (like the Philippines), probably Indonesia is the only country in the world that have stated in its Constitution that “The economy shall be organised as a mutual endeavour based upon the principle of brotherhood” (Article 33). I further quote : “In this article is laid down the basis of economic democracy, production by all for all, under the leadership or control of the members of the society. It is the prosperity of the individual..... The Cooperative is the form of enterprise in harmony with this”.

Thus the Constitution recognised the Cooperative as the most appropriate form of enterprise for the accomplishment of economic democracy in Indonesia.

Indonesian Government, under the leadership of President Soeharto, has taken full commitment to this constitutional message. The establishment of Ministry of Cooperatives is under his leadership, to promote and enhance the development of cooperatives in a harmonious partnership with the Indonesian Cooperative Movement. Consequently, the existence of a Ministry of Cooperatives in Indonesia is a reflection of the legitimacy of the implementation of the constitutional message and at the same time, the prevalence of a solid Cooperative Movement is a necessity and a must.

The International Cooperative Alliance , ICA, is already almost 100 years old, (one of oldest international institutions of the world), and has successfully accomplished its outstanding mission so far as well. It has become now an even stronger world organisation. It is now the task of us, all members of the ICA, to revitalize and strengthen our ICA to be in a continuous position capable of facing the new emerging challenges and tasks of the fast changing world. In this occasion I would only mention some of the many challenges it is facing, among others:

1. The democratic momentum that occurs today almost all over the world:

The world is now witnessing that the democratization has become a necessity, not only in the world's political life but also in economic affairs as well. The world has been made convinced, through the lessons and empirical experiences, that the most desirable approach to development is "to put the people first", the "bottom-up" one, and that the most appropriate development strategy is the "people-centered" or "people based" strategy, that development is for the people. The respectable criteria for the success of development is not only the economic value-added constituted in the growth of GDP, but the betterment and improvement of the welfare of all people i.e. the social-cultural value-added as well. The new development paradigm is moving toward this, humanity and emancipation and degree of democracy are taken into account, meaning that it is getting closer and closer to our cooperative idealism and concern.

Democratization is a world phenomena, it is a rational trend, it is a basic need and value, and also seemingly a world latest fashion too. We are facing at the moment a formation of a new universal paradigm. We are witnessing that the world has fully accepted the empirical facts that the most effective approach to development is the participatory one, that the socially and economically deprived have won the position to properly become the center of attention. The poors have respectably been treated as active and productive development participants, no longer as passive objects of development. This is a great momentum for the cooperative movement of the world to take a leading role in the globalisation process. We should not let the momentum proceed and disappear wastefully.

Indonesia, since the inception of independence, was already based on the principle of economic democracy, and therefore Indonesia has the task to support the pillars of economic democracy and to link it to the new momentum of democracy.

In Indonesia, President Soeharto, based on the principle economic democracy of the Indonesian Constitution and along side with this world trend had introduced a democratic momentum into the fast growing economy, through an appeal to the private companies to sell up to 25% of their total outstanding shares to cooperatives. The Indonesian Cooperative Movement through the

Indonesian Cooperative Council, DEKOPIN, had launched the "partnership pattern" or the "linkage pattern" to foster this momentum neatly. The cooperatives be entitled for purchasing shares in private enterprises are those that have (or could have) business linkages with the respective private enterprise, be it a production linkage (in terms of supply of raw materials), a distribution linkage (in terms of marketing of commodities produced by the enterprise), a territorial linkage (in terms of local community supports and services) or a vocational linkage (in terms of the role of workers' contribution and support to the enterprise, as has been developed successfully in the Western ESOP system). Without a linkage, the ownership of shares by the cooperatives will lose its rational justification as mean to democratise the economy, it could become a case of charity which is contrary to the cooperative values. Democratization of the private company is relevant to the position of workers as legitimate participants in the production. They are not factors of production only but partners in production, so that according to cooperative principle or basic cooperative values, the surplus should be distributed justly according to the deed or transactions among both parties. This economic democratization would become an ideal and in the same time pragmatical model to avoid cooperatives from being called utopia.

The promotion of economic democracy entails the enactment of a firm policy of economic restructuring. Without proper restructuring, economic development will only generate structural imbalances in the development process and participation, and subsequently widen the gaps of inequalities. Certainly economic restructuring (among others restructuring of ownership of economic asset, financial resource allocation, regional and territorial preference, human resources potentials), needs the accord and the back-up of sufficient political will, political courage and its capacity to implement.

2. The globalization in economy

The other relevant response is the globalisation in economy. Many cooperators indicated this as dangers or threats to cooperatives and tend to exclude themselves from this going process. DEKOPIN, on the contrary, considers this new era as a momentum too, as an opportunity to participate in the global process, through an active role in global management and decision making. Our main effort should be to deter globalisation becoming a process of domination of the economically strong upon the weak, which may result the economically weak depending on the strong. The concern of the Cooperative Movement is how to manage the rapid process of economic globalisation into a process of a just and prosperous economic interdependency among nations, not a dependency. Big, efficient and strong corporations are sometimes considered necessary to win the globalisation. If this is true, our concern is then how to introduce harmoniously the system of co-ownership and co-determination of big corporations for our cooperative favour. The cooperative movement should respond positively to this by offering a system of co-responsibility to give soul to the partnership.



Participating ministers responsible for cooperative development at the inaugural session of the ICA Cooperative Ministers' Conference, Jakarta



Distinguished participants and guests at the opening session of the
Conference at the Merdeka Palace in Jakarta



President Soeharto having an informal chat with the ICA President, Mr. Lars Marcus, and the participating ministers after the inauguration of the Conference at Merdeka Palace in Jakarta.



His Excellency Soeharto, President of the Republic of Indonesia, receiving the ICA Award from
Mr. Lars Marcus, President of the ICA at the Merdeka Palace in Jakarta



President Soeharto being escorted to the inauguration hall by ICA President, Mr Lars Marcus (left) and Prof Sri-Edi Suwasono, Chairman of Dekopin



Delegates from Australia in conversation with the Chairman of Conference.



Delegates from Bangladesh at the Conference:
Mr Salahuddin Ahmed MP (right) and Mr. Sahid Ullah



Hon'ble Takao Jinnouchi, Parliamentary Vice Minister of Agriculture, Forestry and Fisheries of the Government of Japan addressing the Conference



Delegation from China attending the Conference



Mr. Yang Deshou, Sec Gen of ACFSMC (China), seen meeting with Mr William Teo of Singapore



Hon'ble Samir Shehata, Under Secretary of State for Agriculture, Egypt, addressing the Conference.



Delegates from Fiji (l to r) Mr K.B. Matalau and Mr A.P. Sharma participating in the Conference.



Hon'ble Kwamena Ahwoi, Secretary of State for Local Government, Ghana, and Chairman of AARRO, addressing the Conference.



Delegation from India attending the Conference



Hon'ble M. Ramachandran, Minister of State for Agriculture & Cooperation, India, addressing the Conference



Delegates from Indonesia attending the Conference



A view of the Iranian delegates attending the Conference



Hon'ble Pehin Dato Haji bin Ibrahim, Minister of Home Affairs of Brunei addressing the Conference



Mr Mitsugu Horiuchi, President of the CUAC-Japan (JA- Zenchu) in conversation with Mr Y Nakaoka and Mr Tadafumi Yoshida at the Conference.



(l to r) Mr Hiroumi Kawamura, Director in the Ministry of Health and Welfare-Japan, and Mr Masao Ohya, Executive Director of the JCCU attending the Conference.



Mr. Chung Ki Soo, Dy Chairman and Mr. Won Ho Suh, Director-General of the National Agricultural Cooperative Federation of the Republic of Korea attending the Conference



The Delegation from Malaysia with the Chairman of the Conference



Hon'ble Jagdishwar Goburdhun, Minister of Cooperatives and Handicrafts, Mauritius, addressing the Conference



Hon'ble Ms Shailaja Acharya, Minister of Agriculture, Nepal and Hon'ble Kinikinilau Totoatasi Fakafanua, Minister of Labour, Commerce and Industries of the Kingdom of Tonga attending the Conference



Hon'ble Rana Nazir Ahmed Khan, Minister of State for Cooperatives and Forestry of Pakistan addressing the Conference



Delegates representing the Philippines at the Conference



Mr Lim Ho Seng, Chairman of the Singapore National Cooperative Federation
with President Soeharto



Hon'ble Weerasinghe Mallimaratchi, Minister of Food and Cooperatives, Sri Lanka,
addressing the Conference

Apart from globalisation, our serious challenge is to be independent and autonomous enough to keep away from being trapped into a system of economic subordination within the national economy. To strengthen this position, the cooperative system should be moved toward becoming an integral part of national economy.

3. The position of the Cooperative Sector in national economy

The third challenge the Cooperative Sector is facing today is its position in economy, whereas cooperative system should play its role as an integral part of the national economy and not appear as a subordinated economic entity.

In this regard, we would seek an answer on how dairy farmers could gain and share the progress of big dairy industries; and how coconut planters could benefit from the progress of cooking oil industries, and how fishermen could benefit and take part in the development of fish canning industries; and how tobacco growers could earn more economic value-added from cigarette factories; and how sugarcane planters could share high margin from the profits of big sugar factories etc.

As far as Indonesia is concerned, the Cooperative Movement is concerned on how the Nucleus Estate Small holder (NES) pattern, could become a genuine participatory model, involving the small people in the development system through the plasma cooperatives with the nucleus estate; and at the same time also, upheaving them as active participants in the development process. The farmers, the peasants, the fishermen, the workers, the labourers and the other wage-earners should no longer be servants in a subordinated economic structure as they were in the past, but they were upheaved as "partners in progress". They were developed as the supporters and the main pillars of the modern economy. So the process of economic democratization has to be fostered by the Cooperative Movement.

The ICA and the distinguished Ministers and the other top-level government officials, through this conference could play their role in finding ways and providing policy recommendations to make people's economy a solid, progressive and strong integral part of national economy. In this regard it becomes necessary to implement the restructuring programme through reallocation of development funds and other infrastructural resources in favour of the economically weak. For sure we cannot surrender completely to the limited capability of the market mechanism in combating structural imbalances. A particular direct command policy should always be considered alternative. For instance, in order to guarantee our cooperative farmers capable of retaining a higher and equitable share of the economic value-added, a policy to firmly encourage our cooperatives to form their own nucleus, to own partly or fully of the processing factory, is a legitimate mandate. This is the right way to refuse the system of economic subordination that still prevails up to now.

Stronger and more action-oriented cooperation among ICA members, with the

support of governments of our countries, should be the answer to face the challenges of globalisation. Economic and business potentials of our cooperatives should urgently be identified into economic and business matrices, in order to enable us to draw out cooperative economic and business networks. This is what DEKOPIN is now doing with the Japan ZEN-NOH, and soon, in a more continuous pattern, with the Canadian, Denmark, Australian and Singaporean Cooperative Movements. I am sure that this conference will respond to this idea and will provide all of us with framework to foster "coop to coop trade" among the members within and outside this region.

In our efforts to respond to these challenges, I would draw your attention, that the time has come to reduce rhetoric statements. People are expecting us, leaders and promotion of cooperativism to get into action in the sphere of cooperative solidarity to accelerate business performance and cultivate our competitive strength in togetherness.

Many Cooperative Movements in this region have demonstrated successes in their economic performance. Let us therefore with cooperative solidarity exchange our experiences, beyond just exchange of knowledge.

Many Cooperative Movements also have developed innovations, be it organisational, managerial or business. Let us also exchange prototype models to the best advantage of our Cooperative Movements.

Based on our cooperative values, let us realise that our competitive strength very much depends upon our ability to exercise mutuality and cooperation into practices. We have to realise how that before we could perform meaningful cooperation, we have to master the method, the approach and most important of all, the skill to cooperate. We have to develop this skill together.

These are the Challenges we are facing. These challenges are so huge, dynamic and sometimes ruthless, therefore the back-ups of our governments are very much needed. I sincerely hope that this forum share with me in formulating solutions and options in the context of the topics we are discussing in this conference.

I wish your excellencies and leaders of Cooperative Movements and other participants every success in your deliberations.

I thank you for your kind attention.

Remarks by Mr. Bustanil Arifin at the Closing Ceremony

After a few days of deliberation, we have finally come to the closing of our Conference. I would like to express my deep appreciation to the delegates and all the participants for contributing to the success of our meeting and, not the least, to the Drafting Committee who worked tirelessly to formulate the final Conclusions of this Conference.

This Conference is most important for all of us. By holding this Conference, we hope to even more enhance our sense of unity and to arrive at a common goal of promoting cooperatives in our respective countries.

I do believe that through this gathering, we have learned and shared each others views and experiences in developing cooperatives. Through this sharing, we hope to gain insights on how to develop more innovative and dynamic cooperatives, which are able to meet the challenges of the global economic trends.

Fostering the collaborative actions between the government and the cooperative sector will mobilise the resources necessary to strengthen the competitiveness of our cooperatives in the modern world. With this hope I would like to conclude my closing remarks and may I now, with solemn praise to God, the Almighty, announce the second Asia-Pacific Cooperative Ministers' Conference in Jakarta officially closed.

I wish you all a good journey to your respective destinations and may God the Almighty protect and guide us all.

Thank you.

Statement made by Hon'ble Eng. Mohammed, Minister of Agriculture, Afghanistan

Hon'ble Chairman, your Excellencies, Ladies and Gentlemen.

It is indeed a great honour and pleasure for me to speak to you today at this most prestigious international forum.

Afghanistan is a land-locked country, with an area of 65.30 million hectares. As you are aware, Afghanistan is an agricultural country and thus agriculture, animal husbandry and forestry constitute the backbone of its economy. Over 80% of the population is engaged in agriculture endeavours, earning their livelihood from farming. More than half of the gross national product is derived from agriculture. During climatically favourable years the needs of the population and requirements of agro-industries are met, to some extent, by plant and animal products. But in the past decade the war has led to social disorders, inflicting on agriculture sector and its supplementary installations considerable damages.

As a result of the war, the majority of agrarian population emigrated from rural areas to the cities and towns inside the country or abroad. Consequently the fields and orchards have been laid waste. The main agricultural infrastructures such as irrigation systems and canals were destroyed and water management and conservation arrangements rendered unusable and consequently, abandoned due to lack of timely maintenance. The closing of roads connecting various areas led to delays in marketing of agricultural commodities as a result of which total agricultural outputs were reduced each year.

Prospects exist to double agricultural outputs but there also exist formidable hurdles impeding this. Water resources for irrigation is limited, secondly agricultural machinery are lacking, thirdly an acute shortage of phosphate fertiliser and improved seeds. About 99% of agricultural land belong to the private farmers but each farm consists of smaller lots of different topographical levels thus making the use of agricultural machinery difficult. Therefore, the most effective way of utilizing modern agricultural machineries is to collectivize agriculture. For this purpose a total of 679 agricultural service cooperatives were established.

Natural forests and range pastures have also been greatly damaged in Afghanistan. Earlier records indicate that 12% of total area was covered by forests. In 1981 the FAO estimated that 3.4% of the total area (2.2 million) hectares) comprised forests, but unfortunately due to the impact of prolonged war this area has

shrunk to 1.9 million hectares.

According to the latest estimates, owing to the indiscriminate cutting of trees, the natural forests has further shrunk. This results in rapid soil erosion and degradation and consequently in reduction of agricultural outputs.

The Government of the Republic of Afghanistan has approved the Law to encourage and motivate cooperatives, private sector and entrepreneurs to cultivate public virgin lands in order to promote agricultural production on easy credit terms to raise agricultural outputs. This decision has been warmly welcomed by the people. A number of entrepreneurs have approached the government asking to be allowed to cultivate virgin public lands in various parts of the country. A number of agricultural and animal husbandry mechanized farms were established, the credit made available by the government from Agricultural Development and Industrial Development Banks.

In Afghanistan the women play vital role in socio-economic and agricultural sectors by their direct participation in rural development programme. The women are generally engaged in carpet weaving, producing handicrafts, health, education, agriculture and communication. The rural women are mainly involved more in agricultural and farming than in other spheres.

We believe that by the use of improved seeds, appropriate agricultural practices, efficient utilization of irrigation, water and fertilizers, combat against plant and animal disease and pests, introduction of superior strains of livestock, protection of fruit trees and forests, better management of farms and watersheds and the expansion of agricultural cooperatives, agriculture development in the country will be accelerated.

Mr. Chairman,

The humanitarian national reconciliation policy implemented by the Government of the Republic of Afghanistan, at national and international levels enjoy tangible support based on the concept that the ongoing war cannot be ended through the use of arms. This policy encourages discussions and dialogues between the government and our brothers in the opposition. The Government of the Republic of Afghanistan greatly supports the five-point proposal of 21 May 1991 of the UN Secretary General to end the fratricidal war and restore peace in Afghanistan.

Like-wise the joint US-former Soviet statement of 13 September 1991 regarding the ceasefire, termination of arms shipment to the two sides of present war as of January 1st 1992 has been warmly welcomed by the government and people of Afghanistan.

The Government of the Republic of Afghanistan pledges to this conference that their technical assistance will be maximally utilised by the poor villagers through the expansion of Cooperative Movement to develop agricultural sector. Similarly I invite the kind attention of our other participants and

honorable delegates in this Conference the resolution of urgent problem of hunger. We realise that as long as hunger threatens the lives of poor people in an unhealthy environment there will be no peace. Therefore it is imperative for those taking part in this gathering to make decisions on elimination of the danger of hunger and malnutrition in developing countries.

Mr. Chairman,

I wish you further success in chairing this Conference, which, I am confident, will prove helpful for the improvement and development of the status of Cooperative Movement worldwide and prosperity for the people all over the world. My country, Afghanistan, will be contributing in its own way to the Conference efforts in creating prosperous and danger-free world.

Thank you all for your kind attention.

Statement made by Mr Tony Hely, Minister and Deputy Head of the Mission, Australian Embassy in Jakarta

The Australian Statement to the Regional Consultation is made on behalf of the Australian Cooperative Movement and the Australian Government to advise delegates of the developments which have occurred subsequent to the Ministerial Conference which was convened in Sydney in February 1990.

Australia was pleased to have been able to host the February 1990 meeting. At that meeting Ministers throughout the region gave clear commitment to cooperative development as reflected in the conclusions of the conference.

It is important that the momentum achieved in Sydney is maintained at this Jakarta Conference.

Australian Cooperatives

Australia's 5,400 cooperatives are involved in a wide range of business and community activities extending throughout almost every facet of primary secondary and tertiary industry.

The cooperative sector is particularly strong in Australian agriculture.

Information presented to the FAO Regional Expert Consultation in Bangkok last year by the Australian delegate, Mr. Ian Langdon, showed that there were some 320 Australian agricultural cooperatives of which a little over 200 are actively trading. These active cooperatives generated sales of some \$ 4.8 billion with assets of some \$3.4 billion.

Typically Australia's rural cooperatives are small with over 80% having assets of less than \$ 5 m. At the same time in the case of processing cooperatives which require substantial capital investment, there have been many mergers and amalgamation with the resulting cooperatives being relatively large in size. Seven cooperatives have assets of over \$ 100 m. These comprise four in the dairy industry, two in the grain industry and one in the sugar industry. More broadly, cooperatives account for significant or major market shares in such industries as fisheries, fruit and vegetables, cotton, rice, sugar and honey.

Australian Government Support

As outlined by the then Australian Minister for Primary Industries and Energy,

Mr. Kerin, at the Sydney Conference, Australian cooperatives are free from government control. Nevertheless, Government has an important role in encouraging and facilitating their development.

Australian is a Federation of States and it is the States which are primarily responsible for the registration, administration and supervision of cooperatives. I will shortly outline some of the activities currently undertaken by Australia's State Governments to assist cooperative development.

The Australian Federal Government has also taken a number of initiatives to assist the cooperative sector. This assistance has largely been provided to agricultural cooperatives to develop their export marketing skills

Government initiatives at the national level to encourage agricultural cooperatives to become more involved in export trading include the establishment in 1989 of a Centre of Excellence in Cooperatives at Griffith University in Queensland.

The Centre's objective is to provide assistance to cooperatives in the area of business and technological planning for export. Activities of the Centre have included assistance in developing cooperative management structures, assistance in the development of marketing skills, assessment of joint venture proposals and the publication of a range of handbooks for the use of cooperative members and managers. The Centre is now undertaking 'fee-for-service' consultancies which are funding the Centre's activities.

Cooperatives have also been able to take advantage of financial assistance which the Australian Government provides to people with innovative ideas, the application of which is likely to lead to increased exports. Under this programme, assistance is currently being provided to a number of dairy cooperatives to improve technology for the production of soft cheeses suitable for export. Assistance is also being given to a cooperative to assist in the development of high quality apple exports to Europe.

Efforts to develop a stronger Australian Cooperative Sector and one more active in export markets have been impeded, to some extent, by cooperatives in Australia having to work under different legislation according to the State in which they are registered. This makes it difficult for cooperatives to operate on a national basis and puts the cooperative sector at a disadvantage when compared with companies which operate under uniform legislation.

Good progress has been made towards reaching agreement within a Working Party comprising representatives of the Federal and State Governments and Australian Association of Cooperatives (AAC) on consistency in priority areas identified by Australia's National and State Ministers. Differences of view remain, however, on the extent to which cooperatives should be administered on a State and National level.

The Working Party was concentrated on legislation of the type that regulates the operation of commercial, rural, trading and community advancement cooperatives. Financial cooperatives legislation is covered by the Non-Banking Financial Institutions (NBFI) Working Party.

Legislative Reviews and State Cooperative Development

Legislative reviews are currently underway in a number of Australian States.

New South Wales

The New South Wales State Government commissioned a study of the State Cooperation Act resulting in the production of an interim report which attracted further submissions. Based on the Final Report which was presented to the Minister, a Bill has been drafted and introduced into the State Parliament where it will be debated during the Autumn 1992 sittings.

The objects of the Bill are to remove certain cooperative societies from the operation of the Cooperation Act 1923 ("the 1923 Act") and to provide for their regulation, and the establishment of similar societies, under a new Act. The 1923 Act will continue to deal with cooperative housing societies, Starr-Bowkett Societies, non-terminating building societies and several existing societies specified in Schedule 2 to that Act. Under the new Act cooperative societies will be known simply as cooperatives.

The new Act will provide for the following:-

- the formation and incorporation of cooperatives (including associations of cooperatives and federations of associations) and the registration of foreign cooperatives;
- the legal capacity, status and powers of cooperatives (including abolition of the doctrine ultra vires);
- membership (including becoming a member, the rights and liabilities of members and disputes involving members);
- rules (including their alteration and the prescription of a set of "model rules");
- requiring members to be "active";
- shares (including the issue of shares, disclosure of beneficial and non-beneficial interests in shares, transfer procedure and the repurchase of shares);
- voting (including the rights of members to vote, the manner in which resolutions are passed and the holding of meetings);
- management and administration of cooperatives (including the board of directors, the duties and liabilities of directors and officers, the keeping

- and auditing of accounts, and registers, records and returns);
- the power of cooperatives to raise money (including by the issue of CCU's (cooperative capital units) and the registration of charges over property, the disposal of surpluses and the regulation of major transactions;
 - restrictions on the acquisition of share and voting interests in cooperatives;
 - amalgamation, transfers of engagements, transfers of incorporation, winding up, official management, appointment of an administrator, arrangements and reconstructions;
 - supervision and inspection of cooperatives and the holding of inquiries into cooperatives;
 - administrative arrangements (including the powers of the Registrar and the Cooperatives Council).

The New South Wales legislation has been introduced to provide cooperatives with greater flexibility as well as requiring increased responsibility on the part of their Directors, while maintaining the unique cooperative principles. This legislation, or large parts of it, could provide a model for cooperative legislation throughout Australia.

The New South Wales Registry of Cooperatives provides assistance on a dollar-for-dollar basis for funding feasibility projects, particularly in the areas of strategic planning, marketing and product development.

The New South Wales Government has also assisted in the development of new cooperatives and ninety eight cooperatives have been formed in that State since 1988 including significant cooperatives in the agricultural sector. An example of this is the successful establishment of NSW Egg Marketing Cooperative following the Government's decision to cease statutory marketing.

The feasibility is being examined of establishing a cooperative bank in Australia to facilitate the provision of adequate and more affordable sources of debt capital for cooperatives generally and the rural and small industry sectors in particular.

The ready availability of affordable debt capital has been an impediment to the development of new cooperative enterprises in Australia and the ability of existing cooperatives to compete effectively in a deregulated and progressively internationalized market.

An information and strategies seminar has been held earlier this month which confirmed general interest in the proposal and funding options are now being explored. Work is also underway in New South Wales to formulate a cooperative development strategy for the NSW cooperative movement extending to the year 2000.

Victoria

The Victorian State Government has also conducted a review of that State's Cooperation Act and legislation is being prepared to up-grade the provisions of the State Act. In addition to proposals directed to the prudential and practical application of the cooperative principles, additional issues including active membership, use of the term "cooperative", funds raising and management, and the future status of "cooperative companies".

One issue which is being addressed in Victoria is the possible introduction of a requirement under which any cooperative which has assets in excess of \$50 million should be compelled to migrate to the Corporations Law, become registered as a company and abandon its cooperative status.

This possible change is being opposed by the Cooperative Movement because of the consequences in Victoria and potentially for the rest of Australia. Accordingly, discussions are continuing with the Victorian Government.

Queensland

In the State of Queensland in which cooperative legislation has been split between two Ministers and two Departments, moves have been initiated to bring these two Acts under the control of a single Minister leading ultimately to a merger of the two Acts with an accompanying up-grading of the relevant provisions.

South Australia

Cooperatives in South Australia are also covered by a State Act and some aspects of that have been under review also particularly as regards active membership. In summary, all States have been working to review cooperative legislation, having as one of their key objectives a degree of uniformity which has been noticeably absent in the past.

Asia-Pacific Centre

The Asia-Pacific Research, Training and Development Centre was launched by the President of the ICA, Mr. Lars Marcus, in February 1990 and has as its main focus the development of skills and relationships to foster commercial and, more specifically, trading activities among cooperatives within the Asia-Pacific region. The Centre has now been established at Geelong, Victoria in premises shared with the ICA's Project Office in Australia and the Victorian Division of AAC.

The Centre has elected a Board of Directors and a blue print of the organisation, management, plans and budget for the Centre and its operations was finalized by the Board. The first intake of course participants is to commence on 24 February 1992 at the Marcus Oldham Farm Management College at Geelong.

Trading Relationships

AAC's efforts to develop trading relationships with cooperatives and cooperative organisations within the Asia-Pacific Region is proceeding satisfactorily. It has been encouraging to note that trading agreements have been entered into with cooperative organisations in a number of countries to buy and sell a range of product lines in various countries and the growing number of successfully completed transactions demonstrate the value of these efforts. More importantly it is demonstrating that cooperatives throughout the region are accessing the commercial and social benefits which are contained in the sixth Principle.

It is intended that the programme will focus on building opportunities for value added production for cooperatives and on the increased opportunities for international trade particularly between Australia and Asia-Pacific cooperatives.

This programme can be viewed as another example of the benefits to be reaped through cooperation such as that enshrined in APEC, the Asia Pacific Economic Cooperation process. Of the fifteen economies represented in APEC, the majority are developing countries. The objective of APEC is to sustain growth and development in the region and more generally, growth of the world economy. One of the primary means of achieving this end is to give strong regional support to GATT-consistent trade liberalization. All APEC members are firmly committed to that principle. APEC seeks to foster constructive interdependence by encouraging the flow of goods, services, capital and technology.

Australia's commitment to trade liberalization is evident not only in APEC, but also in Australia's membership of the Cairns Group of Free Trading Nations. The Cairns Group has been diligent and effective in its pursuit of trade liberalization principles within the general agreement on tariffs and trade (GATT) and also in many other forums. The group supports a successful conclusion to the Uruguay Round based on the Dunkel Text.

In all these mutually supportive and reinforcing ways Australia seeks to help to derive benefits for the countries of the region. The activities of the AAC are also instrumental in this search.

Statement made by Mr. Sallahuddin Ahmed, M.P., Chairman, Bangladesh National Cooperative Union

Introduction

Bangladesh is a country of 143,999 sq.km. with a population of about 112 million. About 85 per cent of the population is engaged in agricultural activities. The economy of Bangladesh is predominantly agrarian. This sector contributes more than 50 per cent to the GDP and employs three fifths of the employed labour force i.e. 60 per cent of total population of the country. The important contributions of cooperatives in agriculture are transfer of technology, use of modern inputs for production, support for marketing of surplus produce, generation of employment opportunities in rural areas and increase in agricultural production and contribution to National income and GDP as well.

The total number of Cooperatives vis-a-vis total number of Agricultural Cooperatives as on 30th June 1990 at different levels and their financial positions were as follows:

S.No.	Type	Total	Agricultural
1.	National	21	9
2.	Secondary	1075	720
3.	Primary	122,066	108,895
4.	Members	6.8 million	5.9 million

Source : Quarterly Report June 1990 of the Cooperative Department of Bangladesh.

The Cooperative Movement in Bangladesh was started during British India with the enactment of Cooperative Credit Societies Act, 1904. The cooperative societies in the village were popularly known as village savings and credit societies. Though these societies were organised at the initiative of the government but the democratic values of cooperatives encouraged the people to become enthusiastic about their cooperatives. It came up as Credit Cooperative movement with dedications of members and leaders imbued with spirit of freedom of India from British. Mobilisation of rural savings, growth of capital and proper investments and recoveries were the important features of their

cooperatives backed by central cooperative banks and the Provincial Cooperative Bank, Calcutta.

In 1947 at the time of partition of British India the Cooperative Movement here inherited 32,418 number of cooperatives of which 26,644 were of agricultural credit having no apex organisation. The BSBL was organised and developed at the end of forties. Most of the Apex/National Societies numbering 21 were organised and developed by the BJSU in collaboration with Cooperative Department during sixties.

In the sixties the government again started organising farmers cooperatives in the villages under accelerated rice production programme at one hand and Comilla model two-tier TCCA-KSS cooperatives bypassing apex system.

Since seventies two streams of agricultural cooperatives are in operation in Bangladesh. Old cooperatives without any development support but the newly-emerged ones with project based development assistance. Two streams in the same place for same clientele groups almost with same objectives created confusions and contrast if not contradictions in the minds of the cooperators and government officials as well. As a result, the agricultural cooperatives as a whole in the country could not become self-reliant during last three decades.

The government set up a National Cooperative Council in 1987 and declared a National Cooperative Policy in 1989. The government introduced new cooperative laws in 1984 and cooperative rules in 1987.

The cooperative laws and regulations did not give any treatments about role and functions of the National Cooperative Unions and their involvement with the cooperative network and financial outlay from the movement like other countries of Asia and the Pacific. The government has therefore been urged upon by BJSU to amend the Cooperative Act and Rules to suit the needs of the cooperators of the country.

Main objectives of National Cooperative Policy briefly are as follows :

1. Structuring of Cooperatives
2. Institutional arrangements
3. Autonomy and self-management fo cooperatives
4. Removal of poverty and illiteracy by providing continued education and training and gainful employments
5. Consolidation of cooperatives
6. Rationalisation of administration of cooperatives.

Role of National Cooperative Union (BJSU) and National Apex Cooperative Organisations

Bangladesh Jatiya Samabaya Union (BJSU) is the supreme federal body for the entire cooperative. BJSU represents the total movement nationally and internationally and maintains coordination and linkages with government and

non-government agencies for promotion and development of all classes of cooperatives at all levels in all fields of activities with special emphasis and broader perspectives of agriculture. It organises education, training programmes and provides promotion, development, publication and extension services to the agricultural cooperatives. The BJSU is member of the International Cooperative Movement since 1962 and it has very close and intimate interactions in the fields of education, training, research, study, extension and publication, with particular emphasis on agriculture.

The BJSU played significant role since 1961 in organisation and development of cooperatives in the country in various economic sectors and transfer of technology and introduction of new methods and launched various movements and programmes, such as: Shownirvar Movement, Mass Education Movement, Family Planning Movement and Campaigns for increased agricultural production, relief and rehabilitation i.e. Rural Housing Programme.

The BJSU has developed education, training, extension and publicity materials mostly for field level member education and training of leaders of the primary agricultural cooperatives. BJSU is in need of fund support to publish/print them in large quantities to meet the demands of more than hundred thousand cooperatives in agriculture itself in the country.

BSBL - National Cooperative Bank

The Bangladesh Bank (Credit Bank of the country) provides concessional credit facilities at below the bank rate to the Bank for lending to its members against Government Guarantee to the extent of 25% which is the main source of the fund of the Bank. The Bank also provides substantial credit to its members from its own fund.

Dispensation of agricultural credit through coops is the main business of the bank. BSBL participated in rural finance experiment projects of Bangladesh Bank-central Bank of the country. Special credit scheme of rural finance (IFAD) sponsored by Bangladesh Bank, but main thrust is on agri loans i.e., procurement and delivery of crop loans to the coop farmers through central coop banks & other district cooperative land mortgage bank, central sugarcane growers and other coops under annual credit programme of the country.

Bangladesh Samabaya Marketing Society

The Marketing Society initially in 60s undertook marketing of agricultural produce through the central cooperative multipurpose societies for the Union Cooperative Multipurpose Societies. In 70s it handled consumer items in large quantity but remained silent about marketing of agricultural produce. At present it does not deal in agricultural marketing.

It has now its membership strength of 156 central cooperative societies with 2.5 million individual members all over the country. The affairs of the society are

managed by a board of directors of 12 members of which 8 are elected and 4 are nominated. Total No. of paid employees is 108. Annual recurring expenditure is about Tk 4 million. The share capital is Tk 4.4 million of which Tk 4.3 million represents government share. The working capital is around Tk 40 million and the assets of the society is around Tk 60 million.

Authorised share capital of the Milk Union is Tk. 10 million. All these units and the organisation as a whole are running at a loss since 1978-79. The main reason of losses are underutilisation of plant capacity, short supply of milk and lack of appropriate interventions in the highly demand market of milk. The average collection of milk per day was 26,300 liters. And as such use of imported milk powder for supply of liquid milk is the alternative source to meet the market demand of liquid milk. The brand name of the liquid milk is "MILKVITA". The "MILKVITA" has earned popularity in the market but with regard to milk powder it is facing severe competition.

**The Bangladesh Jatiya Maitsha Jibi Samabaya Samity Ltd.
(National Fishermen Cooperative Society Ltd.)**

The society was established in 1960 to develop and cater the needs and interests of the members of the primary fishermen cooperatives through their central societies. At present there are 89 central services and 3332 primary societies functioning under its guidance services. The membership strength is about 0.4 million.

Recent Changes in Government thinking on Cooperatives

National Policy

With the declaration of National Cooperative Policy in 1990 some developments in democratising the management of cooperatives have taken place. The Government have realised that the affairs of the cooperatives must be managed by the cooperative members. In most of the cooperatives from national to primary levels, elections of Management Committee have been held and the appointed committees have been replaced by the elected committees.

Action plan

Government have started to prepare and implement Action Plans for development in different sectors on the basis of the National Cooperative Policy.

National Cooperative Council

The National Cooperative Council formed by the Government has been formulating policies for promotion and development on Cooperatives of different sectors including education and training.

Recent Changes in Government attitude

There have been a great changes in the form of Government in Bangladesh. After long 9 years of autocratic regime general elections were held in 1991. As a result of the general election held on the basis of adult franchise, a democratic Government was formed in the last half of 1990. The present government have already taken steps to democratise the management of cooperatives.

Steps have been taken to amend the present cooperatives laws. Amendments are being suggested for thorough changes in different clauses. This will help in development of people's-oriented cooperative movement in Bangladesh.

Transport

In transport sector cooperative have contributed much. During the later part of Seventies Auto-rickshaw Cooperatives were formed to ease down the transport problem of the inhabitants of Dhaka city.

Credit Sector

The present democratic government have already started to reorganise and revitalise the credit sector of the country. A proposal is under active consideration of the Government to start agricultural credit-flow through Bangladesh Cooperative Bank Limited, and the central cooperative banks for augmenting agricultural production in the country.

Conclusion

Bangladesh has a cooperative network upto grassroot level and apex system with potential leadership and manpower but cannot forge ahead due to lack of need based resources. The developed nations and cooperative movements of this region may kindly extend helpful hand to provide consultancy services for situation study for restructuring, reorganisation of the cooperative movement in different sectors of our national economy under BJSU. Government collaboration strategies for 90s. ICA in particular and also inter-government agencies and inter-non governmental organisations working in Asia and the Pacific region if kindly respond to the needs of the cooperative movement in Bangladesh as indicated above may lead the cooperative movement of Bangladesh to success.

Thanking you all.

Statement made by Hon'ble Dato Haji Isa bin Ibrahim, Special Adviser to the Sultan and Minister of Home Affairs, Brunei Darussalam

Mr. Chairman, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen.

The Brunei Darussalam delegation feel greatly honoured and privileged to have been invited by the Government of the Republic of Indonesia to attend this conference as observers. By attending this conference we hope to benefit from the experiences of other countries and thus help us to develop a sound cooperative policy in Brunei Darussalam.

Mr. Chairman,

The cooperative movement in Brunei Darussalam began when the Cooperative Development Department was established by the Government in August 1974. The objective was to promote the ideals of cooperative principles and values among the people in order to achieve the social and economic growth of the country. In 1975 the Cooperative Societies Act was promulgated to regulate and register cooperative societies as well as to give legal framework to the movement. Since then the Department has acted as a catalyst in promoting the cooperative movement and in fostering closer relationship between the Government and the movement. Until now we have registered over one hundred cooperative societies of various sizes, types and functions, ranging from small retail shops to bigger ventures such as transportation companies and petrol filling stations.

A number of schools in the country have also started their own cooperative ventures such as running canteens and book shops.

However, the development of the cooperative movement in my country has not yet achieved the level of our expectations, compared to the available opportunities and potentials.

Our Five Year National Development Plan recognises the role of the cooperative movement as an effective instrument for rural and urban development, and as an agent of change in the country. It has also been recognised as a vehicle for people's participation in helping to solve their social and economic problems.

The Brunei Government has adopted an economic policy whereby the cooperative

movement is part of our free enterprise and competitive system, rather than a welfare agency of a benevolent society.

Mr. Chairman,

The Brunei Government, through the Cooperative Development Department, places great emphasis on the importance of education in promoting the principles of cooperative by organising courses, workshops and seminars for leaders and members of cooperatives as well as for the public. We believe that such services are important in enhancing understanding of the cooperative principles and values, so that society at large will recognise its role towards the achievement of the economic and social well-being of the country as a whole.

Since Brunei is still at a relatively early stage of promoting and developing the cooperative movement, we would welcome technical advice, especially on education and training from friendly countries. In the past, Malaysia had very kindly rendered assistance by accepting our government personnel to undergo training in its cooperative training centres. We had been given similar assistance by the United Kingdom. The Government of Indonesia has also recently very kindly sent cooperative experts to conduct seminar in Brunei. We hope such gestures and opportunities will continue to be offered to us, not only by the two countries I have mentioned but also by others so as to enable us to learn and share ideas and experiences.

Mr. Chairman,

My delegation has been following and will continue to follow with keen interest the deliberations and discussions in this conference which we are sure will give us valuable insights into the cooperative concept and philosophy, as we are keen to learn from those countries which have successfully implemented and promoted the movement as a vehicle of economic development.

Finally, Mr. Chairman, allow me to express our appreciation to you and to the Government of the Republic of Indonesia for the kind hospitality extended to my delegation during our current stay in your beautiful country.

Thank you.

Wassalamu'alaikum Warahmatullahi Wabarkatuh.

Statement made by Hon'ble He Jihai, Vice-Minister of Commerce, China

Mr. Chairman, Distinguished delegates, Ladies and Gentlemen.

I am very pleased to attend the ICA Conference of Ministers responsible for Cooperative Development in Asia and the Pacific Region at the invitation of Mr. Bustanil Arifin, Minister of Cooperatives of Republic of Indonesia. I personally treasure this opportunity to share the opinions concerning the cooperative development with ministers and chairmen of cooperatives from different countries in Asia and the Pacific Region. Please allow me to give my best wishes to Chairman of the Conference, to Government and National Cooperative Council of the host country, Republic of Indonesia, and to the International Cooperative Alliance Regional Office for Asia and the Pacific.

This Conference of Ministers responsible for Cooperative Development on "Cooperative-Government Collaborative Strategies for the Development of Cooperatives" is the continuation of the 1990 Sydney Conference. Even with different culture, tradition, ideology, and social system, all the countries in Asia and the Pacific Region are faced with problems of developing their national economy, of strengthening their national power and of promoting international economic cooperation, etc. Now I would like to avail myself of this opportunity to give you a brief introduction to the development of China's Supply and Marketing Cooperatives (SMC), which could hopefully help you to understand China.

It's well known that China is a developing country with 1.1 billion population among which 800 million are living in rural areas. Rural economy is the key element in determining the whole China's economy and the Chinese Government always gives a top priority to agriculture in the national economy. In the recent decade, China has been practising the policy of household contract responsibility system in rural areas under which land is owned by the collective and production is managed on the peasants' own. This policy has brought the peasants' initiative of production into full play. Since the reform policy, China's grain production has increased from 300 million tons before the reform to 400 million tons after the reform. Meanwhile, farming, forestry, animal husbandry, side-line production and fishery have generally been developing well. The development of agriculture lays a foundation for the whole China's national economy. Now China keeps a stable society, sustained and well coordinated development of economy, prosper market and basically stable price and people live and work in peace and contentment. In order to promote

agriculture production, decision was made specially to strengthen the rural development at the Eighth Plenary Session of the Chinese Communist Party held in November last year clearly indicating that the state shall continuously increase finance and technology input to agriculture production, establish diversified production and social service system so as to raise the peasants' technical qualification and agricultural production standard.

The Chinese Government attaches great importance to the establishment and expansion of cooperatives in the process of agricultural development. The Constitution of the People's Republic of China explicitly stipulates that Agriculture Cooperatives, Consumption Cooperatives and all other kinds of cooperatives are owned by the collective of the socialist working people. The state not only protects their legal rights and interests but also encourages and guides them for their development. In order to make sure that Supply and Marketing Cooperatives' particular legal status, safeguard its legal interests and give full play to its role, China was drawing up "The Administrative Regulation of the Supply and Marketing Cooperatives of the People's Republic of China" with altogether seven chapters and fifty articles including aspects of SMC's purpose, principle, basic task, organisation structure, democratic administration, finance distribution and labour protection and its relation with the Government in 1990. Under this Regulation, with peasants as its main body, China's Supply and Marketing Cooperatives is an economic entity of collective ownership which is voluntarily organised by the shareholders under the support of the state; SMC practices the principle of freedom of participation and withdrawal, democratic administration, comprehensive service, management on its own, independent accounting and rational accumulation; Leaders of cooperatives at all levels are democratically elected at the cooperative members' representative assembly; Any department or individual has no right to transfer, divert or misappropriate the property of SMC; The central and local governments shall carry out preferential policy on tax, credit, price to the Supply and Marketing Cooperatives. This Regulation, which is actually a special regulation, is now under the way of soliciting opinions from the departments concerned and then to be submitted to the State Council for approval. We are preparing to supplement and revise it after a period of practice and finally work out "The Cooperatives' Law in China" which shall be carried into execution after the approval at the National People's Congress.

Mr. Chairman,

Covering 80 per cent of all the villages in China with 32,000 cooperatives at grassroots level, 800,000 outlets, 160 million households (equal to 640 million population), China's Supply and Marketing Cooperatives is the largest cooperative organisation in China's rural areas in terms of scale, influence and strength. In 1991, SMC and 4.7 million staff with the aggregate purchase and sales of 410 billion RMB Yuan, an increase of 12 per cent over 1990; 30,000 industrial enterprises of different kinds with total yearly output of 35 billion RMB Yuan, an increase of 15 per cent over 1990; 4 institutions of higher learning, 93

professional training schools with total students of 50,000, over 1,000 staff training schools, 8 research institutions at the state level and 17 at the provincial level. China's Supply and Marketing Cooperatives is now playing a great role in perfecting the rural socialised service system and has a promising future.

In the recent decade, SMC has made a great progress in cooperation with foreign enterprises and cooperatives in aspects of economy, technology and trade. SMC attaches great importance to the development of trade and cooperation with its foreign partners. On the one hand, it invites foreign investments in China, on the other hand, it invests in foreign countries to operate enterprises and shops. The cooperatives in Asia and the Pacific Region are all at the stage of development and share many common points. So it is more than necessary to strengthen the cooperation among us. The Chinese Government supports SMC to develop cooperative relations and exchange experiences with cooperatives of all the countries on the basis of equality and mutual benefits so as to seek for common development. I hope that International Cooperative Alliance will play a greater role for the cooperation among the cooperatives in Asia and the Pacific Region.

Thank you.

Statement made by Eng. Samir M. Shehata, Under Secretary for Agricultural Cooperatives, Ministry of Agriculture, Egypt

Hon'ble Chairman, Hon'ble Ministers of Cooperatives, Distinguished Delegates,
Ladies and Gentlemen.

The agricultural cooperative structure is considered as one of the biggest and most important cooperatives sectors in the Arab Republic of Egypt. It comprises almost 6,625 agricultural specialised and multipurpose cooperative societies. Around 4 million peasants participate in such societies.

The Agricultural Cooperative Structure

The agricultural cooperative structure consists of the agricultural cooperative societies and the central agricultural cooperative union. The cooperative societies are either specialised or multipurpose.

Those societies are formed, based on the need, in accordance with the nature of activity, thus serving the following sectors:

- A. Plant Production
- B. Animal Production
- C. Agrarian Reform
- D. Land Reclamation.

Each of the above fields has its own independent sub-cooperative structure to serve its activities. The general society comes on the top of these, while the Central Agricultural Cooperative Union (CACU) tops all these sub-structures.

Types of Agricultural Cooperative Societies

1. Multi-purpose Societies

The activities of such societies cover all aspects of agricultural production and its successive stages, it covers as well, the economical and social services required by its members within their area of interest. Those societies exist at Village, District, Governorate and Republic levels.

2. Specific/Specialised Cooperative Societies

The activities of such societies is limited to one single area of agricultural production, such as; The animal wealth societies, the mechanisation societies, the marketing societies etc. These are represented at the village level or more or the governorate, or at the general level of the Republic.

Agricultural Cooperative Societies operating at different fields 1991.

Item	Agri Credit Regions (old lands)	Agrarian Reform Regions	Land Reclamation Regions (new lands)
A. Multi-purpose Societies			
Local (Village Level)	4231	688	528
Joint (Administrative District Level)	128	70	18
Central (Governorate Level)	22	18	12
General (Republic Level)	1	1	1
B. Specialised Societies			
Village Level	827	----	----
Governorate Level General	69	----	----
Republic Level	11	----	----
TOTAL	5289	777	559

Stages/Phases in the Cooperative System

The Law No. 117 was issued in 1976 stipulating the establishment of village banks attached to the Principal Bank for Development and Agricultural Credit (PBDAC). Consequently the Supply of production requisities shifted from cooperatives to village banks. In addition, this shift has involved as well, most of the cooperative warehouses, and the professional experienced staff. Thus, the activities of the agricultural cooperatives and to a minimum as these were overburdened by salaries and other administrative expenses, also, due to the lack of revenues, specially that the agricultural implements at the society were considered to be an added burden owing to their misuse, frequency of maintenance and unfeasibility.

The Law No.122 issued in 1980, represents a new starting point for the agricultural cooperatives in the Arab Republic of Egypt, thus, enabling them to carry on their role in increasing agricultural production and raising the economic and social level of its members. It also overcomes all the difficulties and problems previously encountered. The cooperatives under this law, started their major activities especially in area of providing members with different production requisites and cooperatively marketing their crops together with implementing various cooperative projects which aim at serving members, improving their economic status, in addition to their role in the social or rural development.

The Current and Prospective Stages of the Agricultural Cooperative Policy of the Agricultural Credit Regions

In the light of the current variations stipulating the transfer to the free-market economies, and the necessity of changeability of the cooperative system both in form and content which may qualify it to perform its role under such circumstances, the state policy entails different missions in the current and future stage. The state fulfils those missions for the agricultural cooperative sector in order to enable it to perform its role. It implies:

1. Participating in planning for the agricultural cooperative sector, in accordance with the general state policy and following up implementation.
2. Conducting necessary studies to develop cooperatives and evaluate their performance also to participate in the agricultural cooperatives researches and studies.
3. Making provision for the cooperatives to obtain loans and grants and what is needed to carry on their obligations.
4. Aiding cooperatives in performing their various activities by the provision of experts.
5. Participating in formulating national plans for cooperative training for members and executive board.
6. Contributing in reinforcing the relationship between the agricultural cooperatives and other consumer and handicraft coops within the Republic.
7. Aiding top cooperative organisations in establishing closer links with the international community in the agricultural cooperative field, thus, leading to the prosperity and progress of the cooperative movement.

Cooperative Achievements

Following is a brief summary of the cooperative achievements to push forward the agricultural cooperative movement in the country in accordance with the state policy.

I. Self Reliance

The bearing of all employment burdens: After the enactment of Agricultural Cooperative Law No. 122 in 1980, the state was planning for supporting the cooperative by all possible means, thus enabling them to fulfil all the tasks assigned to them.

Several governmental employees were seconded to work as managers in the cooperative societies. In addition, other posts were occupied by the government staff. Consequently, the state was overburdened with those employees salaries. Under the free economic policy it was necessary for these cooperatives to depend heavily on themselves in bearing its employees salaries. This aims at preventing the coop societies from being semi-governmental departments. Accordingly a five year plan was developed thereby allowing the cooperatives to contract with its managers and pay their salaries as a first step. By this, governmental intervention in the management of the cooperative society by its own seconded managers will cease.

Funding

Funding is considered one of the most obvious obstacles encountering the agricultural cooperatives in practicing its activity which is estimated at about 1.5 billion Egyptian Pounds within 1989/1990. This is accomplished through the following:

Cooperative Funds : A self- cooperative experinment was started at the governorate level through the establishment of a cooperative fund which rely on its own materialistic capability (the current accounts and deposits). It is estimated at about 119 million Egyptian Pounds by June 1990. This was experimented by two governorates from the total of 23 governorates in Egypt by the year 1991. Such experinment managed to realise a surplus for the society which will enable it to carry out various activities and projects. The plan was intended mainly to generalise this experinment all over the republic within the next three years.

The Rise of Share Value (The Cooperative Society Capital)

A rescheduling study of the rise of the share value is performed aiming at supporting the financial position of the cooperatives.

Saving Funds: This is a scheme of establishing a saving fund at each society, also establishing saving funds at the district and governorate level. Its deposits and savings will be invested in favour of its members.

II. Production Requisites Field

The cooperatives started to practice their main activities in supplying their members needs of production requisites, thus, replacing the village bank. The

implementation of those activities were applied to one local multi-purpose which managed to realise a huge income in 1983/84. This encouraged many societies to implement the same experience. Those societies had multiplied since then, thus reaching 1224 societies which represent 41 administrative centres that represent 27% of the total number of 125 centres by the year 1992/93, representing 82%. It is expected for those societies to generalise the experience by the year 93/94. This entails covering the various needs of its members from seeds, selected seeds, fertilisers, pesticides, etc. which is estimated at 600 million Egyptian pounds annually.

In accordance with the objectives of the cooperatives in this regard, 1224 multi-purpose cooperatives are currently providing their members with the following production requisites:

Seeds: The coops are making provisions for its members to obtain seeds of the various agricultural crops. This is a first step till it produces such seeds on the next stage. Some of the examples are:

Cotton Seed: The coops supervise the provision of the cotton seeds to its members starting from this crop year 1992. The seeds are obtained directly from the gins (its principal source).

Maize: The coops supervise this activity starting from the summer crop season of 1992. The Coops contract with the seed production companies, which offer the highest price reductions and the best repayment facilities.

Wheat Seeds: The coops have provided its members during the current winter season of 1991/92 with their needs of the wheat seed through the Principal Bank for Development and Agricultural Credit (PBDAC) granaries. The quantity distributed by the cooperatives had reached 58865 Ardabs. The coops will obtain the wheat seeds from its immediate production sources (the Ministry of Agriculture) instead of the PBDAC starting from the next winter crop, thus realising better prices for the coops.

Clover Seeds: The coops have provided its members during the winter season of 1991 with their clover seeds requirements after obtaining it directly from the producing companies.

Seed Production: Enabling the coops to join the field of seed production to fulfill their members' needs, the following is being carried out: (1)Purchase of two seiving and grading stations for seeds to be paid for by the cooperatives, thus producing all the different agricultural crop seeds at high quality levels in accordance with the standard specifications, allowing for the export of the surplus. (2)Purchase of two gins, with attached defuzzing unit, thus enabling them to gin cotton for their members. These gins must fit at the standard technical specifications required which guarantee profitable return, at the same time, defuzzed cotton seeds will be produced in a way permitting the development of new varieties and strains on scientific basis.

Fertilizers

Coinciding with the current state policy, subsidy on fertilizers is gradually lifted. It has been decided to lift subsidy on vegetable and fruit crop fertilizers totally by 1992. The private sector will be free to handle fertilizers. Its handling was restricted to the public and cooperative sectors previously. Accordingly, the agricultural coops will obtain their quotas from the fertilizer plants/factories directly, then distribute it to the members. The coops had provided their members with 30% from the production of the factories. This percentage represents the permissible amount which will be distributed by the private section; and this amount will be increased according to the increase of the approved quota for this purpose. Moreover, there will be an importation of fertilizers to cover the gap between local production and actual requirements which is estimated at almost one million tons annually.

Pesticides

The coops make provision for the pesticides required to control the pests attaching the various agricultural and horticultural crops from different sources, whether locally or through importation. It provides the pest control equipment, with its spare parts and maintenance. It also makes necessary arrangements to provide the trained manpower required to operate these equipment.

III. Cooperative Marketing

Field Crops

Before 1991, marketing used to depend upon administrative systems, through which principal crops (cotton, rice, maize, wheat and beans) were compulsory delivered through the cooperative societies. With the adoption of the free-market approach policy, non-compulsory marketing of agricultural crops started. This system included all the crops except cotton due to the specific nature of the crop, which requires the provision of technical cadres from the cotton experts and administering them by the crops. It is targeted to free market this crop gradually starting from this year.

The value of quantities cooperatively marketed during the year 1990/1991 amounted to E Pound 1,600,361,000 (one billion, six hundred million, three and sixty one thousand Egyptian Pounds).

Fruits and Vegetables

The value of fruits and vegetables marketed through the coops during the year 1989/90 amounted to some 39 million Egyptian Pounds, as a first start to this activity.

The coops in their future plans, aim at the following : (1) Establish warehouses and cold stores to preserve vegetables and fruits and (2) Establish grading,

sorting and packing stations.

The establishment of warehouses, cold stores, grading, sorting and packing stations is considered as a support for the infrastructure. It aims at reduction of crop losses and at obtaining high quality products suitable for export markets.

IV. Cooperative Projects

The coops implement a number of projects covering a number of activities and areas. This activity was started in 1981/82 with investment amounting almost to five (5) million Egyptian Pounds, aimed at serving the environment and effectively contributing in increasing productivity, also, providing a number of job opportunities to raise the standard of its members economically and socially. The volume of investments in such projects has been annually increased, reaching almost 50 million pounds till the year ending 30th June 1991. These are :

* Food security projects	E.Pounds 22 m
* Agricultural mechanization projects	E.Pounds 17 m
* Services Projects	E.Pounds 11 m

The future plan of the cooperatives entails involvement in non-traditional projects such as sericulture, seed production, agricultural and rural technologies.

V. Agricultural Mechanisation

The coop societies attempt at generalising the use of machinery, whether through providing the members with their needs from various equipments or through providing the cooperatives with all equipments required to perform the different agricultural operations, within the available funding through credits and foreign grants. The value of machinery purchased by the cooperatives during the period 1986/90 amounted to almost E Pound 11m.

VI. Training and Cooperative Culturing

The cooperatives are interested in cooperative training, whether for board members or executive staff; with the objective of creating fully aware cooperative cadres capable of self and sound management. These cooperatives training aim at overcoming all the draw backs of the cooperatives at the previous stage. The number of trainees during the period 1986/90 is as follows:

Board Members of the Society: The societies board members trained was 13,247 representing 42% from the total number of the agricultural cooperative societies board members.

The Cooperatives Functional System: The number of trainees associated with the field of cooperation reached 14,475 employees.

Seminars: 333 Seminars were organised covering various scopes of activities and attended by 15,219 participants.

Training have covered number of activities among which, agricultural mechanisation, cooperative planning, cooperative marketing, training specialists, etc.

The future plan of the cooperatives aims at the following

- Regain confidence in cooperatives and strengthen the faith in the cooperative principles and means. This will be realised through the development of the cooperative training programmes and approaches.
- Training the various cooperative levels starting from the members of the general cooperative society, board members and the functional system, together with the expanding of cooperative culturing to members of the agencies and departments with common interests. This is fulfilled through a national plan of training and cooperative culturing.
- The attempt to create cooperative cadres whether on popular or executive levels.
- Complete the establishment of model integrated cooperative training centres at the governorate.
- The use of various means of mass media to define cooperation and disseminate its principles and objectives.
- The focus on foreign training in developed countries to identify its successful cooperative practices.

VII. Social and Rural Development

Agricultural cooperative legislations emphasize the importance of the cooperative role in social and rural development besides its economic role. It has allocated 10% of its annual surplus for the public and social services (5% are for public services and 5% for social services) aimed at developing the village community. This is achieved through the implementation of social programmes and projects which include : Family planning programmes, illiteracy, campaign contribution in rural clubs, women employment, environmental conservation, pavement of roads etc. The total expenses of the cooperatives public service item amounted to Pound E 1,651 million during the period 1985-90. In addition there is social and educational aid for helping poor families, cooperatives low income employees.

VIII. Future Plans

The cooperatives future plan aim at:

1. Establishing family planning centres and health care centres within the society in the villages which are deprived from health services.

2. Opening illiteracy classes for peasant members of those cooperative societies. A temporal plan will be laid out with the participation of all the concerned systems within a national strategy.
3. Contributing in the establishment of the rural clubs for peasant youth and village community for listening and entertainment.
4. Focussing on women employment through training in rural industries, needle, knitting and sewing activities...etc.. This is carried out in addition to its participation in the environment conservation, marshes filling, aid of poor families and the low income students, the contribution in paving the secondary roads, the contribution in establishing weeding, funeral, public conferences and village seminars halls.

After all this brief and quick narration for the activity of the current agricultural credit cooperatives we should bear in mind approaches for the next stage.

There is a preparation for a cooperative development strategy through which it can practice its efficient role in improving agricultural productivity, raising its members level, culturing and social standards, with focus on the living standards of its members. This is attained through its active role in marketing production, project establishment, etc.. To attain our target a series of rescheduling studies have been undertaken for new cooperative legislation applicable to the future state without limiting the cooperatives capability, and confirms the state role in supporting and re-inforcing the agricultural cooperative movement.

Statement made by Mr. A.P. Sharma, Director and Registrar of Cooperatives, Fiji

Hon'ble Chairman, Hon'ble Minsiters, Chief Executives of National Cooperative Organisations, Special Invitees from International Organisations, Invited guests, Ladies and Gentlemen.

It is indeed a great honour and privilege for me to represent my Minister and the country at this Conference of the Ministers responsible for cooperative development in the Asian Pacific Region.

I wish to congratulate the conveners of this conference, the International Cooperative Alliance Regional Office for Asia and the Pacific, the Government of Indonesia and the Minister for Cooperatives and the National Cooperative Council of Indonesia- Dekopin.

The Cooperative Movement in Fiji is honoured to be associated with the International Cooperative Allinace through the apex organisation, the Fiji Cooperative Union Limited. Some 989 cooperative societies representing 29,391 families in Fiji are involved in our Cooperative Movement.

The cooperative development in Fiji began in 1947 when the first Cooperative Act was passed in the then Legislative Council. It is the product of Cooperative Act of British India in 1903. The present Cooperative Legislation of Fiji is outdated and adversely affects the performance of our cooperatives.

While the Cooperative Movement in Fiji is actively supported by government, the day to day operations of the Movement are in the hands of the societies. The government carries out its statutory functions relating to registration of societies, inspection of books of accounts, audit of accounts, settlement of disputes etc.

Non-statutory functions include consultancy and advisory services, education and training, and the planning of the growth of the Movement to meet national objectives.

The Government Department of Cooperatives in consultation with the Cooperative Movement leaders is also responsible for the formulation of policies pertaining to cooperative development, the laying down of strategies for its implementation and monitoring.

The government of Fiji will continue to play the role of a facilitator through policy initiatives and create a favourable environment for cooperatives to play their role in full as people's organisations.

Following recommendations of the Ministerial Conference in Sydney in 1990 a national level follow-up workshop was held in Fiji from 17-19 July, 1991. The national workshop which reviewed the Sydney Conference recommendations and developed a follow-up action plan was jointly organised by the Department of Cooperatives of the Republic of Fiji and the Fiji Cooperative Union Limited in collaboration with the International Cooperative Alliance Regional Office for Asia and the Pacific. The Consultation had taken note of the Sydney Conference recommendations and had discussed a proposal on National Cooperative Development Policy and Strategies. I am pleased to inform the Conference that a National Policy on Cooperative Development in Fiji has been approved by the government for the next decade.

The salient features of the National Policy is "to encourage and facilitate the development of a National Cooperative Apex Organisation that will eventually takeover the present role of government in terms of the promotion, establishment and development of cooperatives throughout the nation".

In support of the Cooperative Movement the government of Fiji has increased by two-fold the 1992 budget allocation for the supervision and development of cooperatives in the nation. The government has also provided substantial funds to the Cooperative Movement for on-lending to cooperatives as soft loans to supplement their working funds.

The beginning of this decade has seen greater collaboration between the government and the Fiji Cooperative Movement. There is now a realisation that this partnership augurs well for the Cooperative Movement in the years to come.

In collaboration with the Cooperative Movement and the Department of Cooperatives appropriate training and education programmes are being planned for the 1990s to train cooperative personnel and members from the movement, thus encouraging the development of well trained, dedicated cooperative leadership and enable members to understand and appreciate the value of money.

Recent emphasis has been the promotion and establishment of multipurpose cooperatives which combines the functions of production, processing, marketing, provision of inputs and merchandise as well as facilities for savings under one umbrella.

There are number of countries that offer very specific training courses covering different aspects of cooperative organisation and development. We also seek international aid in terms of experts who conduct higher level courses for the middle and senior level staff of the Movement and the Department of Cooperatives. Some of the countries and organisations that have assisted in this area include United Kingdom, Israel, Germany, Netherlands, India, Malaysia, Japan, Australia, the ICA and the ILO.

We are also of the view that the ICA ROAP and the Australian Cooperative

Movement can help organise a forum for the South Pacific Cooperative Movements so that they participate in cooperative development process and take advantage of experience of each other.

Mr. Chairman, we thank the ICA Regional Office for the well documented proposal for the creation of "ICA ROAP COOP STRATEGIES'FUND" as was discussed at the ICA Regional Consultation held in Manila in November 1991.

We support the creation of this Fund for the purposes already outlined. However, we would impress to the administrators of this Fund that they be mindful when levying subscriptions to member countries taking into account the size and strength of the Movement and its capacity to pay their subscriptions.

It is with great interest that we will follow this Conference and have the pleasure of wishing all the delegates every success in their deliberations.

Statement made by Hon'ble Mr. Kwamena Ahwoi, PNDC Secretary, Minister for Local Government, Ghana, and President of AARRO

Introduction

First of all, may I as Head of the Ghana delegation take this opportunity to convey the greetings of the government and people of the Republic of Ghana as well as all Ghanaian co-operators to this august assemblage. I am grateful to the Government of Indonesia and to the Indonesian Cooperative Movement for the warm welcome extended to me. Ghana and Indonesia have a close history of working together in the international diplomatic arena, being founding members of Non-Aligned Movement. I hope that my presence at this Conference will also mark the beginning of closer cooperation between our two countries in the cooperative arena. Being the current President of the Afro-Asian Rural Reconstruction Organisation (AARRO) on whose ticket I am participating in this Conference, I wish to thank, on behalf of AARRO, our host organisation for inviting us to the beautiful city of Jakarta and for making it possible for this Conference to take place.

Developments since Sydney 1990

Mr. Chairman, since the last ICA-ROAP Ministerial Conference in Sydney, Australia, in February, 1990, the Cooperative Movement in Ghana has continued along the path of steady, active, virile growth and development. The Government's democratisation and decentralisation processes which have given effect to a new local government system, continues to offer the structural framework within which the cooperative movement operates. Elections to the district political authority structures, the District Assemblies, first held in late 1988 and early 1989, are to be next held in the first quarter of 1993. Local level planning, into which cooperative plans and programmes are to be integrated, has been given a major fillip with the operationalisation of the National Planning Commission and the establishment of District Development Planning and Budgeting Units.

The Cooperative Reactivation Programme, the Government's policy paper on cooperatives which I described in Sydney, continues to guide developments in the cooperative sector. This has led to a modest increase in the number of registered cooperative societies from the figure of 10,585 at the time of the Sydney Conference to 10,790 as at August, 1991, a period of 18 months. The greatest increase was in the number of Agricultural Cooperative Societies

where the figure rose from 5,097 to 5,209 within that period. The Financial, Service, Industrial and Women's Cooperatives made up the remaining increase of 93 new societies. The new agents for change in the rural areas, including the cooperative sector, such as the Mobisquads and the 31st December Women's Movement, as well as the new incentives for change in the cooperative sector, such as the small scale industries credit line and the agricultural credit for peasant farmers under the Programme of Actions to Mitigate the Social costs of Adjustment and Development (PAMSCAD) continue to motivate Ghanaian cooperators and cooperatives.

Training has also been given greater attention since Sydney 1990. The Ghana Cooperative College which for some years had concentrated on preliminary cooperative studies has now been revamped to enable it pursue intermediate and more advanced cooperative studies. Attempts are being made to provide the college with permanent structures and more qualified teaching staff. The area of training, as you know, is very vital for cooperatives and I suggest that ICA and other international institutions assist Ghana to develop this College to enable it offer services to other cooperatives in the West African sub-region. With regard to accelerating cooperative development, Ghana, taking a cue from the Sydney Declaration, has initiated processes for evolving a new Cooperative Law. Discussions have commenced within both the Department of Cooperatives and the Ghana Cooperative Council on the basic framework for the new Law which hopefully will hammer out a draft to be submitted to an International Seminar on Ghana Cooperatives which we intend holding soon.

Mr. Chairman, the Cooperative Movement continues to enjoy a harmonious relationship with the Government, which relationship stems from the fact that the objectives of the Government and those of the Cooperatives, directed at creating a welfare state, converge.

The AARRO and World Bank Initiatives

This convergence of objectives among others decided the AARRO to include Ghana in its selected countries for the conduct of studies in Agricultural Cooperatives. The World Bank also fielded a Mission to Ghana in 1991 to carry out indepth study into the cooperative sector.

The Philippines and Mauritius are the other AARRO member countries in which AARRO fielded similar Study Missions; the Ghana study being the most recent to have been conducted in July, 1991.

The AARRO studies have revealed that the cooperative movement seems to enjoy Government support in all 3 countries. But the studies also reveal 3 basic problems common to all 3 countries which are operational, managerial and structural. In all 3 countries, there is inadequate infrastructural and transport facilities which force farmers to make distress sales locally at very low prices. The absence of warehousing and storage facilities also disable farmers from

holding their marketable surpluses for better prices in the future. In the absence of these two vital services, the farmers are not encouraged to contribute towards the cooperatives.

Another problem common to the 3 countries which the AARRO studies identified was the lack of cooperation among cooperatives themselves. For example, though in Ghana there exists a national cooperative body, the Ghana Cooperative Council, which is supposed to coordinate the activities of all cooperatives, yet it is non-functional and the initiative for the coordination of the different cooperative activities has always come from the Government.

The AARRO studies suggest that cooperatives should be made part of the macro framework for planning. This could be worked into countries' constitutional arrangements or macro-economic policies. In either case, the recognition of the cooperative system as the fourth sector of the national economy is important.

The AARRO and World Bank reports as well as our new draft Law on Ghana Cooperatives will serve as working papers for the international seminar on Ghana cooperatives which I mentioned earlier. The seminar will bring together Government officials responsible for cooperative development, cooperators, and international and local organisations whose work relate to cooperative promotion as well as other appropriate individuals and institutions. The ICA which the Ghana Cooperative Movement joined as far back as 1952, will definitely be invited to participate in the international seminar. The seminar will chart the agreed path for cooperative development in Ghana for the future.

Cooperatives in the International Setting

Our Ghanaian experience, as well as the findings of the AARRO and World Bank studies, suggest that there is the urgent need for cooperation among cooperators at the national, sub-regional, regional and international levels. Unfortunately, whilst there appears to be such dynamic and vigorous cooperative cooperation activity in the Asia-Pacific Region, the same cannot be said of the West African Sub-Regional and African Regional areas. I would like the International Cooperative Alliance to give serious thought to ways and means of resurrecting, revitalizing and re-energizing cooperative cooperation among the cooperative movements in Africa. I would also like this Conference to give some thought to how best the Asia-Pacific Region can assist their cooperative brothers from Africa to reach the same level of dynamic cooperation that appears to have been reached in this region.

Conclusion

Mr. Chairman, no matter how effective cooperative movements we may have in our individual countries, nothing can beat the strength that lies in cooperative collectivity, which arises out of conferences such as this one. It is such cross-fertilization of ideas and cross-exchanges of experiences that help dynamise

domestic cooperative activity and which will increase the momentum for increased cooperative activity in our individual countries. Africa and the Asia-Pacific Regions have similar historical, economic and technological experiences and it is only when we come together or we assist each other and learn from each other's experiences that the cooperative movement can become the dynamic force for change - change for the better in our geographical regions and in our individual countries.

In conclusion, I would like to once again thank the Government and people of Indonesia, the Indonesian Cooperative Movement, the International Cooperative Alliance and ICA-ROAP for making this conference possible. Ghana, and AARRO are indebted to you.

Thank you.

Address of Hon'ble Dr. Balram Jakhar, Minister of Agriculture & Cooperation, India*

Mr. President, Hon'ble Ministers of Cooperation from Asia and Pacific Region, Excellencies, Ladies and Gentlemen.

In the beginning, I would like to convey the greetings of Government of India and Indian Cooperative Movement comprising of 160 million cooperators to their brethren in Asia and Pacific countries. I am very happy to be here and convey my thanks to the International Cooperative Alliance and also to the Government of Indonesia for inviting me to participate in this second conference to share the views regarding the cooperative development in the Region with those of other participating countries.

The Conference is meeting in a country which has long cultural links with India as back as 1,000 B.C. I find from official document that the Caka period in Indonesia witnessed the introduction of Sanskrit language. It is in this country where great leaders of Asia had evolved the five principles known as 'Panchsheel', which are also imbibed implicitly on cooperative ideology. I am thankful to the Government of Indonesia and the Indonesian Cooperative Movement for the warm welcome extended to me and to the members of my Delegation.

The most vital tenet of Indian philosophy is "*Vasudhaiv Kutumbkam*" - the whole world is one family and "*Sarava-Jan Sukhay, Sarva Jan Hitay*", i.e. happiness for all and well being for all. With this altruistic cultural heritage and ideal, cooperatives have great significance and relevance to us in India. They are a great force to strengthen the element of secularism, equality and solidarity. It is our belief that cooperatives can play a very effective role in establishing a new economic order imbued with social justice, human values, equity and harmony. If the philosophy and ideals of cooperation are extended also to fields beyond economics, the world will have lasting peace and international understanding. Instead of conflict there will be peaceful co-existence and mutuality. The potentialities of cooperatives have been well recognized and accepted by the United Nations which is established by the fact that the Secretary-General's report to the U.N. General Assembly contains specifically a global report relating to cooperative development.

* Read out by Hon'ble M. Ramachandran, Minister of State of Agriculture and Cooperation, Government of India, in the absence of Dr. Balram Jakhar.

In India this inherent strength and effectiveness of cooperation had been observed as back as 1960 by Pt. Jawaharlal Nehru, who said *"I want to convulse India with Cooperative Movement or rather with cooperation to make it, broadly speaking, the basic activity of India in every village as well as elsewhere and finally to make the cooperative approach the common thinking of India."* He felt that the whole future of India really depended on the success of the support to these vast principles, hundreds of million of people.

As a consequence of definite policy direction and support of the Government, the Cooperative Movement has made rapid strides in all areas of economic life of people. It is vastly diversified covering agricultural credit, marketing, processing, sugar, dairy, fertilizers, handlooms, handicrafts, consumers, housing, etc. There are more than 350,000 cooperatives of various types spread over the whole country with their vertical and horizontal combinations at higher levels. In the field of agricultural credit the cooperatives' share is 40%, in fertilizer distribution 35%, whereas in sugar processing and marketing it is as high as 60%. In spindleage, cooperatives contribute to 20% and in handloom sector 30%. Almost all the villages in the country, which are more than half a million, have come within the reach of cooperatives and nearly 65% of rural households have become members of cooperatives. The working capital of all cooperatives has increased from Rs. 26.7 million in 1950-51 to Rs. 710,000 million (Rs. 710 billion) in 1989-90.

Cooperatives have acted as an important outlet for implementation of Government policies of socio-economic development, especially in the rural areas. They are by any measure most important institutions to enlist people's participation in socio-economic transformation and development. Obviously, there is no other form of economic organisation which can pool together and institutionalize small resources for common use.

Government of India have recognized cooperatives as an important instrument for economic development of the people, particularly those in the rural areas. In the consecutive Five Year Plans, the important role of cooperatives in economic development has been emphasized and cooperatives have been recognized as an important institutional framework to ameliorate the socio-economic condition of the weaker sections. Though some steps have been taken to liberalize the economy of the country, the cooperatives would continue to enjoy the preferential treatment as people's organisations. In the Eighth Plan substantial outlays have been earmarked for the development of cooperatives.

We had formulated a national policy on cooperation as back as 1958. It is reviewed from time to time to keep it in line with developments in the cooperative field and national objectives.

In India, the cooperatives have been promoted for economic development of the poor to save them from the exploitation. Even though in certain cases cooperatives have developed well, still a large section of the rural poor have not benefited to the required extent. The reasons for this are the weak

cooperatives at the primary level, dormant membership, lack of vertical integration and managerial deficiencies. Steps have been taken by way of preparing business development plans for the primary cooperatives, organizing self-help groups within the cooperatives, mobilization of the deposits from the members of cooperatives etc. A programme has been prepared to monitor this programme right from the primary to State level. Implementation of these programmes will be positive step towards making the cooperatives at the grassroots level economically viable. Framework of Deposit Guarantee Scheme has been designed to mobilise resources from the members which will develop the capital base of the societies at the grassroots level. Action has been taken to constitute self-help groups to work as sub-system of primary cooperative credit societies which will enhance member participation. In the next few years, we plan to include all the primary societies in the Business Development Planning exercise.

National Cooperative Development Corporation (NCDC) has been assisting cooperatives in planning, promotion and implementation of various cooperative development projects in all the spheres including agro-processing, marketing, storage and consumers business. It is also operating Integrated Cooperative Development Projects for the overall development of the primary societies on the lines of Business Development Planning Programme. Therefore, it has also been decided to entrust NCDC with the responsibility of implementing and monitoring the BDP programme in the country.

Vast vanishing woods, denudation of once verdant hills and the alarming trend of environmental degradation present nightmarish scenario all over the world. It is now increasingly being realized that agro-forestry can be used as an effective alternative to conventional agricultural cropping pattern which can also contribute to the socio-economic and ecological development through the active participation of the people for their own welfare. In India several cooperative organisations, notably amongst them the fertilizer, dairy and sugar industrial units have responded to the call and have taken up agro-forestry projects. The benefits have been manifold such as the developing forest yielding timber, fuel and fodder, improvement of soil quality, etc. The tree planting cooperatives initiated by National Dairy Development Board (NDDB) are also successful. They not only provide employment to the people but also ensure them a variety of opportunities in the future to supplement their income. These tree cooperatives over a period of time would generate variety of activities besides helping maintaining ecological balance. Hence in India the cooperatives have already taken positive steps towards environmental protection.

We are about to begin our Eighth Five Year Plan. The deliberations and the conclusions in this Conference will help us in taking positive steps towards cooperative development in India.

The association of the Government with the Cooperative Movement and support to it has also caused certain distortions in the cooperative institutions

by way of Government intervention and its consequential unhealthy impact on the practical operations of cooperative principles. There have been cumulative factors that warranted such a situation. I would not like to go into their details. However, there is a definite realization by the Government in the country that cooperatives should function in accordance with their philosophy and principles governing them. Keeping this end in view, comprehensive amendments in the cooperative laws are in the process of enactment. One important feature of the amendment is that greater responsibilities have been placed on the federations of cooperatives, particularly in regard to convening of General Body meetings, holding of elections, conduct of audit, etc. In short, the approach is to remove all the restrictive provisions and place the power of management of cooperatives in the hands of the members themselves and to develop in them self-regulation and self-management. This will also go a long way in promoting members' participation in their cooperatives.

One common weakness of cooperative structure in all the developing countries is that the primary cooperative societies in the villages, which are responsible to serve the farmers are the weakest link organizationally, financially and functionally. It is very essential that concentrated attention should be given to make them strong. I strongly believe that if the primary cooperative societies become strong the whole movement will have strength and will start vibrating. So far as they remain weak, the objective of cooperative development cannot be fully achieved. Keeping this in view, we have prepared business development plan for primaries to be monitored by the concerned cooperative federations.

It is being increasingly felt that element of professionalisation be introduced in the management of cooperatives. In India we have a three tier structure of training institutions - a national Institute of Cooperative Management, 18 cooperative colleges and 95 training centres to impart professional training to various categories of personnel. Government of India meets total cost. However, Government does not administer the training institutes. It provides funds to the National Cooperative Union of India. The contents of courses have to be reviewed in view of modernization of management techniques.

I appreciate the spirit of the Sydney recommendations and declaration of 1990 Ministers' Conference which aims at reversing the traditional approach of no association of Government with cooperatives to that of a positive relationship based on complete understanding. At the Sydney Conference India had suggested that the ICA should work out guidelines to evolve a practical system of cooperative Government relationships to combine cooperative values, socio-economic objectives and competitive strength. I appreciate the framework of guidelines which ICA ROAP has suggested for our discussion.

Far-reaching political and economic changes are taking place in the world, particularly in Europe and former USSR. There is a trend towards liberalization/deliberalisation and privatisation. Cooperatives in several countries are facing severe threats, both from Governments and private sector. Multi-nationals are

likely to pose difficult problems to cooperatives. I would like to urge upon International Cooperative Alliance (ICA) to play effective role in protecting cooperatives by impressing on various Governments about essentiality of cooperative development, particularly in the developing countries. I have learnt that strenuous efforts are being made by Dr. Marcus, President of ICA, in pleading for the cause of cooperatives in countries of Europe where drastic political changes have taken place. However, ICA and its regional arms have to be more vigilant and assertive. I also suggest that greater attention should be paid to the development of international trade on cooperative-to-cooperative basis within and outside the Asia-Pacific region.

I closely followed the action taken by ICA ROAP for the implementation of Sydney Conference. This has initiated positive changes in the cooperative government relationship in the region. There is greater consciousness in this part of the world. I am convinced of the usefulness of our meetings and I support the proposal for its regular periodicity. There is no other forum at international level to discuss exclusively the problems of cooperatives at the Government level.

ICA ROAP has circulated recommendations of Manila Consultation of 1991. They are vital for making qualitative improvement in the working of the cooperatives. However, I would like to draw particular attention to the cost benefit concept which has been mentioned in the Consultation resume. This is very important. I suggest that ICA should take necessary measures to motivate cooperatives for adopting cost benefit analysis, social assessment and social audit of cooperatives. This will go a long way in improving performance and image of cooperatives and develop a sense of loyalty in the members. National workshops may be organized for the adoption of cost benefit analysis.

It hardly needs to reassure Government of India's support to ICA. We have been supporting it ever since ICA ROAP was established in India with the blessings of Pt. Jawaharlal Nehru. Entire region needs expanded services of ICA in this part of the world. Let us strengthen it.

Statement made by Mr. B.S. Vishwanathan, President, National Cooperative Union of India

Mr. President, Hon'ble Ministers of Cooperation from Asia and Pacific Region, Excellencies, Representatives of Cooperative Movements from the Region, Ladies and Gentlemen.

At the outset may I express my gratitude to the International Cooperative Alliance and Government of Indonesia to grant me this opportunity of participation in this august conference. May I also express my warm greetings to all of you on behalf of National Cooperative Union of India which is the representative apex body of Indian Cooperative Movement. I must also congratulate the International Cooperative Alliance for taking this innovative step to formulate broad guidelines for evolving practical cooperative and government collaborative strategy for the development of cooperatives by convening this Conference.

The Sydney Conference, which was a pioneer step in this direction was also attended by the then President of National Cooperative Union of India, and therefore, the Sydney Declaration and Conference recommendations had the endorsement of Indian Cooperative Movement. Earnest steps were initiated both by the Government and Indian Cooperative Movement to materialize the objectives of Sydney Conference by suitably adapting the policy guidelines enunciated in its recommendations to our national situation. While I would not like to go into the details of steps / measures taken by Government of India, in my capacity as President of spokesman institution of the Indian Cooperative Movement, I would like to confine my remarks to initiatives and efforts made by National Cooperative Union of India to implement the recommendations of Sydney Conference. Broadly the Sydney Conference has made recommendations about inter-action between cooperatives and government; accountability of elected management and office-bearers; strengthening of primaries; cooperative education; training and research; monitoring of cooperative development and promotion of inter-cooperative trade both within the country and abroad.

I am happy to inform you that after Sydney Conference there has been increased inter-action between the cooperative movement and the Government. Since subject of the cooperation in India comes within the purview of State Governments, the National Cooperative Union of India and ICA Regional Office jointly convened a National Conference of State Cooperation Ministers to deliberate upon the recommendations of Sydney Conference. The Conference was inaugurated by our Hon'ble Minister of Agriculture Dr. Balram Jakhar. A number of delegations on behalf of Indian Cooperative Movement have called

on the Hon'ble Minister of Agriculture in the Government of India who has given a very positive response to the demands of the cooperative movement. It is good luck of Indian Cooperative Movement that Hon'ble Minister of Agriculture himself is renowned farmers' and cooperative leader. He has been associated with the cooperative movement ever since the time when he was a young farmer and he is fully conversant with the problems of rural areas and cooperatives. Under his able stewardship the Government of India have initiated a number of measures to make cooperative movement strong and self-reliant particularly through the democratization of cooperative law and effective support for making cooperative self-reliant.

These policy initiatives at the level of Government of India definitely will go a long way in the development of cooperatives. The National Cooperative Union of India on its own has formulated a code of conduct for various agencies involved in and associated with the cooperative sector namely cooperative institutions themselves; members, cooperative leaders/Board of Directors Members, cooperative federations, Registrars of cooperative societies and the Government. The Union has also written to all these agencies to voluntarily accept the code of conduct so as to establish healthy conventions and develop accountability of elected management and office bearers.

Weak primary structure has been the bane of Indian Cooperative sector. Although over the years we have been in a position to build up strong super-structures in the shape of federal cooperatives, the base level cooperative organisations continue to remain weak and non-viable. Sydney Conference has also drawn the attention of cooperative movement towards these aspects. In India as mentioned in the address of my Hon'ble Agriculture Minister a comprehensive exercise of revitalizing primary level cooperative societies in rural areas has been taken up. The National Cooperative Union of India being responsible for cooperative education and training programmes has been assigned the task of training of employees and cooperative leaders in the business development planning for primary agricultural cooperatives. It has also formulated a manual for adoption by the primary agricultural cooperatives for preparing their business development plans which visualize the diversification of business of these cooperatives at base level for meeting the total needs of both agriculturist and non-agriculturist population living in rural areas. These business development plans would be integrated at the level of federal cooperatives to support them. This would also ensure effective inter-cooperative business relationships within the federal cooperative structure.

Cooperatives, being the business enterprises, require professional handling of their business operations. This is possible only if their employees and the members of board are professional in their attitude and skills. With a view to meeting the objective, steps have been initiated to restructure the cooperative education and training programme at the level of National Cooperative Union of India. The curricula and syllabi of training courses are being remodelled to meet the management needs of the cooperative institutions. Equal emphasis is

also being given to leadership development programmes for the board members by adopting a modular approach based on sectoral needs and by formulating practical educational material for the purpose. There is also a proposal to convert our premier Institute of Cooperative Management as a Deemed University having organic linkages with other cooperative training institutions located in the country. Besides, a National Cooperative Data Bank and National Resource Centre have been established by the Union to maintain upto date statistics relating to progress and achievements of the cooperative sector. This would facilitate effective monitoring of the role of cooperatives in various sectors of national economy.

In the sphere of promotion of inter-cooperative trade, we have initiated steps for setting up a Centre for Promotion of International Cooperative Trade. A few commodity workshops have also been organized. However, a very limited progress in this direction has been achieved. We hope that with the establishment of Centre for Promotion of International Cooperative Trade, the trade portfolio of cooperatives will further diversify and they would be in a position to play a significant role in diversifying the export basket of the country.

The basic thrust of these programmes is on development of a self-reliant and vibrant cooperative sector with its business linkages with International market. To promote self-reliance within the cooperative sector for reducing its dependence on Government support and resources, concerted efforts have been made to bridge the systemic gap. So far, in spite of its prominent position in the field of rural credit and banking, the cooperative sector does not have its own National Cooperative Bank at the national level. I am happy to inform this august gathering that the National Cooperative Union of India has taken initiative to sponsor National Cooperative Bank of India owned and operated by the Cooperative Movement without any Governmental investment. The proposed National Cooperative Bank of India is in the process of incorporation at the level of Government of India and we are hopeful that this would materialize soon.

In the sphere of promotion of international cooperation the Indian cooperative movement is also conceptualizing establishment of cooperative development fund for SAARC countries particularly for developing international collaboration in the sphere of training, conduct of feasibility studies on the request of developing countries transfer of technology and facilitation of third country projects. The modalities for creation of this fund are being worked out.

In Asia and Pacific Region, national governments are deeply involved in the promotion of cooperatives. In view of this, it is necessary that the Conference of Cooperation Ministers of the Region should be convened by the ICA on regular basis. I am happy to note that in the agenda of this Conference, a suggestion has been made to create a fund for covering organizational expenses for such Conferences. I would request that national governments of Asia & Pacific region to extend requisite support and assistance to ICA through their National Cooperative Movements for making Cooperation Ministers Conference

a permanent forum within the ICA Regional Office for Asia & Pacific. This would be very effective in facilitating enhanced positive interaction between the Government and the Cooperative Movement.

Another important agenda item which is to be deliberated at this Conference is Role of Cooperatives in the Protection of Environment. May I inform this august gathering that Indian Cooperatives have also initiated efforts to play positive role in the protection of environment. Following the Stockholm Conference, National Cooperative Union of India had convened a National Workshop on Role of Cooperatives in Preservation and Protection of Environment. The recommendations of this Workshop were circulated through out the country for sensitizing cooperatives about their role. A number of larger cooperative organisations have initiated special projects in the sphere of social forestry and tree plantation. However, much remains to be accomplished in this sphere.

Concluding my remarks, may I emphasize that presently the cooperative movement faces new challenges which are manifested in the pressures on domestic economy from global economy, new regional groupings and trade blocks in Asia, Europe, North America etc. The transitional situation in eastern and central Europe is further likely to complicate global economy. These trends are sure to have impact on functioning of cooperatives particularly in the context of preservation and protection of cooperative values. The principles of cooperation which have been followed world over will either have to stand the test in coming times or they have to be suitably adapted to meet the challenges of future. Another dimension of the influence of the changes on working of cooperatives is that they should not expect increasing Government support in terms of resources and protection as has been done hither-to-fore in case of cooperatives of developing countries. To my mind the survival of cooperatives would depend on their competitive strength and efficiency in the market. Therefore, I would urge this august conference to formulate suitable guidelines for building up competitive strength of cooperative sector. But much will depend on cooperatives themselves.

With these words may I close my remarks and express my deep gratitude to the International Cooperative Alliance and Government of Indonesia to invite me to participate in this Conference.

Statement made by Prof. Wagiono Ismangil, Secretary-General, Department of Cooperatives, Indonesia

Mr. Chairman, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen,

First of all, permit me on behalf of the Indonesian delegation to welcome you all to our country and to thank you for the opportunity to present a brief account and recent development of Indonesian cooperatives on this very prestigious occasion.

For us in Indonesia, cooperatives is very close to our hearts, and thus the promotion and development of it is mandated by the constitution. Article 33 of the 1945 Constitution explicitly, stipulates "That the economy shall be organized as a common endeavour based on the principle of familyhood", furthermore, the cooperative is considered the suitable form of an economic enterprise. Cooperative development, therefore, becomes an integral part of our national economic development. More specifically this view is enhanced since the New order Government under President Soeharto.

Basically, cooperatives is considered a grass root movement and the motivating force behind the cooperative organisation is the principle of self help. As such its surge of development comes from within the movement itself. The function of the government is to facilitate and to render guidance, supervision, and protection to enable cooperatives to function as a vehicle for the benefit of people's welfare.

In general, the government policy in promoting cooperatives is directed to facilitate the growth and development of cooperatives and to enhance their managerial competence to undertake various economic activities. In this respect the government has been consistently supporting the cooperative movement by providing support and creating a conducive atmosphere in order to achieve a self-reliance stage.

The close linkage between the government and cooperative movement has been a basic character in cooperative development in Indonesia. Government policies to develop cooperatives has been formulated with the self-reliance of cooperatives as ultimate objectives.

Mr. Chairman, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen,

To better understand cooperative development policy in Indonesia we can

view two basic categories, namely, the KUD, rural based multi-purpose cooperatives and the non-KUD, i.e. other cooperatives, including functional cooperatives, organized by servicemen and civil servants.

To focus the limited resources for optimal results, government efforts at present is mainly directed to the promotion of the KUD village cooperatives, for the simple reason that they are strategically effecting the welfare of the bulk of population in the villages.

In general, the development policies to promote cooperatives have achieved satisfying results.

Among others, with the establishment of training centres in all the provinces in Indonesia, one of the most basic tools for cooperative promotions are fulfilled. In addition cooperatives are an integral part of the curricula in various secondary schools all over the country.

Furthermore, with the assistance of government a number of cooperative educational centres, such as cooperative high school, academies and cooperative higher education have been set up by the movement itself, fulfilling the need for scarce managerial manpower for the movement.

In the financial aspect, government has supported the cooperatives with the formation of the Cooperatives Financial Development Corporation, a financial institution under the Ministry of Finance to guarantee cooperative credits.

In addition, the cooperatives have established a Cooperative Commercial Bank (BUKOPIN), a Cooperative Insurance (KAI) and a number of cooperative rural banks (KBPR).

To augment the need for managerial control of cooperatives, the government renders supervision and guidance to assist cooperatives with the necessary feedback to direct their management. We have at the moment organized an auditing services cooperative (KJA), to provide the services in audit and management control organized by the cooperatives themselves.

These are some of the achievements of the Indonesian cooperatives to develop a solid base for further development of a self-reliant cooperative movement.

Distinguished Delegates, Ladies and Gentlemen,

Our consistent effort in promoting cooperatives has resulted to significant progress where presently there are 36,542 cooperatives with membership amounting to more than 29 million which is accounted for almost 16 per cent of the total population.

These cooperatives are organized into 20 apex organisations which are the members of the Indonesian Cooperative Council.

Realizing the agricultural nature of our economy, and that the majority of our

people is still rural based, the main thrust of cooperative development is directed toward the rural based cooperatives that we called KUD.

Indeed, the fifth 5-year plan is primarily directed toward the development of 2000 up to 4000 self reliant KUDs. And I am pleased to mention that within the last four years we have managed to launch and declared 2092 KUDs as self reliant. We do hope that this achievement will become a catalyst to the further development of self-reliance of cooperatives in the country.

Your Excellencies, Distinguished Delegates, Ladies and Gentlemen.

On this prestigious occasion may I mention, that the continuous support of government in cooperative development is for a large part indicated by a continuous commitment of none other than His Excellency President Soeharto himself.

In his state address of early January 1990 he appealed to the private enterprises to sell up to 25% of their companies' share to the cooperative sector. This strategy is mainly directed to strengthen interlinkage among the various sectors of the economy to become an integrated whole, operating with the spirit of brotherhood as mandated in our Constitution. To this moment, there are 116 companies which have transferred 43.5 million shares to 1,203 cooperatives, specifically village unit cooperatives, employee cooperatives, and other cooperatives whose business activities are related to that of the companies, such as input supply to the companies and/or marketing of the companies produce.

In addition, the state owned companies have been directed to allocate 1 to 5% of their profits to assist the development of cooperatives and small scale business enterprises as an instrument for promoting equity.

Distinguished Delegates Ladies and Gentlemen.

With respect to the Sydney Declaration, Indonesia upholds the conclusions reached at the first Ministers' Conference and observed the Recommendations to the fullest possible. This was evident among others, from the Report of our National Follow-up Workshop held on July 1991 as requested by the Sydney Conference.

While with regard to current issues of global trend and cooperative values, the Indonesian Delegation believes that cooperatives should be aware of the challenges and opportunities of globalization and responds accordingly without eroding the basic values of cooperatives.

Cooperatives in Indonesia are presently active in strengthening their competitiveness in collaboration with more advanced cooperatives around the world. Joint projects with cooperatives of Denmark, Canada and Japan are being pursued.

The government, realizing the new challenges facing cooperatives is doing its utmost to facilitate the movement to cope with new development of the economy nationally as well as internationally.

One aspect that is now under consideration is the review of the 24 year old Cooperative Law i.e. Law No 12 of 1967 to enable cooperatives to perform better as economic enterprises. Thus developing cooperative competitiveness as a whole.

It is really in our interest to foster our international cooperative relationship. Our agriculture produce and small scale industry products are growing fast that we should seek for new outlets internationally. For this reason international cooperation and assistance is invited.

Distinguished Guests and Delegates, Ladies and Gentlemen.

I am also happy to report that the ASEAN Ministers meeting on Food and Agriculture in Manila, 1991, has sanctioned the establishment of the Asean Centre for the Development of Agricultural Cooperatives here in Jakarta. The ACEDAC is a center to accommodate the research and training needs of cooperatives in the ASEAN region.

In addition recently several joint activities involving some Asia-Pacific countries have been carried out in the form of workshops namely Asia Pacific youth cooperatives, the Asean women cooperative, and the Asian student cooperative.

All of these are part and parcel of our commitment to develop and strengthen our cooperatives nationwide through cooperation with other countries.

To conclude this country statement, permit me to convey the Indonesian delegations confidence that our deliberations in this prestigious conference and the potential networking that may emerge this event will benefit the promotion of cooperatives in our region and that we head towards a brighter future through cooperation.

Wishing you all the best in your deliberations.

Thank you.

Statement made by Hon'ble Gholam Reza Shafei, Minister of Cooperatives, Iran

Mr. President, Your Excellencies, Honourable Ministers, Fellow Cooperators, Ladies and Gentlemen.

Presenting the best regards of Islamic Republic of Iran Government to you, thanking the Government of Indonesia for the friendly and warm welcome, I am really grateful to the ICA, as well as, the Conference Management for allocating an opportunity for me to deliver my speech.

Let me start the speech with a verse from Ghoran, the God's Book:

"Verily, never will God change the condition of a people until they themselves change it with their own bodies and souls".

There is a big and growing gap between the developed and developing countries. Besides the economic and natural scarcities, the rich and powerful countries have had an effective role in extending the gap by not transferring the technology. Lack of optimum organisation and management as well as people's ignorance of the need and importance of cooperatives are also the causes of increasing the gap.

In each society, the creation of new thoughts towards the improvement of socio-economic infra-structure should be based on contributing people to comprehend their needs and then to attempt to fulfil them. In our Constitution, article 44, it is clearly specified that the Islamic Republic of Iran Economic System is based on private cooperative and public sectors.

It is expected that the public sector activities be limited within certain frame while the cooperative sector be extended and the private sector is free to have its competitive market, while considering the following topics: Having coordination with the other economic articles in the Constitution; Causing economic development and growth of the country; and Resulting in benefit and improvement of the society.

Article 43 of the Constitution emphasizes the following cooperative policies: (1) Creation of conditions and possibilities of full employment; (2) Availability of means of production to those who are able and ready to work; (3) Access to cooperative interest-free loan, or finding any legitimate method for the cooperatives, in way that neither the government becomes the absolute central employer nor a few special individuals have the country wealth and fortune circulate and centralize only among themselves.

Kinds of Cooperatives and Their History in Iran

We have at present eight kinds of cooperatives called: Consumer, Housing, Credit, Labour and Profession, Agricultural and Rural, Development and Production, Fishery and Rural Industries cooperatives.

1. **Consumer Cooperatives :** Consumer Cooperatives have been existing in Iran since the World War II. With the extension of unexpected inflation, consumer cooperatives emerged with the help of a few fixed income members. In a decade, 19 cooperatives were set up out of which only three succeeded to continue. In the following decades, the consumer cooperatives increased in number and reached 1,170 with 747,737 members, having an asset of 18 million dollars in February 1979. After Iraq started war against the Islamic Republic of Iran in September 1980, people tried to establish local consumer cooperatives to control inflation and to supply the consumer products with moderate prices. In November 1991, the number of consumer cooperatives reached 6,091 with 5,200,000 members having an asset of 650 million in comparison with February 1979 figures, there is 420% growth in number and 595% growth in members and 325% growth in the asset of cooperatives. The consumer cooperatives use 9.6% of urban family budget.

2. **Housing Cooperatives :** In February 1979, there were 811 housing cooperatives with 182,915 members having an asset of \$46 million. In 1985-87, about 159,258 members possessed either their own houses or housing lots ready for construction. The number of the housing cooperatives increased rapidly and reached 6,098 cooperatives with 754,830 members having an asset of \$214 million. The trend revealed 651 per cent growth in the number of members. The asset growth was 362 per cent compared with February 1979 figures.

3. **Credit Cooperatives:** At the outset, credit cooperatives were set up in labour centres. In January, 1964, the first credit cooperative was having 16 members and an asset of \$114 in established with the help of Welfare Bank for Workers (WBW), having 16 member and as asset of \$114 in Varamine Oil Extraction Factory. This kind of cooperatives was welcomed by the government employees and surpassed Labour Cooperatives increased to 785 with 197.923 members and \$5 million asset.

In November 1990, these cooperatives grew to 883 with 239.394 members with an asset of \$120 million. Just now, the most successful credit cooperative of Iran is the Employee Cooperative of Arumia Training and Education Department (ECATED) having 14,000 members with \$ 30 million assets.

4. **Labour & Profession Cooperatives:** In February 1979, there were 247 Labour and Profession Cooperatives (such as handi-crafts, craftsmen, Industry Owners, as well as the cooperatives having free and civil professions in production and distribution) with 98.158 members, having a \$ 24 million asset. After 1979, Goods & Service Distribution System improved and the idea of

Crafts Cooperatives Extension flourished. In November 1991, their number increased to 4,050 with 626,346 members and an asset of \$188 million, having 7670 percent growth.

5. Agricultural & Rural Cooperatives: The beginning of rural cooperatives in Iran was in 1951. Nevertheless, its rapid growth occurred in the following decade. The most important activities of these cooperatives are multipurpose such as : executing the role of a small local bank; supplying and distribution of agricultural appliances; management of rural cooperative shops; supplying the rural people needs; and purchasing surplus of the agricultural products from the rural cooperative members.

In February 1979, the rural cooperative number was 2,939 with 3,010,202 family members and \$127 million asset. The Rural Cooperative Alliance number was 153 with 2,923 cooperative society units having asset of \$ 53 million dollars.

In September 1991 the rural cooperatives number increased to 3,130 that is 6.5% growth compared with February 1979. The members augmented to 4,325,331 with 44% growth with an asset of \$1,107 million with 770% growth (considering the current prices). The Rural Cooperative Alliance number was 190 with 3,094 cooperative society units has an asset of \$ 4.281 million. There were 1,158 agricultural cooperatives with 561,578 members and \$379 million asset.

6. Development and Production Cooperatives: In 1979, the Islamic Republic of Iran's Revolutionary Council (IRIRC) approved the programme concerned with the employment of unemployed graduates, as well as, the establishment of the development, agricultural and industrial cooperatives, having the government support, according to paragraph 2, article 43 of the Constitution. The result of this programme was the establishment of 6,829 cooperatives in the country with 50,000 new employment.

7. Fishery Cooperatives: Before the Islamic Revolution, in February, 1979 there was only 40 fishery cooperatives in the North and South of Iran with 3,779 members and \$2,600,000 asset. Recently, these cooperatives have not only the support of the government to remove their problems but also they gain a more suitable management. In November, 1991 the cooperative number reached 185 with 52,201 members and \$ 10.3 million asset, having 129 ships, 2,575 vessels (skiffs) and 5,239 fishing boats, working totally in form of 3 Cooperative Unions.

8. Rural Industry Cooperatives: After the Islamic Revolution, establishment of cooperatives in many rural industry fields was studied such as: agricultural, cellulose, metal handicraft industries and manual carpets. Rural residents were encouraged to set them up, the data of which were already mentioned in Labour and Profession Cooperatives. The establishment of Manual Carpet Cooperatives was remarkably increased and reached 62 in 1990 with 100,000 carpet weavers.

While concluding my speech, I briefly state that a separate Cooperative Ministry has recently been installed in Iran.

After the Islamic Revolution, the cooperative sector gained a very important basis in the Constitution, as well as, in economic planning. People were encouraged to set up cooperative societies and unions as a reliable lever for socio-economic development to avoid public sector extension and to assign more affairs to the people themselves who are the ultimate beneficiaries of socio-economic planning execution. The entity of 11 million members in the cooperative societies and unions reveals the fact that people have welcomed the cooperative method, having the suitable potentiality and inherent capacity for growth and development. Two months ago, the People's Representatives in the Iranian Parliament approved the establishment of Cooperative Ministry to coordinate the cooperative sector plans with the public and private sectors in the macro-economics, as well as, to remove the redundant offices.

The more the cooperatives are not intruded the better the cooperatives should ultimately stand on their own feet. The public sector should gradually assign parts of its activities to the cooperative and private sectors and try to execute the programmes that the other two sectors are unable or unwilling to perform.

Recently the Cooperative Ministry has a comprehensive plan under study to train and support the cooperatives especially in urgent situations.

Hereby, I cordially expect the President of ICA and all of the present honourable ministers, fellow-cooperators, delegates ladies and gentlemen to have mutual exchange of experiences, view points and fruitful research and training.

Good Luck and Thanks.

**Statement made by Hon'ble Takao Jin-Nouchi,
Parliamentary Vice-Minister for Agriculture,
Forestry and Fisheries, Japan**

Mr. Chairman, Distinguished Delegates, Ladies and Gentlemen.

It is a great privilege and honour for me to attend this Conference on behalf of the Ministry of Agriculture, Forestry and Fisheries, the competent authority for agricultural cooperatives in Japan. At the same time, it is also my pleasure to exchange views and opinions with you all as members of the Asia and the Pacific region.

I would like to offer you, Your Excellency Mr. Bustanil Arifin my warmest congratulations for your unanimous election as Chairman of this Conference. I am fully convinced that this Conference will produce fruitful results under your skillful Chairmanship.

Last, but not the least, I would like to express my hearty respects to the Indonesian Government and National Cooperative Council of Indonesia for kindly hosting the Conference, and also I wish to express my gratitude to the secretariat of the ICA Regional Office for Asia and the Pacific, for the efforts in preparing for this session.

**Development of Agricultural Cooperative Movement in Japan
and supports extended by the Government of Japan.**

Mr. Chairman,

The cooperative movements in Asia and the Pacific countries were established in succession in the latter half of the 19th century. The movements have developed to such an extent that now more than 50 per cent of members who constitute the ICA belong to this region. I deem it extremely significant that both participants of the governments and the cooperatives give reports on their countries, as well as deliberate upon common issues, such as the basic values of the cooperative movement and a common strategy for the enhancement of the socio-economic status of the people concerned.

On this occasion, it is my pleasure to introduce you to the Japanese experience with agricultural cooperatives. These played a large part in the democratization of rural communities, the increased productivity of agriculture, and the uplifting of the socio-economic status of Japanese farmers.

Japanese farmers went through a great turning point in the year 1945. Before 1945, many farmers were landless tenant-farmers. In the following year, agrarian reform was implemented and tenant-farmers came to possess their own farmland. Also, coupled with agrarian reform, the Agricultural Cooperative Law, which positions autonomy and mutual help as its basis, was enacted in 1947. Soon after, many agricultural cooperatives were established in every corner of Japan. However, these new born agricultural cooperatives shortly went into collapse due to the rapid decline of the economy by the deflation policy which was taken to stop inflation during the post-war period and by the poor management on the part of agricultural cooperatives.

To tide over such situations, the Government of Japan strongly took measures to support the agricultural cooperative movement in its revitalization. Through such experiences, the government acknowledged the need for the reinforcement of the organisational and business bases of agricultural cooperatives by promoting the amalgamation of primary cooperatives.

For this purpose, the government enacted a special law in 1961 for promoting the amalgamation of agricultural cooperatives by providing subsidies for investment of facilities of amalgamated cooperatives and giving preferential tax measures. At present, only preferential tax measures are being given to amalgamated cooperatives and the amalgamation programme is still going on. As a result, the number of primary cooperatives was reduced from 12,000 in 1950 to less than 3,600 in 1990 and the management scale of these cooperatives were expanded with the total number of members reaching 8.5 million.

In fostering and strengthening agricultural cooperatives, it is considered very important to raise agricultural production as well as to increase member-farmers' income. To that end, in order to disseminate technical know-how, the government has made efforts to help farmers stand on their own feet and increase their economic power by establishing agricultural extension officials, who take charge of giving guidance on agricultural production techniques.

In addition to these policies, the government has directly and positively evolved various policies such as price stabilization measures for agricultural products, improvement of the agricultural structure, and providing long term institutional loans at low interest for the modernization of agricultural production, thereby strengthening the constitution of agriculture in Japan. As to how the government is involved in agricultural cooperative affairs, basically the government as its policy fully respects autonomous efforts by agricultural cooperative organisations. However, agricultural cooperatives in Japan are undertaking credit business and mutual insurance businesses which have a public character. Therefore, for ensuring the sound operation of business in agricultural cooperatives, the government is supervising agricultural cooperatives in accordance with law and ordinances within the limit of necessity.

Mr. Chairman,

Agricultural cooperatives in Japan provide various services to their members such as guidance for agricultural techniques and farm management, supply of agricultural inputs or consumer goods, the marketing of agricultural products, the operation of savings, deposits and loan services based on members savings, and the joint operation and management of agricultural production and medical care activities to protect the health of farmers. Thus agricultural cooperatives in Japan are largely contributing to the enhancement of farmers' status and the development of rural communities. However, recently the trends of urbanization of the rural community and part-time farming have progressed. While on the other hand, consumption of rice has decreased mainly due to a change of the diet habits of the Japanese people. Japanese farmers are faced with various problems such as the small scale of our farmers and the difficulty of increasing agricultural incomes and reducing of production costs.

Moreover, honestly speaking, it is a fact that in the midst of increasing roles of Japan in international society, Japan is called upon to open its market for agricultural products to overseas countries. Both agricultural cooperatives and farmers in Japan are thus confronted with unprecedented tribulations. Due to the fact that our government has tried to improve market access several times, our self-sufficiency ratio has declined to 47% on a calorie basis, which is the lowest among the developed countries in the world. Thus Japan depends on overseas countries to a large extent for its food supply. As our country has had bitter experiences of food crisis in the past, the people have a strong interest in securing a foods supply from world markets in a constant and stable manner.

To that end, we are convinced that basic food-stuffs at least should be produced by each country within its own land. On the basic recognition that the roles and missions of agricultural cooperatives are increasingly gaining in importance, the government of Japan should like to further provide necessary supports in assuring the safety of our food supply, developing agriculture, as well as enhancing the status of farmers. But as agricultural cooperatives are to be run autonomously on their own wills, I would like to emphasize that this is the fundamental factor responsible for the development of farmers organisations.

Japan's International Cooperation

Mr. Chairman,

With the increasingly inter-dependent relations among each countries of the world, it is imperative that the harmonious development of the international community be pursued for the realization of the sustainable prosperity of the world. Japan has been actively involved and participating in international efforts to assist developing countries in boosting their socio-economic

development. Over the years, Japan's Official Development Assistance (ODA) has been expanding progressively. As a result, the 4th Medium-Term Target of the Official Development Assistance Plan, aimed at an increase of over 50 billion dollars in the performed total amount of ODA during the five years from 1988 to 1992, is currently projected to be achieved. In view of the fact that the agriculture, forestry and fisheries sector constitutes a key industry which promoted the self-reliant socio-economic development of developing countries and also that it serves as an important vehicle for the solution of environmental problems on a global scale, it has been increasingly perceived as an important field for Japan's international cooperation. With that in mind, we have been attaching particular importance to the Asian and Pacific region for its implementation.

Mr. Chairman,

It is a matter of immense pleasure that although Asia and the Pacific region used to be considered as the centre focus of the world food issues, but self-sufficiency of major grains and cereals has been attained recently in many countries due to governmental supports for the development of rural infrastructure projects in the field of large scale irrigation, rural community revitalization, research and extension. Moreover, the FAO reports that the 300 million people, or approximately 60 per cent of the total world population, who are now suffering from malnutrition or in undernourishment live in this region.

Although remarkable development has been made in the field of food and agriculture in this region, there still remain a host of problems such as unemployment, poverty and various other problems pertaining to development and the environment which need to be solved. In a bid to address these problems and to make improved nutritional intakes of the people at large, it is important to encourage the alliance of farmers. It is also of much significance that "Enhancing rural employment and incomes through the development of agro-processing industries" is to be taken up as one of the important items of the agenda at the 21st Regional Conference for Asia and the Pacific of the FAO. From this perspective, it is essential to give small farmers effective guidance and supports on the formulation of farm management plans, provision of loan fund assistance for better farming, joint purchasing of production inputs as well as the joint marketing of agricultural products. In this context, I firmly believe that the cooperatives, as mutual aid entities based on the cooperative spirits of member farmers, are the most relevant institution in implementing the above mentioned tasks.

In the light of the importance that the cooperatives play in overall development, Japan not only contributes funds to the ICA for the implementation of such training projects as the training course for strengthening agricultural cooperatives, the training course for fostering fisheries cooperatives and the training course for fostering women leaders in rural community development, but also accepts participants and gives assistance for fostering personnel deeply concerned

with cooperative development efforts.

On the top of this, Japan has been helping developing countries in their autonomous development efforts by providing technical cooperation for the development of agricultural cooperatives. Japan will also continue to positively promote multilateral as well as bilateral cooperation by fully harnessing the expertise and technology held by international organisations.

Conclusion

Mr. Chairman,

I recognize that the success and development of ICA, the worlds largest non-governmental organisation today, is largely attributable to the fact that it has evolved as a grass-roots oriented organisation in pursuit of establishing a just socio-economic order based upon self-help and cooperative spirits despite vast differences in geographical, historical and socio-economic conditions. In order to make further sustained development for cooperatives in Asia and the Pacific region, I think it is necessary that each and every government of the region continuously provide adequate policies and financial support to them. In doing so, it is important to foster cooperatives with respect ideas of self-help and cooperative spirits.

I sincerely hope that all the secretariat members of the ICA Regional Office for Asia and the Pacific with their rich experiences and expertise will do their utmost in helping solve the problems which cooperatives in this region are confronted with.

As you may well aware of, in the year 1995 ICA will commemorate the 100th year anniversary of its foundation. And since the ICA Congress will be held in October, of this year in Tokyo, the first of its kind ever held in Asia, I warmly welcome and look forward to seeing you all there again.

Thank you for your kind attention.

**Statement made by Mr. Hiroumi Kawamura,
Director, Social Betterment Division,
Social Welfare Bureau, Ministry of
Health and Welfare, Japan**

Hon'ble Chairman,

The Parliamentary Vice Minister of Agriculture, Forestry and Fisheries has just given a speech as the representative of the Japanese Government on agricultural cooperatives in Japan. Similarly, I would like to talk about the present situation and issues facing consumer cooperatives in Japan, as the representative of the Japanese Ministry of Health and Welfare, and as one having jurisdiction over these cooperatives.

1. Present Situation of Consumers Cooperatives

A consumer cooperative is a mutual aid organisation, voluntarily established by the consumers themselves in a place where they live or the place where they work in order to improve their quality of living and to make their life more stable.

The business operations of a cooperative include (a) provision of daily necessities such as food and clothing, (b) facilities such as medical institutions and restaurants, (c) mutual aid for items such as life insurance and in case of fire, traffic accidents, etc., and (d) educational and cultural programmes.

Since the Consumers' Livelihood Cooperative Society Law was established in 1947, membership and turnover have shown remarkable growth. As of 1990, there are 1,300 cooperatives with 35 million members, turnover of Yen 3 trillion, and mutual aid contracts for nearly Yen 370 trillion.

Out of the 35 million members, some belong to more than one coop, so this may not be very accurate, but one in every four or five Japanese can be considered a coop member. The individual cooperatives are of various sizes, but cooperatives as a whole, now have an established position in society.

Although there are many types of cooperatives, I would like to talk about retail cooperatives. This is because they have been organised and developed based on the *han* group, a distinctive characteristic of Japanese cooperatives, a term that is now in common usage worldwide. A *han* is a small group of a few

housewives set up to make joint purchases. This, in itself, is a unique business form for Japanese coops.

Retail coops have organised housewives into *hans* through share investment, use of services and participation in administration. Their main activity is the purchase of foods, but in recent years, they have diversified to include, sports, educational and cultural activities, and welfare activities for the aged. The size of cooperatives vary, but there are as many as twenty-two that have more than a hundred thousand members. It is said that they have organised one in every five households

2. People's Expectations of Coops

i. Ensuring democratic management through member participation

A coop is a mutual aid organisation, and democratic management through member participation is its foundation and life spring.

The democratic management of coops is legally guaranteed through one vote by one person with the general (representative) assembly as the supreme decision-making organ. However, with the expansion of cooperative scale, specialised and complicated business operations, and the increase in working women, the system is in danger of becoming a mere form. In order to prevent this from happening, small group activities and the decentralization of power should be promoted; women should be appointed to official positions; efforts ought to be made to educate members, officials and staff; and all information should be presented to members, helping to promote the legal decision-making process.

ii. Unceasing efforts for a better life

Coops have endeavoured to provide safe, trustworthy and inexpensive products. They have also given consumers a more influential social position, and affected the distribution system and the administration' consumer policy in various ways. However, as cooperatives grow larger, and when their business is exposed to tough competition, business management becomes the primary concern of the officials, and consumer activities, which was the starting point, tend to be neglected. In the future, coops are expected to take the initiative not only in consumer activities but also to meet members diversified demands and requirements concerning their lives. Operations leaning exclusively towards business management should be severely admonished.

iii. Collaborations with agricultural cooperatives and harmonious relations with small-to-medium size retailers

In recent years, collaborations with agricultural cooperatives, as can be seen with farm fresh foods, have spread, and these methods have also been adopted by supermarkets and the retailers. This provides consumers with fresh and inexpensive food, which fulfills their needs, and helps revitalize rural areas

and food producers. As these are the merits of these programmes, further effort should be made in this field.

Friction with small-to-medium size retailers has often been pointed out as a problem. They should of course be peacefully solved by discussing matters at the time of opening coop stores. And efforts should be made to prevent buying by non-members, for instance, by having people show their membership cards as certificate before shopping. It may also be possible to open a store jointly. The important thing is to maintain good relations with local merchants.

3. Looking Toward the Twenty-First Century

i. Addressing environmental issues

As can be seen from the United Nations Conference on Environment and Development held in Brazil, environmental issues have been addressed worldwide and each country is requested to take specific steps. Coops are consumer organisations and at the same time able to view the whole process of development production, consumption, and waste management as one sequence. This is the advantage that they have in approaching environmental issues. At the moment, reviewing our way of life from the standpoint of environmental conservation-oriented society in the twenty-first century is expected.

ii. Developing welfare activities

Coop welfare activities for the aged are especially notable since Japan is speedily becoming an aging society. At present, programmes mainly consist of assisting with housework and providing meals. It is one of the most appropriate activities for coops which are voluntary mutual aid organisations, and have a very important role to play in the community. Recently, coops that have taken up welfare activities are increasing and at the Ministry of Health and Welfare which is in charge of welfare policies, we place high hopes on further participation of the coops.

iii. Active contribution of the local community

With the increase in coop activities and the establishment of their social status, coops are strongly urged to be aware of their social position and responsibility appropriate to their size and strength. They should of course endeavour to protect and pursue consumer interests, but are also expected to do their share in re-vitalizing the local economy by cooperating with local stores, companies and industries and contributing to the creation of a new community spirit by taking active role.

4. The Approaching ICA Tokyo Congress

It is a great pleasure for us that the 30th ICA Congress is to be held in Tokyo in October.

At the 29th ICA Congress in 1988, ICA Chairman Marcus presented the Basic Values of Coops as a question to be addressed. And, at the beginning of the report, he mentioned that this theme had emerged through reviewing the experiences of *han*, and member activities of Japanese coops.

ICA is soon to celebrate its centennial, and the fact that the Congress, which has always been held in Europe, will be held in the Asia-Pacific region for the first time is ample proof of the growth of cooperative activities in this region, not to mention Japan.

The Japanese government means to cooperate as much as possible for the Congress's success, and has already decided to support it and to assist with expenses.

We hope coop people worldwide will attend the Congress, and especially wish for those in the Asia-Pacific region to participate. We hope they will contribute to the success of this Congress, will see with their own eyes the situation of coops in Japan, and will deepen their friendship with all of us.



**Statement made by Mr. Mitsugu Horiuchi, President,
Central Union of Agricultural Cooperatives of
Japan and Chairman of the Organising Committee
of the 1992 ICA Congress**

Hon'ble Chairman, Hon'ble Ministers, Distinguished guests, Ladies and Gentlemen.

As the time is limited, I would like to make the rest of my speech in English through the interpreter.

As mentioned in earlier country statements, it is most important that governments respect the autonomy of cooperatives and at the same time provide maximum support and cooperation for their development. The Japanese government is giving us the support and cooperation we requested in the preparation for the forthcoming ICA Tokyo Congress.

As you already know, the purpose of the Tokyo Congress is to discuss such issues as the basic values of cooperatives and the environment-development problems and to reconfirm the direction of cooperative development in the 21st century and solidarity of cooperative members throughout the world.

This marks the first time the ICA Congress is to be held in Asia since its inaugural Congress in 1895. We firmly believe the success of this Congress depends on the active participation of many delegates from Asia and the Pacific. The weather in October is excellent and autumn colours are beautiful. We hope fruitful discussions will take place, but equally important for us is to have the participants enjoy their stay. Therefore, we are planning to have such programmes as visits to cooperatives in Japan and experiencing Japanese tradition and culture.

Please take this opportunity to see and enjoy Japan. The cooperative members of Japan are looking forward to seeing you again in Tokyo.

Thank you.

**Statement made by Dr. Chung Ki-Soo,
Deputy Chairman and Senior Executive
Vice-President of National Agricultural
Cooperative Federation, Republic of Korea**

Mr. Chairman, Distinguished Participants, Ladies and Gentlemen.

It is a great honour for me to deliver this statement on the agricultural cooperative movement in Korea to such a distinguished audience on the occasion of the "ICA Conference of Ministers responsible for Cooperative Development on Cooperative-Government Collaborative Strategies for the Development of Cooperatives in Asia and the Pacific."

On August 14 last year, our agricultural cooperatives celebrated the 30th anniversary. During the past thirty years, the agricultural cooperatives in Korea have experienced a remarkable change in various aspects. However, we have maintained consistency of our original objectives : to increase agricultural productivity; to enhance the economic and social status of farmers; and to ensure a balanced development of the national economy through the voluntary organisation of farmers.

Historically, the agricultural cooperatives in Korea have been restructured twice. In the early 1970s, all the village-level cooperatives were merged into economically viable township-level cooperatives, bolstering their ability to extend a variety of services to their member-farmers through the expansion of business volume, introduction of new types of business, establishment of various physical facilities, and increase in the number of employees.

In 1981, the agricultural cooperatives were reorganized into two-tier system from the former three-tier system. The rising expectations and aspirations among the farmers and government officials toward the primary cooperatives, increased competition between the cooperatives and private enterprises, and the development of transportation and communications drawing the rural and urban areas closer in terms of time and distance had prompted the restructuring of agricultural cooperatives.

Since 1981, the agricultural cooperatives in Korea have been operated under the two-tier system: primary cooperatives at the township level and their federation at the national level. They are horizontally classified into two categories ; multipurpose cooperatives and special cooperatives. The multipurpose cooperatives are organised by farmers primarily engaged in the production of

grains such as rice and barley, while the special cooperatives are established by the farmers who are mainly engaged in fruit and vegetable farming.

The agricultural cooperatives of multipurpose type in Korea embrace all the country's farm households and conduct diversified businesses and activities relating to farming and living of member farmers. They include credit and banking, cooperative insurance, marketing, supply, guidance, political and legislative activities, research and education, and publication. In business performance, the agricultural cooperatives have recorded a rapid growth. In 1991, the average business turnover per multipurpose cooperative reached 31 billion won (US \$41 million) about 78 times over the 1972 figure.

In recent years, our agricultural cooperatives have been positively engaged in the political and legislative activities. In accordance with the introduction of local autonomy system last year, the agricultural cooperatives have strengthened their activities for reflecting the interest of farmers on the policy of the local government, and many cooperative-related persons including the presidents and board members of agricultural cooperatives were elected as local council members. In addition, agricultural cooperatives have played an important role in the decision on support prices of major farm products and the legislation of taxation for farmers.

Mr. Chairman,

Agricultural cooperatives in Korea, however, are now faced with many problems including the liberalisation of agricultural import, increasing competition with the private sector, diversified demands for cooperative services and so forth.

Under these adverse circumstances, our agricultural cooperatives have to work out effective measures to cope with the liberalisation of agricultural market, to improve competitiveness of the cooperative business, particularly banking and credit business and agricultural marketing business, to actively participate in the agribusiness such as food processing and farm input manufacturing industries, to expand welfare and cultural services, and to reinforce the political and legislative activities.

To tackle the above mentioned problems faced by agricultural cooperatives and to effectively accomplish these various tasks, there should be new determination on the part of the managers and employees of the agricultural cooperatives to introduce innovation in the operation of cooperatives and positive participation by the member farmers in the cooperative businesses as well as generous assistance by the government to the cooperatives.

Ever since its establishment, the Korean government has fully recognised the importance of economic and social role which can be played by the agricultural cooperatives for the welfare of member farmers and for a balanced development of the national economy.

The Agricultural Cooperative Law stipulates that all the Ministers of the government shall actively support the business of the cooperatives and the Federation, and preferentially provide facilities of the government or public organisations for their use, that the government may grant subsidies necessary for the business operation of the cooperatives and the Federation within the scope of its annual budget and that the Chairman and President of the Federation may present to the government his recommendations regarding development of the cooperatives and the Federation.

The Korean Government has endeavoured to develop the agricultural cooperative movement through various measures including the promulgation of the Agricultural Cooperative Law, granting of tax privileges to the business operation of cooperatives, expansion of financial assistance to the cooperatives, and recognition of cooperatives as suitable agencies for implementing various government programmes such as supply of important farm inputs and procurement of major agricultural products.

In spite of the traditionally amicable relationship between the government and agricultural cooperatives, a new relationship has emerged recently due to the environmental changes. Agricultural cooperatives are enjoying autonomous operation independent from the governmental regulations, local autonomy system is being introduced, and the private sector is increasingly opposing the privileges given to the agricultural cooperatives.

Under these circumstances, agricultural cooperatives should strengthen their political and legislative activities for the government to continue to provide cooperatives with privileges at the national and local level. At the same time, agricultural cooperatives should exert their utmost efforts to enhance the competitiveness of their businesses.

Lastly, I would like to conclude my statement by emphasizing that "As much government assistance as necessary, and as little government intervention as possible."

Thank you very much for your kind attention.

Statement made by Hon'ble Dato Khalid bin Yunus, Deputy Minister for Land and Cooperative Development, Malaysia

Hon'ble Chairman, Hon'ble Ministers, Distinguished guests, Ladies and Gentlemen.

This report outlines the Government of Malaysia's approach towards the development of the cooperative movement covering the Second Outline Perspective Plan period of 1991-2000.

The National Development Policy

The Second Outline Perspective Plan, covering the period 1991-2000 spells out the National Development Policy (NDP). The objective of the NDP is to remedy social and economic imbalances through the eradication of poverty and restructuring of society. Specifically, the two objectives cover the following policy areas namely :-

- (a) eradication of poverty will be focussed towards the "hard-core poverty" group, while at the same time reducing relative poverty;
- (b) creation of an active Bumiputra (Indigenous People) Commercial and Industrial Community (BCIC);
- (c) increasing the involvement of the private sector in the process of restructuring the Malaysian society through the creation of more opportunities for the sector to expand; and
- (d) focussing on human resource development as an important basis to achieve growth and distribution.

With the National Development Policy as a background, the Ministry of Land and Cooperative Development believes that the cooperative movement can make significant contribution towards achieving those objectives. In this connection, the Minister of Finance, in his speech on the National Budget for 1992, has recognised the movement as an important vehicle that "... can mobilise the economic potential of the medium and low income group. If cooperatives are managed professionally and responsibly, it can constitute an effective economic movement and can involve a wide section of the people. The investment fund of the cooperatives (which) now stands at MR 44 million

will be increased..... Measures will (also) be taken to strengthen the management and the machinery for cooperative development'' (Excerpt of the speech of the Minister of Finance in the 1992 National Budget at the Parliament on November 1, 1991). Hence, the Department of Cooperative Development can play a facilitating role for the cooperative movement to participate in the implementation of the NDP.

The New Mission of the Department of Cooperative Development, Malaysia

Based on this new scenario, the Ministry of Land and Cooperative Development defines the objectives of the Department of Cooperative Development to be as follows : (a) to assist the Cooperative Movement in creating a resilient and productive society; (b) to ensure that the Cooperative Movement operates in accordance with the legal requirement and the basic cooperative principles so as to support development of the society; (c) to ensure that cooperative become an economic and social organisation that is self-reliant, sustainable and competitive; and (d) to support the Cooperative Movement in achieving social harmony.

The Department's development programmes had been reformulated so that they fit in with the above-mentioned objectives. The new programmes are : (a) promoting the creation of specific types of cooperatives, namely, the credit cooperatives, the housing cooperatives, the consumer cooperatives and the factory workers cooperatives; (b) provision of management and business consultancy services in collaboration with the Cooperative College of Malaysia; (c) enhancing the structure of the Cooperative Movement through greater vertical and horizontal integration; (d) provision of management services to facilitate organisational turn-around; and (e) provision of financial services to enhance the viability of cooperatives with potential.

Cooperative Training and Education

- (a) The Government is also involved in cooperative education and training activities through the Cooperative College which was incorporated by an Act of Parliament. The mission of the Cooperative College has also been redefined to be in line with the National Development Policy. The new mission of the College is "to become the premier institution for cooperative training and education in Malaysia so as to assist the development of the Cooperative Movement to be in line with the National Development Policy." Accordingly, the Department will emphasise its activities on extension efforts particularly at the pre-cooperative stage through the institution of the BINA INSAN Movement (Literally translated as the Inner-Self Development Movement).
- (b) Based on this mission, the Cooperative College will be geared towards achieving a new set of objectives, namely : (a) to provide skills, professional

and academic courses up to the degree level; (b) to facilitate improvement in the management skills of cooperatives specifically in the field of commerce and small and medium-scale industries in order to assist in the creation of the Bumiputra (Indigenous People) Commercial and Industrial Community; (c) to establish close relationship with other institutes of higher learning within and outside the country; and (d) to utilise Information Technology to enhance the management and training skills of the College.

Other Facilities Provided by the Government

- (a) Further assistance from the Government comes in the form of Capital Revolving Fund created in November 1985 and administered by the Ministry of Land and Cooperative Development. The Fund is available to small cooperatives to facilitate them to implement their projects. Collaterals are required for loans above \$ 30,000.
- (b) As a further assistance to the cooperative movement, the Government, as outlined in the 1992 National Budget, has agreed to reduce the rate of income tax for cooperatives with the lowest rate to be reduced from 5% to 4% and the highest rate from 40% to 35%. Other rates are reduced from 1% to 5%.

Conclusion

- (a) The National Development Plan can be seen to prepare the foundation for Malaysia to become a developed nation by the year 2020. In this connection, the Government wants the cooperative movement to participate actively and contribute towards achieving the national development targets.
- (b) The Government of Malaysia will continue to promote and support the formation of cooperatives as an approach to mobilise people's participation in the context of achieving the development objectives of the country. In view of the recognition of the cooperatives by the Government as an important economic and social institution in 1992 National Budget, efforts are currently being made to promote policies which are in greater support of the movement, particularly in the housing, credit consumers and the factory workers cooperatives.

Statement made by Hon'ble Jagdishwar Goburdhun, Minister for Cooperatives & Handicrafts, Mauritius

I. Introduction

The State of Mauritius comprises the main island of Mauritius proper (1860 km), the island of Rodrigues (108 km), and a number of coral atolls, all totalling 2000 km.

The island of Mauritius proper is located at some 800 kilometers off the east coast of Madagascar and at some 1,900 kilometers from the coast of East Africa.

With a population of just over 1.1 million, Mauritius is one of the most densely populated parts of the world. The GNP per capita is now around 2,600 US\$.

Mauritius is primarily an agricultural country. Sugarcane cultivation takes the lead. Sugar cane plantations are omnipresent and occupy almost 50% of the total area of the country. The annual crop averages 6.0 million tons of canes, yielding around 650,000 tons of sugar. Mauritius is thus one of the most important sugar producing countries in the world. Other crops include tea (mainly for export), tobacco, vegetables, fruits and flowers (andreaenum and anthurium).

In the late seventies, a three-pronged development strategy was devised namely export-oriented industrialization, tourism development and agricultural diversification to increase employment, reduce the balance of payment deficits and bring down inflation.

In 1970, Export Processing Zone were set up to attract local as well as foreign investors to establish manufacturing industrial enterprises in the country. Tourism now ranks as the third most important foreign exchange earner.

Mauritius became an Independent Sovereign State on the 12th of March 1968 and has a democratic regime with a Prime Minister as the head of the country answerable to Parliament elected for a period not exceeding five years. The country will become republic with a President as head of state, and a Prime Minister presiding over the Council of Ministers. Mauritius remains a member of the Commonwealth of Nations. Mauritius also forms part of the ACP countries, is a member of the OAU and also an active member of the Non-aligned Movement.

II. Agriculture

In spite of the remarkable achievement made in the field of industry and tourism, agriculture remains the backbone of the country's economy. Around 50% of the total land surface is devoted to cane cultivation and other cash crops such as tea, tobacco, vegetables and flowers.

The first sugar cane plantation dates as far back as 1639 when specimens of cane tops from Batavia were introduced on the island by the Dutch. Mauritius is one of the world's leading exporters of sugar. The Mauritius Sugar Industry Research Institute is one of the most famous in the world. 80% of our sugar is sold to the EEC.

Other crops cultivated are tobacco, ginger, garlic, tumeric, onions, potatoes and wide variety of vegetables totalling 65,000 tons yearly. The country is self-sufficient in these commodities.

In view of the full employment situation, agricultural mechanization both for production and harvest has now become a must for large as well as for small planters.

III. Mauritian Cooperative Movement

The Mauritian Cooperative Movement takes pride in being one of the oldest established in the southern hemisphere. The first cooperative society having been registered in 1913 to provide credit on soft terms to cane growers.

The movement has since then gathered considerable momentum and now encompasses a wide field of economic activities like agriculture, livestock, fisheries, consumering, savings, credit and the service sector. More than 120,000 people are grouped in 600 societies of 34 different types. The annual turnover of the Cooperative Movement is estimated to be around Rs. 1.5 billion. Cooperatives have therefore come to play an important role in the economic development of the country and have proved to be essential tools to protect the small men against exploitation while providing essential services in the form of credit, inputs, marketing and a wide range of other services.

Prior to 1947, cooperatives were confined mainly to the field of agricultural credit. However, following reform in the legislation governing cooperatives, it became possible for cooperatives to penetrate in almost all spheres of economic activities.

IV. The Present Structure and Organisation of Cooperatives in Mauritius

The Cooperative Movement in Mauritius is organised on a three-tier structure. At a primary level the local cooperatives societies group individual members on a single purpose and or single commodity basis. In the agricultural sector, cooperatives of cane planters, tea growers, vegetables and fruit growers,

livestock keepers and such as pig breeders, cattle keepers and poultry keepers and fishermen are well known. In the non-agricultural sector, consumers' cooperatives along with a wide range of handicraft, transport, housing and other types of service cooperatives are rapidly increasing. Societies catering for the interest of manual and intellectual workers providing them with short and medium term finance through credit unions, thrift and saving are widely spread.

It is interesting to note that in many fields of activity cooperatives now cater for the majority of producers and are also responsible for the bulk of the production namely, in the tea industry, in the pig industry, in the production of onions and potatoes and in other areas like fisheries and bee-keeping.

At the country level, the primary cooperative societies are grouped on a sectoral basis into 10 federations.

At the tertiary level the Mauritius Cooperative Union is the apex body to which most of the primary and secondary societies are affiliated. Founded in 1952, the Mauritius Cooperative union acts as the confederation of all cooperatives. It is the mouth piece of the movement both locally and internationally.

At primary level the most important types of cooperatives are : (a) Cooperative Credit Societies (for credit and cane marketing); (b) Tea Credit and Marketing Cooperative Societies; (c) Agricultural Marketing Cooperatives; (d) Fish Marketing Cooperative Societies; (e) Water Users Cooperative Society; (f) Livestock Cooperative Society; (g) Beekeepers Cooperative Societies; (h) Poultry Cooperative Society; (i) Agro-Mechanical Cooperative Society; (j) Transport Society; (k) Tobacco Cooperative Society; (l) Consumer Stores; (m) Credit Unions; (n) Handicraft; (o) Housing Cooperative Society; (p) Printing; (q) Sand Carrier Workers; (r) Thrift and Saving; (s) Funeral Society; (t) School Saving Bank; and (u) Mixed Farming.

Tertiary societies include apex organisations namely the Mauritius Cooperative Union Limited and the Mauritius Cooperative Central Bank which is the only banking institution in the cooperative sector.

V. Outline of Cooperative Societies

There are presently 34 different types of cooperative activity operating in the agricultural and non-agricultural sectors. A brief description is given below:-

Cooperative Credit Societies : These institutions are the oldest form of cooperative activity in Mauritius; the first society was registered in 1913. Cooperative Credit Societies numbering 176 group around 25,000 sugar cane planters, i.e. nearly 80% of the whole planting community, but account for only 17% of national production, around 1 million tons of cane.

Besides providing loans at concessionary rates of interest and looking after the marketing of cane from field to factory, planters grouped in cooperative

societies are also able to avail of medium and long term loans for land rehabilitation and for other capital investment for increasing production.

The Mauritius Agricultural Cooperative Federation registered in 1950, looks after the interest of cane planters. In 1983, it launched a scheme for the purchase, storage and sale of fertiliser along with agro-chemicals and light agricultural equipment for the benefit of planters grouped in cooperatives. Cooperative-Credit Societies maintain strong links with the Mauritius Cooperative Central Bank which is their main financing organisation. The annual turnover of Cooperative Credit Societies is around Rs. 900,000,000.

Tea Societies : The tea industry has since its inception been closely associated with the cooperative movement. There are at present 22 tea credit marketing cooperative societies grouping around 4,000 planters. All persons engaged in the tea production activity number 11,000 and they were responsible last year for the production of 50,000,000 kgs green tea leaves i.e. 80% of the national production of this crop and a turnover of Rs. 150,000,000.

Foodcrop Cooperatives : The setting up of the Mauritius Agricultural Marketing Board in 1959 served as a catalyst for the registration and operation of agricultural credit and marketing cooperatives.

In the field of onion cultivation cooperatives account for around 80% of the national production. The bulk of the onion crop is channelled through Agricultural Marketing Board which offers a guaranteed floor price.

On the other hand, some 2,000 potato growers grouped in cooperatives produce around 40% of the national production of this commodity thanks to the rotational land made available mainly by sugar estates during the intercrop season. The Agricultural Marketing Board provides potato seeds at subsidized prices and guarantees a floor price for the crop. Growers grouped in Agricultural Marketing Cooperative societies are now being encouraged to cultivate fine vegetables, fruits and flowers (andreaenum and anthurium) for exports. The turnover of the Mauritius Agricultural Marketing Cooperative Federation is in the region of Rs. 30,000,000.

Pig Marketing Cooperative Societies: There are today 17 Pig Credit and Marketing Cooperative Societies operating throughout the island grouping some 800 professional pig-breeders.

The first action of the Mauritius Pig Marketing Federation was to open a pork stall at the Central Market in Port Louis thereby establishing a direct link between the producers and the consumers. Thanks to the initiative of pig breeders grouped in cooperatives, this country almost has reached self-sufficiency level in the production of pork and pork products, thereby saving valuable foreign earnings to the tune of over Rs. 30m annually.

Production loans to the tune of Rs. 3m have been provided to pig breeders in order to improve their breeding stock, erect new sites thereby ensuring a

constant flow of porkers for processing at the plant. The La Ferme St. Martin resettlement scheme which is a project destined to rehabilitate pig breeders who for sanitary constraints could not carry on pig breeding in suburban areas is a model of group action through cooperatives in the field of livestock and foodcrop production combined under the Smallholding Scheme Model.

Cattle Cooperatives : Encouraged by the success of pig marketing cooperative societies, the Ministry of Cooperatives set the pace last year for the formation of cattle marketing cooperatives. Mauritius is dependent on imports to the tune of 75% for its supply of beef cattle and remains dependent to the order of 88% for its supply of milk and meat products. In not too distant past the number of cattle keepers in this country far exceeded 50,000. There now remains only, 12,000 such producers. The main constraints to maintaining cattle keepers in the traditional occupation are lack of fodder and pasture facilities and lack of production loans. Conscious of the undesirable situation prevailing, a well-knit project had been set up whereby cattle keepers were encouraged to group themselves in livestock credit and marketing cooperative societies for the supply of fodder, cowfeed inclusive of molasses, short term loans for purchase of parent stock and erection of cowbyres.

The core of the project hinges on the two regional livestock cooperative centres known as "Maison des Eleveurs", which has been erected at St. Pierre and Henrietta which now covers around 1000 cow keepers grouped in two cooperatives have in turn banded themselves into a central organisation known as the Mauritius Livestock Marketing Cooperative Federation.

Fishermen Cooperatives: There are around 2,500 people for whom fishing is the main economic activity. Although fishermen cooperatives were first initiated as far back as in 1948 and fishermen always encouraged to group themselves in cooperatives, very little had been achieved to improve their living standards. The Mauritius Fishermen's Cooperative Federation registered in 1974 was reorganized to cater for the marketing of fish to consumers. Two fishermen cooperative centres were put up at Tamarin and Cap Malheureux. These cooperatives known as "Maison des Pecheurs" are equipped with cold storage facilities. Similar infrastructure has now been put up in Port Mathurin Rodrigues where ten fishermen cooperatives operate on behalf of 600 bona-fide professional fishermen.

The Fishermen Federation also embarked on the production of smoked-fish which it markets to the hotel and catering industry.

Mauritius Egg & Poultry Producers Marketing Society : The Mauritius Egg and Poultry Producers Marketing Cooperative Society groups around 70% of the table egg producers of the country. Members' herds on an average vary from 100 to 3,000 heads on a single cottage farm. This society has gone a long way in helping solve members' problems in the provision of day-old chicks and other essential farm inputs such as feed, light equipment and veterinary supplies.

The main activity however centres around the marketing of eggs from farmgate direct to the hotel and catering industry and to important dispensing organisations such as hospitals, infirmaries, and to the armed forces. The society will set up this year a Chicken Processing Plant thereby solving members' problems for disposing their chicken at fair and reasonable prices.

Bee-Keeping : There are three bee-keeping societies, grouping around 400 beekeepers, the most successful one being the Mauribee founded in 1976. This society provides at fair and reasonable prices all equipment necessary for bee-keeping on scientific lines. Besides, it processes all honey produced by members and markets same under the trade mark Mauribee mainly through the existing Consumer Cooperatives and other stores. The society has a yearly production of 50 tons of honey.

Consumer Cooperative Societies : Prior to 1945, cooperative activity in Mauritius was mainly confined to agricultural credit and marketing, a change in the cooperative law made it possible for all kinds of cooperative to operate and consumer cooperatives were the first non-agricultural societies to be registered. That was in 1947. The setting up of Consumer Cooperatives answered to a felt need of combatting profiteering in the field of retail consumering. There are today around 75 primary consumer cooperative stores in operation with a total active membership of 20,000 and an annual turnover of Rs. 140,000,000. These societies are the purest form of cooperatives and they all operate under the Rochdale pattern.

The consolidation and further expansion of the consumer sector will depend on the future action of the Mauritius Consumer Cooperative Federation. The Federation has completed the construction of warehouse of 30,000 sq. ft with an annual turnover of Rs. 70,000,000.

Housing Cooperatives : The Mauritius Housing Cooperative Federation was registered in July 1986. Housing cooperatives have done well.

Credit Unions and Thrift Societies : The advent of Credit Unions in the early sixties was a great landmark in the history of the cooperative movement in Mauritius. The inception of the Credit Union was due to the initiative of religious authorities who, inspired by the Althouse Desjardins Model of Canada, set the pace for the organisation of Credit Unions among the parishioners of the Roman Catholic Church.

There are today around 85 Credit Unions operating. The sum total of loans issued by Credit Unions last year exceeded Rs. 50,000,000. In March 1970, the existing Credit Unions banded themselves into a federal organisation: The Mauritius Cooperative Saving and Credit League (MACOSCLE). This Federation has gone a long way to coordinate activities of member societies in the field of education and training and is the organisation responsible for all debt insurance coverage with ACOSCA (African Confederation of Cooperative Savings and Credit Associations).

The case of Woodworking and Lightmetal cooperative society needs special mention. The Society sticks to the principles of cooperation and workers are paid according to performance and merit. The turnover of the Society is nearing Rs 2 m and all necessary assets including equipment for effective work now belong to the workers in full rights.

Other Types : (a) Other types of cooperatives include Handicraft Societies having for membership mainly women. The most successful one being the Jagriti Cooperative Society registered in 1974. This society covers a wide range of activities from dress making to fine embroidery, food processing and marketing mainly destined for infant feeding; (b) To this particular type mention must also be made of the United Skilled Workers Cooperative society composed solely of disabled persons. The members operate mainly as sub-contractors for large textile factories; (c) Operators in the transport sector are also grouped in cooperative societies for common service facilities. Transport societies in the agricultural sector cater solely for the transportation of members' cane from field to factory; (d) Another type of cooperative working successfully is a society answering to the needs of relatives of deceased persons by providing undertakers service. The society has a membership of some 8,000 mainly of parishioners of the Roman Catholic Church; (e) A new activity in the cooperative sector is the Sand-Carrier Marketing Cooperative Society, grouping workers engaged in the extraction of coral sand to be used for building purposes; and (f) The planters are also grouping themselves in cooperatives to acquire mechanical equipment, such as tractors, trailers, and other facilities for land preparation and transport purposes. There are at present some 50 such agro-mechanical cooperative societies.

Conditions Favouring Cooperative Development in Mauritius

In the first place, the small scale sector is characterized by the presence of numerous small land owners whose sense of ownership is based on cultural and ethnic heritage from their ancestry in Europe, India, and the far East. People attached great importance to land ownership which confers social status on the individual.

In the small planters' sector around 40% of arable land belong to small cane growers and other foodcrop cultivators whose salvation lies in joint action through cooperatives associations for the provision of various services. The right of association is embodied in the Constitution of the country making it possible for people, inter alia, to be grouped in cooperatives and other associations.

Further people are endowed with a high sense of mutual aid, self-help coupled with the spirit of thrift and savings conducive for investment.

Mauritius is a land of democracy. The first Parliament dates as far back as 1836. Almost all institutions are run on pure democratic lines and majority rule is accepted as a natural thing in such associations. Cooperatives which are

essentially democratic organisations have therefore been able to thrive in this country without major hindrance.

The spirit of mutual aid and self-help makes it possible for the haves to help the have-nots in providing the necessary collateral when it comes to assist fellow countrymen for the subscription of security.

It is thanks to the high level of the literacy of the people that cooperatives and other forms of associations have made steady progress. In this connection it is interesting to note that around 87% of the population is now literate.

VII. Role of the Ministry of Cooperatives

All matters related to cooperatives in the country fall under the control and supervision of one and the same Ministry. The Minister of Cooperatives is responsible for all matters pertaining to cooperatives and cooperative development. A special legislation enacted as far back as the 4th of July 1913, provided for the constitution and control of all cooperative societies. Assistance to cooperatives by the Government is channelled through the Ministry of Cooperatives. Cooperatives benefit from various tax exemptions and the Government extends a blanket cover on loans, overdrafts and other financial transactions on certain types of cooperatives to facilitate their operations.

The services of the Ministry of Cooperatives are responsible for performing both current and statutory audit of all cooperative societies. The Ministry further acts as the watchdog for the protection of assets of societies and the maintenance of all activities in democratic manner. In addition, Government also provides financial assistance in the form of grant-in-aid to a number of federal organisations including, the Mauritius Cooperative Union. It also provides duty exemption on purchase of machines and equipment by agricultural cooperative societies.

The Ministry of Cooperatives and Handicraft is also dispensing education and training at various levels. In this connection a Cooperative Training Institute will be set up in the very near future.

The Government is committed to the cooperative sector playing a more constructive role in the realization of national objectives of agricultural diversification, attainment of food-sufficiency, small scale industrial development and expansion of employment opportunities

Major projects destined to increase production and involving huge capital cost for their relationship have been put up for the benefits of a wide range of producers grouped in cooperatives for production and for the supply of various support services such as farm inputs, credit and marketing of crops. Some of the implemented projects in this connections are : (i) warehouse facilities for the storage of perishable products such as onions, garlic and potatoes and for the storage and distribution of farm inputs; (ii) a producer

cooperative centre to provide direct link between producers and consumers, thus eliminating the "middlemen"; (iii) Small-scale Irrigation Projects, for small cultivators grouped in cooperatives; (iv) Fishermen's cooperative centres; (v) Meat processing plant for pork processing; (vi) Livestock cooperative centres for the provision of inputs and other support services to cattle keepers; and (vii) A consumer warehouse to service primary consumer cooperatives.

The government co-ordinates assistance from donor agencies to cooperatives in order to ensure the sound use of such assistance.

The government has extended facilities to producers for the provision of loans on soft terms for the acquisition of tractors, trailers and other mechanical equipment for the mechanization of the agricultural sector.

Another project consists of pooling financial assistance from within the cooperative movement and from various donor agencies, including bilateral assistance from friendly countries and from NGO's to provide assistance to societies, for the construction of building infrastructure, transport infrastructure, marketing infrastructure and working capital. In this connection the National Trust Fund for Cooperative Societies has been set up for the management of projects qualifying for assistance under the above scheme.

The Government is committed to supporting the cooperative movement and cooperatives in Mauritius have a bright future.

Statement made by Hon'ble Ms. Shailaja Acharya, Minister for Agriculture, Nepal

Mr. Chairman, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen.

I feel greatly honoured to have this opportunity to address this august gathering of Cooperative Ministers Conference and leaders of the Asia Pacific region.

At the outset, I wish to express our heartfelt thanks to the conveners of this conference, the International Cooperative Alliance for their role and initiative. I would also like to take this opportunity to express our gratitude to our hosts, the Government of the Republic of Indonesia and National Cooperative Council of Indonesia for the excellent arrangements made for this important event as well as for the hospitality extended to all of us.

Mr. Chairman, the system of Cooperation is not alien to the Nepalese society. It existed from time immemorial, in different forms. In its present form, however, the Nepalese Cooperative Movement has relatively short history. It began in 1956, after the country had seen the dawn of democracy. The early experience had been encouraging and, particularly, at the time of the first elected democratic government of the country headed by late B.P. Koirala, efforts were made to create a suitable environment necessary for the growth of the Movement. In the process, the first Cooperative Act was promulgated in 1959 and people were encouraged to join the Movement.

Unfortunately, however, before those efforts could bear fruits, the course of political events took a different turn. The popular government was unceremoniously removed from office after a period of less than two years and the autocratic Panchayat regime was installed against the will of the people.

The Panchayat regime deprived people of their basic human rights and liberties. Although the Panchayat system envisaged cooperatives as the cornerstone of the nation's industrial and trade policies, there had been a conspicuous lack of sincerity and vision in government's attitude towards the movement. Contrary to the spirit of Cooperation, attempts were made to set up cooperatives as part of the government programme and, subsequently, the Movement was swarmed with a large number of unmotivated members. This resulted from the decision to convert the compulsory savings raised under the Land Reform Programme into shares of cooperatives. Thus, the Movement could not remain voluntary, and amidst excessive government control and the tendency to use cooperatives for the political ends, it also lost the democratic character.

Mr. Chairman, the multiparty democracy was reinstated in Nepal following the popular movement in April 1990. I am happy to mention here that the present government which assumed office in May 1991 has committed itself to the task of creating a propitious environment for the development of the Cooperative Movement. As an initial move, a National Cooperative Development Board was formed by His Majesty the King in accordance with the decision of the Council of Ministers. By the same decision, the regulations of Sajha Central Office were also abrogated and its Board of Directors dissolved.

The National Cooperative Development Board has been entrusted with the task of working out suitable policy guidelines and a new legislation relating to the Cooperative Movement. The Board will also help to bring about coordination in the working system of the various kinds of cooperatives at different levels.

One of the important activities currently underway is the nationwide examination of the financial position of all existing cooperatives. After a clear-cut picture has been obtained, the government will help reorganize viable cooperatives or liquidate defunct ones. This will pave the way for people to make a new beginning on their own.

Another noteworthy development has been the initiative taken by the present government to actively involve cooperatives in the process of planning and implementing agricultural development programmes. The recently formulated policy of government has assigned village and district level planning and implementation of agricultural development activities to Committees headed respectively by the Chairmen of Primary Cooperatives and District Cooperative Unions.

Mr. Chairman, as we all know, at present, the general opinion in all parts of the world is oriented towards privatisation. There is no doubt that the private sector has an important role to play in the process of economic development and should be encouraged to grow and expand.

At the same time, the role and potential of the Cooperative Movement should not be overlooked. In my view, there is no alternative to Cooperation for most of the rural poor in our region and the rest of the world.

With decline in state enterprises and a rapidly growing private sector, the Cooperative Movement has a crucial role to play as a democratic institution of people and a balancing economic force.

Mr. Chairman, as I have already mentioned, the present government of Nepal has accorded top priority to the revamping and reshaping of the Cooperative Movement. Very soon, the government will bring a new Cooperative Act and issue policy guidelines with a view to facilitate the process of cooperative development. While the details are being worked out, the policy guidelines will be oriented towards the following:

- The Cooperative Movement will be developed and promoted in line with

the democratic character of cooperative based on norms adopted by the International Cooperative Alliance.

- Cooperatives will be built as major instruments of decentralization as well as labour intensive and rural oriented economic development. Furthermore, they will be closely associated with the process of planning for economic development and social change.
- The Movement will be developed as a shield for the weak, small and marginal farmers, agricultural labourers, rural artisans and ordinary consumers belonging to the middle and lower income group.
- The Cooperative Movement will be promoted as an autonomous, self-reliant movement free from "undue" interference and excessive control. Increasing generation of internal resources, mobilizing savings in rural and urban areas and decreasing dependence on resources from outside financial institutions and government will be given priority.
- At the local level, a strong viable and integrated cooperative system will be built to promote overall and comprehensive development by strengthening the links between saving, credit, supply of agricultural inputs, agricultural production, including ancillary activities like, dairy, poultry, fishery, piggery, marketing and distribution of essential consumers items.
- The Cooperative Movement will focus on that large section of the Nepalese society which has very small assets and skills but a lot of potential for development.

Mr. Chairman, economic hardships faced by our people had been tremendous over the years. The present government gives special priority to the upliftment of the rural masses, specially in remote and neglected areas. Since democracy and development go together and the Cooperative Movement is the basis of democracy at the grassroots level, the present democratic government of Nepal is fully committed to promote cooperatives as people's organisations and effective means for socio-economic development.

In conclusion, I am hopeful that the present Conference will be able to evolve greater understanding about issues confronting cooperatives in the region and foster cooperation and coordination among the Movements of the different countries for the benefit of the poor people, our ultimate target group.

STATE OF THE NEPALESE COOPERATIVE MOVEMENT

1. GENERAL INFORMATION

- No. of Multi-purpose, Primary Agricultural Coops	830
- No. of Non-Agricultural Cooperatives	54
- No. of District Cooperative Unions	33

2. MEMBERSHIP AND SHARE CAPITAL

	1984/85	1989/90
- No. of Members	1.44M	1.45M
- Share Capital	Rs.147.85M	Rs.149.05M

3. VOLUME OF BUSINESS OF AGRI COOPERATIVES

	Rupees in Millions	
	1984/85	1989/90
- Agri Credit Disbursed	103.90	105.09
- Agri Inputs Sold	273.27	423.72
- Consumer Goods Sold	37.62	101.81
- Agri Produce Marketed	5.10	38.08

4. APPROXIMATE SHARE OF THE COOPERATIVE SECTOR

- In Total Institutional Credit for Agriculture	>10.0%
- In Chemical Fertilizers Sold at Farm Level	>60.0%
- In the Estimated Volume of Agri Produce Marketed	< 0.6%

Statement made by Hon'ble Rana Nazir Ahmed Khan, Minister of State for Cooperatives and Forestry in the Ministry of Food, Agriculture & Cooperatives, Pakistan

Hon'ble Chairman, Hon'ble Ministers, distinguished participants, ladies and gentlemen.

It is my privilege to bring fraternal greetings and best wishes of the Government and people of Pakistan for all the distinguished delegates of this Conference.

I would like to convey my delegation's appreciation to the Government of Indonesia and the International Cooperative Alliance for making splendid arrangements for this Conference and extending to us very generous hospitality.

The Islamic Republic of Pakistan emerged on the map of the world as independent sovereign state on 14 August, 1947. The total area of the country is 796,093 sq.km with a population of 110 million (approx.) It is divided into four provinces. Per capita income is US\$ 425. The literacy rate is 24%. Life expectancy is 51 years. The population growth rate is 3% per annum which is admittedly alarming.

Agriculture in Pakistan continues to be the largest single sector and the driving force for the growth and development of the national economy. It accounts for 26% of the GDP and together with agro-based products fetches 80% of the country's total export earnings. Over half of the labour force is absorbed in agricultural sector. However, the performance of this sector has been much below its real potential because of multi-faceted problems. The genesis of these problems lies in the widespread prevalence of socio-economic, technical, organizational and structural constraints.

The present Government which took office in October 1990, has immediately addressed itself to the agriculture sector. It announced a comprehensive Agriculture Policy on 14 May, 1991. The Policy has devoted a full chapter to Cooperatives. The basic thrust of the new Agricultural Policy is to create and establish a macro-policy climate to improve agricultural performance, to encourage efficiency, remove bureaucratic constraints on economic interaction and to fully induct the private corporate sector including cooperatives for commercialization and industrialization of the agricultural sector. The new Agricultural Policy envisages not only the timely and quality supply of essential inputs for improving the productivity of land and increasing agricultural

production but also pooling of land to minimize the effects of fragmentation of small farm land so as to prepare grounds for large scale mechanized farming.

There are 61,325 cooperative societies of various kinds in the country with a membership of approximately 3.39 million. These societies inter alia include 36,512 agricultural credit cooperatives, 3,370 multi-purpose village cooperatives, 489 tubewell cooperatives, 329 farming cooperatives, 55 fishermen's cooperatives, 1764 industrial cooperatives and 952 women's cooperatives.

The Federal Bank for Cooperatives was established in 1977 by an Act of the Parliament. This Bank is the principal institution for meeting credit requirements of primary cooperative credit societies through the Provincial Cooperative Banks. The contribution of credit to the agricultural sector by the Federal Bank for Cooperatives is around 20% of the institutional credit provided to agriculture. The other institutions are the 3 nationalized commercial banks, private commercial banks and the Agricultural Development Bank of Pakistan.

In the metropolitan city of Karachi which has a population of some 10 million, the Orangi Pilot Project is a non-governmental organisation guided by the internationally renowned social activist, Mr. Akhtar Hamid Khan. It has set a radiant record of organizing people of very small means, mostly labourers and low-paid white collared people, living in Orangi locality of Karachi. The project covers a variety of socio-economic and productive activities including provision of credit to women without collateral, organisation of women weaver-cooperatives, consumer stores, training in masonry, public health, immunization against common diseases, development of kitchen gardens and sewerage facilities.

The success story of informal cooperatives in Pakistan will remain incomplete if mention is not made of Agha Khan Rural Support Programme. This programme has brought a great qualitative change in the socio-economic conditions of the people of Northern Areas, a high altitude mountainous area alongside the Karakoram Highway. Under this programme highly economically depressed people have been motivated to build roads, small dams and water channels through which barren lands are now being irrigated. It has opened new vistas of cultivation of food crops, horticulture and raising of orchards besides development of livestock and provision of health cover and mechanization of agriculture on social ownership basis and food processing and provision of marketing facilities.

An informal pre-cooperative project recently started with the technical-cum-financial assistance of the Government of Netherlands in association with FAO in some remote economically depressed rural areas of three districts of the Province of Punjab to organize the rural poor has given very encouraging results. The success of the project has encouraged the Government and FAO to widen the scope of this exercise to other adjoining villages.

There are many factors which hamper the progress of the cooperative movement.

Some of the obstacles to development are inherent in the situation and owe their existence to the social, political and administrative environment in which cooperative societies have to function. Poverty, illiteracy, the prevalent economic system, social traditions and individualistic attitude of the people, opposition from vested interests, lack of conviction among those responsible for the promotion of cooperation, are some of the factors which are the basic cause of its gradual decline.

Mr. Chairman,

The Government of Pakistan has full faith in the potential of cooperatives as an instrument of socio-economic change and as a catalyst in uplifting the standard of living of economically weaker sections of the community. The cooperative movement is a combination of principles of democracy and economics. Elevation of dignity of man and his socio-economic uplift is the main thrust of cooperatives. Provision of cheap credit, seeds, fertilizer, pesticides and water and storage and marketing and support price facilities constitute the main aim of the cooperative policy.

As I have alluded earlier too, the present Government has recently announced a comprehensive Cooperative Policy. The policy stresses the necessity of organizing poor people of the country which constitute the bulk of the population, predominantly engaged in agriculture. The necessity of establishing a higher and more equitable social order has been recognized in the policy to accelerate economic development and broadbase social justice. The main features of our Cooperative Policy have already been published by ICA in the booklet, "Agenda Notes and Background Papers" already distributed to the delegates before this conference. Most of our new Cooperative Policy embodies the spirit of Sydney Declaration and the Manila Recommendations.

In pursuance of the policy of promoting close collaboration between the government and the cooperative movement the National Cooperative Union and the Federal Bank for Cooperatives have established a close relationship in working for cooperative development. The Federal Bank for Cooperatives has got itself affiliated with the National Cooperative Union and the Managing Director of the Federal Bank has been elected as one of the Vice Presidents of the Union. The President of the Union has been nominated by the Government on the Board of Directors of the Bank. The two institutions have also formed a joint planning committee to draw up development projects and to advise and assist the provincial governments in cooperative development.

Government of Pakistan is committed to the Sydney Conference Declaration with few minor exceptions which are not yet mature for implementation in view of peculiar socio-economic-cum-administrative features of our country. Recommendations of the Sydney Conference were communicated to the provinces as well as Provincial and National Cooperative Unions for implementation.

The Government of Pakistan has directed the Federal Bank for Cooperatives to organize 'Growers' Cooperative' especially for marketing of produce in order to reduce the middlemen's margins.

The Government of Pakistan is shortly holding a conference of really motivated cooperative leaders who have made significant contribution to agriculture, livestock and fisheries in order to interact with them on future plans to strengthen the Cooperative Sector.

Mr. Chairman, I believe that Asian and Pacific countries can learn a lot from each other by sharing their experiences in respect of cooperative development. They can exchange cooperative experts and arrange training facilities for cooperators and officials of Cooperative Ministries/Departments.

I am confident that this conference will develop useful recommendations and discover new ways and means for cooperative development and open up new vistas of cooperation among cooperatives and delineate the role of Governments of Asia/Pacific region in this behalf.

With these words, Mr. Chairman and distinguished delegated, may I conclude with my sincere wish and hope that this Conference will be a great success and set a landmark in the history of cooperatives.

Statement made by Hon'ble Prof. Edna E. Aberilla, Chairperson, Cooperative Development Authority of the Philippines

Mr. Chairman, Hon'ble Ministers, Distinguished delegates, Ladies and Gentlemen.

The Philippine Cooperative Movement and the Philippine Government would like to convey their warm greetings and best wishes for the success of the ICA 1992 Conference of Ministers for Cooperative Development in Asia and the Pacific Region. The Philippines would also like to assure the assembly of its intention to continue to translate the Ministerial Conference's recommendations into concrete and practical modalities for further cooperative development. For this purpose, the Convenors Group, the Philippine Cooperative Development Forum (National Level Follow-up Workshop of the 1990 Sydney Conference) composed of representatives from the Cooperative Movement and the Government Sector, which co-organised the workshop with ICA ROAP and the Swedish Cooperative Centre, was commissioned to stir-up and oversee the implementation of the local strategies and plans of action.

Steps taken by the Philippines to implement the Sydney Conference Recommendations

To provide a clear perspective of the steps taken by the Philippines to implement the Sydney Conference Recommendations, it will be necessary to have a glimpse of past Philippine experience in cooperatives development, the kind of role that the Government had in promoting it, the rise of the Cooperative Movement, the past efforts at having a continuing dialogue between the Cooperative Movement and the Government, and the features of the newly-enacted cooperative laws in the Philippines that are relevant to the Sydney Conference Recommendations.

It has also to be stated at this juncture, that while the Philippine actions had been guided by a profound sense of history and by the lessons learned especially during the immediate past 20 years, the direction that it had taken had considerably been influenced by the ICA's advice through its various activities since the Singapore Consultation up to the local level follow-up activities of the Sydney Conference. The Philippines acknowledges the ICA's guidance and support with deep appreciation and gratitude.

Perspective of Past Philippine Experience in Cooperative Development

Cooperatives in the Philippines had been faced with so many problems since their introduction into the country at the turn of the century. The lack of financial and management resources, the need for more and adequate education and training resources for officials and members of the cooperatives and lack of sustained and meaningful government support, among other, had been identified as causes of failures of cooperatives.

It had, however, been alleged that the biggest hindrance to the development of cooperatives was the imposition by government of so many restrictions on cooperative operations embodied in several sets of laws and their corresponding implementing rules and regulations. It had almost been a "don't do this, don't do that, or you will suffer the consequences" order of things so much so that cooperative leaders became indifferent and inhibited to initiate innovations for developing cooperatives. There were also the uncoordinated government approach to cooperative development carried out by different government agencies with little or no coordination with one another in regulating the different types of cooperatives in the country, and the recurring change in the responsibility for the promotion, organisation, registration and development of cooperatives from one government office to another which implemented inconsistent policies. These did not only hamper the growth of cooperatives in a manner desired by the cooperative movement. They also brought about the fragmentation of the cooperative movement itself.

The Role Played by the Government in Past Cooperative Development

The Government was closely associated with cooperatives in the past. It had fostered "the creation and growth of cooperatives as a means of increasing income and purchasing power of the low-income sector of the population in order to have more equitable distribution of income and wealth". (Section 1, Presidential Decree 175, now repealed). As such, Government had given special considerations to cooperatives. The Government also played an important role in the promotion, organisation, development and workings of cooperatives.

While on the one hand, government had helped to accelerate the growth of cooperatives, its role had gone beyond that of support and guidance, which changed the basic character of many cooperatives as "members-owned and members-managed entities" into "government cooperatives".

The Rise of the Cooperative Movement

In 1974 a move was made at organising a national cooperative union for all types of cooperatives then existing with the ratification of the bye-laws and the election of a board of directors and committees and officers following a series of meetings and consultations among cooperative leaders and government functionaries. This, however, was not registered by the government.

Cooperative leaders pursued with determination to organise a national cooperative union. It culminated into the organisation of the Cooperative Consultative and Coordinating Committee (CCCC) composed of the national leadership of the Cooperative Movement. The CCCC functioned as a liaison agency between the movement and the government.

The CCCC and the Government embarked on a programme of unifying the Movement. They came out with the regulations for the organisation, registration and supervision of federations and unions and thereafter promoted the organisation of cooperative unions at the city, provincial and regional levels. This culminated in the organisation of the national union, the CUP. The CCCC self-destructed after attaining its mission.

Past Efforts at Having a Continuing Dialogue Between the Cooperative Movement and the Government

Through the '80s, the Cooperative Movement strove very hard to rationalise cooperative development and attain autonomy through continuing dialogue with the Government.

As the Philippines underwent major socio-political ferment and transformation in 1986, the Cooperative Movement aggressively pursued its public policy initiative programme. An immediate and significant end-result of said initiative was the enshrinement of cooperatives in the 1986 Philippine Constitution.

Later in 1989 and early 1990, the Cooperative Movement's efforts paid off with the persuasion of legislators from both Houses of Congress to conduct a thorough study of the Cooperative Movement for the purpose of formulating sound state policies that could usher and steer cooperative development to the right direction and for the purpose of creating an agency, as mandated by the Constitution that would assist the cooperative sector in the promotion, development and strengthening of cooperatives that would also serve as the sole registering agency for all types of cooperatives in the country.

Enactment of the New Laws on Cooperatives

The strong representation of the Movement for the enactment of appropriate laws to implement the Constitutional mandate was rewarded with the signing by the Philippine President on March 10, 1990 of Republic Act No 6938 (Cooperative Code) and Republic Act 6939 (Creation of the Cooperative Development Authority).

The Cooperative Code of the Philippines provides a wide spectrum of benefits that strengthen/empowers cooperatives, foremost of which is the autonomy given to the Cooperative Movement to chart its own promotional and developmental course with government assuming a subsidiary and assistory role by providing an environment conducive to cooperative development and granting assistance only when requested by cooperatives.

Republic Act 6939 mandates the Cooperative Development Authority to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development.

In line with the subsidiarity principle enunciated in the Cooperative Code, the CDA regularly consults the Cooperative Movement. Thus, it is set to pursue a Mission that is the same as that of the Cooperative Movement's Mission statement was jointly formulated by them during the "Tri-sectoral (Cooperative/ Government/ Other NGOs Involved in Cooperatives Development) Strategic Planning Conference" held in October 1991.

In completing the perspective, it has to be stated that much of the recent cooperative development in the Philippines are already in accord with the spirit of the Sydney Conference.

Holding of a National Level Follow-up Workshop

As a national level follow-up workshop on the recommendations of the 1988 Singapore Consultation and the 1990 Sydney Cooperative Ministers Conference, a Philippine Cooperative Development Forum was held in Quezon City on June 4-7, 1991. It was sponsored by the ICA ROAP with the Swedish Cooperative Centre and co-hosted by the ICA- member organisations in the Philippines, the Cooperative Union of the Philippines, the Sugar Cooperatives Development Institute of the Philippines, and National Confederation of Cooperatives together with the Cooperative Development Authority.

The Workshop came up with the following:

- (a) A modest report that gives a genuine picture of the present state of affairs of the Philippine Cooperative Movement. It portrays the multi-dimensional problems that have been affecting the growth of the Philippine Cooperative Movement.
- (b) Strategies and Plans of Actions matching the perceived and felt problems within specific time frame and identification and delineation of the respective roles of government agencies, the cooperative and the donor community.
- (c) A conclusion that the delineation of roles will lead to unified thrust in the implementation of the strategies and plan of action; and that the concerted effort will provide the cooperative movement the required impetus and direction to become a prime mover in the socio-economic development of the Philippines.

The Workshop also gave the following general recommendations in addition to specific recommendations:

- (a) That the values of cooperativism be promoted as a way of life;
- (b) That existing infrastructures and support services be strengthened to enhance the development and growth of agricultural cooperatives;

- (c) That the financial system be rejuvenated and revitalized through the introduction of appropriate structures and adequate services;
- (d) That management skills and technical know-how of cooperators be honed through training to meet the present demands of enterprises;
- (e) That new marketing structures be set up to meet the various needs of target beneficiaries;
- (f) That vertical and horizontal linkages be forged to optimize benefits through the economies of scale;
- (g) That a single cooperative matrix for development be formulated, adopted and implemented by the movement with the support of government;
- (h) That a cooperative code of ethics be formulated and adopted;
- (i) That assistance from donor agencies be rationalised to ensure that deserving sectors are reached;
- (j) That an awareness campaign on environmental issues be made in the movement so that they can be properly addressed; and
- (k) That the existing convenors group of the Forum oversee the implementation of the strategies and plan of actions through consensual decision making.

Developing Clear Perspective for the Development of Cooperatives in Specific Areas During the '90s

In line with the Sydney Conference Recommendations that national government in collaboration with the national cooperation organisations should develop clear perspective for the development of cooperatives in specific areas during the 90s and also in the spirit of the principles of subsidiarity and popular participation as enunciated in the Cooperative Code, the Cooperative Development Authority created a Tri-Sectoral Task Force on Cooperative Planning consisting of representatives from the Cooperative Sector, (most of these people were cooperative leaders and government official who participated in the Philippine Cooperative Development Forum) the NGOs and the Government.

With financial support from the CDA, the Task Force worked on a Medium Term Cooperative Development Plan during a workshop held on October 28-30, 1991. The draft Medium Term Plan, the workshop output, was subjected to further deliberations during subsequent consultations among the tri-sectoral group. The refined version of the Plan will be submitted to the National Economic and Development Authority (NEDA) for inclusion in the Philippine National Development Plan.

Improvement of Relationship Between the Government and the Cooperatives

Based in the principle that the Governments and the Cooperative Movements

should support each other to achieve their common objectives of improving the socio-economic conditions of the people and national development, and based on its recognition of the nature of cooperatives as autonomous institutions, the Sydney Conference suggested that Government should play the role of facilitator through policy initiatives and through the nurturing of cooperatives to play their full role as peoples organisations.

Hereunder are the Philippine statements on the issues related to the preceding suggestion of the Sydney Conference:

Re: Reviewing the Present Cooperative Government Relationship : The review had already been done and the ideal relationship could be gleaned from Article 2 of the Cooperative Code of the Philippines.

The New Role of Government : The new Role of government is stated in the State Policy enunciated under Article 2 of the Cooperative Code, i.e. ".... to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice.".....to encourage the private sector to undertake the actual formation and organisation of cooperatives", ".....create an atmosphere that is conducive to the growth and development of these cooperatives."

"Toward this end, the Government and all its branches, subdivisions instrumentalities and agencies shall ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organisational integrity of cooperatives.

Role of the Cooperative Movement : In consonance with the principle of subsidiarity and primacy of cooperatives, also enunciated is the Cooperative Code of the Philippines, the cooperative sector is given the role of initiating and regulating within its own ranks the promotion and organisation, training and research, audit and support services relating to cooperatives with government assistance when necessary.

Re :Developing Mutual Understanding and Harmonious Relationship Between the Government and Cooperatives: Conscious efforts on the part of both the Government and the Cooperative Movement are being made to establish mutual understanding and harmonious relations. Some examples of these efforts are the following:

The effort to institutionalize the Ko-ops Forum presently being held regularly every month among representatives of the Cooperative Movement, other Non-Government Organisations working with cooperatives and the Government sector. The Forum serves as:

a) venue for expressing and testing ideas, exchanging views and generating

free flow of communication, facilitating government's policies formulation, program preparation and drawing of guidelines and procedures that are responsive to the needs of the cooperative movement;

- b) vehicle of mutual assistance among cooperatives through its Koop Tulungan Programme (Coop Mutual Assistance Programme) which mobilizes the tri-sectoral support and assistance to cooperatives victimized by calamities such as earthquake, volcano eruption, floods, typhoons, etc;
- c) channel for information dissemination through its Koop-Ugnayan Program, which enables the cooperative sector to know and understand the various government's programmes and activities and engender policy initiatives necessary for cooperatives development.

The Government through the CDA provides technical support and assistance in the conduct of the Koops Forum. Initially, the Koops Forum was conducted only at the national level. Presently, the monthly Koop Forum are also being held at the regional and provincial levels.

Another efforts towards the fostering understanding and harmonious relation between Government and the Cooperative Movement was the creation of the Technical Committee constituted by the Koop Forum Representatives for the purpose of drafting Rules and Regulations for Governing the Operations of Cooperatives which are genuinely responsive to the needs of cooperatives.

Joint Cooperative Development Visioning and Planning as mentioned earlier by both the Cooperative Movement, Government and other organisation involved in cooperatives development. This is one mechanism being adopted to facilitate effective performance of delineated roles in the cooperative development plan which will be integrated in the over all national development plan of the Philippines.

The Government through the CDA's Extension Offices is promoting mutual understanding and harmonious relation by encouraging the representation and active involvement of cooperatives in multi sectoral development councils at the local levels.

Additional Statements Regarding Philippine Cooperative Development Situation in Relation to the Sydney Conference Recommendations

Re : Role of Cooperative Legislation on the Organisation and Working of Cooperatives and the Need for Such Legislation to be Development Oriented: The Philippine CDA is giving much importance to the development of cooperatives as provided for in the Code. Training, research and other developmental efforts have been funded by CDA. The Philippine Cooperative Laws, no doubt, are already development-oriented, not restrictive.

Re: The Suggestion that the ICA ROAP Should Undertake a Study of Cooperative Laws in the Region In Order to Recommend Deletion of

Restrictive Provisions and Addition of New Provisions Needed for Facilitating Cooperatives : In the June, 1991 Cooperative Development Forum, the Cooperative Development Authority distributed copies of the Philippine Cooperative Laws to the participants as well as to officials from ICA ROAP. The CUP on its part has also given ICA advance copy of the laws.

The Philippine will appreciate receiving from the ICA the result of their study of the Philippine.

Re :The Suggestion That Cooperative Legislation Be Simple and Written in Such Language as Would be Understandable to Ordinary Person : That Cooperative legislation, which is at present generally more regulatory in character, be so revised as to make it an effective instrument for cooperative development. It should not include matters which properly come under regulations, bye-laws and the development plans and programmes.

The Cooperative Code of the Philippines is written in English. While other portions are concise and readily understandable by members of cooperatives with high school education, there are parts, especially the ones with legal terms, that can not be comprehended easily by laymen.

In this connection, several national cooperatives organisations have already attempted to translate the cooperative laws into different major dialects. In some training courses the translated cooperative laws are already used as part of the training materials.

Re :Definition of the term “Cooperative” : The term “cooperative” in the new law is found in Article 3, the General Concepts: A cooperative is a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles. We should like to state that the definition is encompassing.

Re : The Suggestion that the Principles of Cooperatives as Adopted by the ICA be Incorporated in the Cooperative Laws : The principles of Cooperation are found in Article 4 of RA 6938 and other portions of the laws. Likewise in Article 3 of the Code, the universally accepted cooperative principles has been mentioned which is defined further under Article 5 (9) as the body of cooperative principles adhered to worldwide on cooperatives in other jurisdiction.

The Principles of Cooperation are also reflected in the various provisions of the cooperative law, to wit:

In Republic Act 6938:

- Open and voluntary membership - Art 4 Art 5, Art. 26
- Democratic control - Art 4, Art.37 (1) (2) (3)



Delegates from Thailand. In the centre is Mr Anan Chamnankit,
President of the Cooperative League of Thailand



A section of the distinguished participants at the Conference



Delegates from Vietnam attending the Conference



Mr Ahmed A. Khalil, Secretary-General of the Afro-Asian Rural Reconstruction Organisation greeting President Soeharto



Delegates from the ILO attending the Conference, Mr Jurgens von Muralt, Director ILO is on the right



ICA, President Lars Marcus with Conference Chairman Hon'ble Bustanil Arifin, Minister of Cooperatives of Indonesia



ICA Executive Director Bruce Thordarson delivering his paper on Capital Formulation in Cooperatives



Mr Bruce Thordarson, Executive Director of the ICA greeting President Soeharto



Gen A. S. Lozada, Chairman of the ICA Regional Council in conversation with Hon'ble Bustanil Arifin



(l to r) Mr G. K. Sharma, Hon'ble W. Mallimaratchi (Sri Lanka), Hon'ble K.T. Fakafanua (Tonga), Mr Daman Prakash, and Mr F. Tuipeatau (Tonga)



Chairman of the Conference, Hon'ble Bustanil Arifin together with Mr G.K. Sharma, ICA Regional Director for Asia and the Pacific



Dr. R.C. Dwivedi, ICA Consultant with Hon'ble Bustanil Arifin



Dr. R.C. Dwivedi, Conference Consultant, greeting President Soeharto at the inaugural session of the Conference



(l to r) Mr Bruce Thordarson with Mr V.M. Lubasi, ICA Regional Director for East, Central and Southern Africa



Hon'ble Ir Wardoyo, Indonesia's Minister for Agriculture with Hon'ble Takao Jinnouchi, Parliamentary Vice Minister of Japan



Hon'ble Rudini, Minister of Home Affairs of Indonesia in conversation with ICA President, Lars Marcus



Delegates from the Philippines with Conference Chairman and ICA President



Hon'ble Ms Shailja Acharya, Minister of Agriculture of Nepal inaugurating the Cooperative Trade Exhibition



A view of a display stall put up at the Cooperative Trade Exhibition



Hon'ble Weerasinghe Mallimaratchi, Minister of Food and Cooperatives, Sri Lanka, seen presenting a gift to Hon'ble Bustanil Arifin, Minister of Cooperatives of Indonesia



Terima Kasih Indonesia - ICA President Lars Marcus conveys the thanks of the ICA to Indonesian hosts by presenting a bouquet to one of the participants of the Indonesia Cultural Night Programme



President Soeharto with the Conference delegates in front of the Merdeka Palace
at the time of the inauguration of the Conference

Towards this end the Government and all its branches, subdivisions, instrumentalities and agencies shall ensure the provision of technical guidance, financial assistance and other services to enable said cooperatives to develop into viable and responsive economic enterprises and thereby bring about a strong cooperative movement that is free from any conditions that might infringe upon the autonomy or organisational integrity of cooperatives." The Cooperative sector, likewise, has a clear mandate under the principles of subsidiarity, to carry out activities that will develop and strengthen cooperatives.

Pursuant to the foregoing legal provisions, the Cooperative Movement and the Cooperative Development Authority have formulated for their respective sectors a common statement of Vision and Mission for Cooperative Development, to wit:

Vision : "A Dynamic Cooperative Movement Towards a Society Where There is Equity, Democracy, Social Justice and Sustainable Economic Development".

Mission : "To Promote, Organise and Develop Cooperatives As Instruments For Popular Ownership, Management and Control of Resources and People of Limited Means."

- For Poverty Alleviation
- For Popular Participation

Furthermore, the CDA, recognizing cooperatives as autonomous institutions, has always encouraged the cooperative sector to lead major activities in the cooperative movement. For instance, the CDA facilitates the formation of committees for the cooperative month celebration. CDA impress to the national cooperative leaders that the celebration is an affair of the cooperative movement and not of the government. In Koop Forum, secretariat from CDA facilitates the holding of the forum. At the cooperative level, CDA encourages cooperatives to settle disputes among themselves or with the assistance of their unions and federations. If cooperatives cannot settle their disputes, it is only then that CDA mediates to assist them in arriving at satisfaction resolutions of their cases.

Re : Involving Cooperatives in Planning from the Village Level Upwards : In the Tri-Sectoral Planning, the National Cooperative Organisations have involved their members at the provincial and regional levels in gathering data in the field.

The planning is really bottom-up as suggestions were coming from the village level. The output of the Tri-sectoral planning at the national level will be validated by CDA at the Regional and provincial levels through organised workshops.

Re: The Need for Government to Encourage and Assist Cooperatives to Develop their Own Key/Top Management Officers : The CDA is assisting

through counterpart fundings and technical assistance in the conduct of management and skills training with the aim of developing the key personnel of cooperatives.

Re: The Recommendation That a Massive Programme of Education of Cooperative Members and Elected Genders Be Carried Out By the Cooperative Movements and That Governments should render Needed Assistance : The Philippine Government, when requested, supports and collaborates in the conduct of education programme members of cooperatives . Although the Code does not require pre-membership education for prospective members, the model by-laws provided by the CDA require pre membership trainings for new members.

Re :The Recommendation that Adequate Programmes of Training for Government Personnel in Cooperative Concepts, Principles, Implementation of Cooperative Law and Cooperative Education Be Established : The CDA has a programme for staff development for its personnel wherein values and attitudes will be emphasised. There will also be trainers' and other trainings to equip its personnel with sufficient knowledge on the different areas of cooperative development.

Re: The Sydney Conference's View That There is a Need for Orientation Programmes for Top Level Policy Makers to Keep Them Aware of the Changing Environment and the Needs of the Cooperative Movement : The Philippines shares the view that there should be continuing orientation on cooperatives for top level policy makers. In the Philippines, local conferences and meetings on cooperatives are often conducted. Foreign organisations also invite our cooperative leaders in government and the cooperative sector and we always manage to send representatives. Through regular radio and TV programmes on cooperatives, top level policy members may also know more about cooperatives.

Re : The Recommendation to Discontinue the Practice of Ex-Officio Holding of Elective Officers in Coops. by Government Officers : CDA officials and employees are prohibited from becoming officers in cooperatives. Although the Land Bank of the Philippines and the Department of Agriculture have official observers in institutions wherein they have equity investment, these government representatives are not given any voting rights.

Re: The Recommendation to take steps to de-officialise and de-politicise cooperatives : This has already been done in the Philippines.

Sydney Conference Recommendations which the Philippines consider as needing an expanded period of implementation

Formulation of National Policies in Consultation with Cooperatives : In the Philippine setting, formulation of policies is an on-going activity of government and the cooperative sector.

Creation/Building of Environment for Cooperatives to Play Their Full Role: This is an on-going activity. Towards this end, several proposed bills for enhancing the role of cooperatives have been filed in Congress.

Regarding Cooperatives as Community Institutions and Consulting Them on Matters Involving Them, e.g., - Fixing the prices of Agricultural Commodities, Manufacture of Consumer Goods and Measures for Consumers Protection : This is an on-going concern, the advocacy of which is being followed through by concerned groups including cooperatives.

Sydney Recommendation which needs not be implemented in the Philippines: The Philippines is of the view that there is no need to set up Cooperative Development Corporations in the country.

Conclusion

With the passage of the two cooperative laws serving guidelines to the cooperative movement and the Government, there has been a relatively harmonious relationship between the Cooperative Sector and the government agencies concerned with cooperative development. There is, however still room for improvement. It has been observed that there has been support from each other based on mutual trust, understanding, respect and social justice. We believe that the same kind of relationships prevail in other countries in the region. Undoubtedly, this favourable cooperative development could be due to the efforts of ICA ROAP. We hope that through the harmonious relations between the governments and cooperative sectors in the Region, the cooperative movements can truly be considered as third sector in our respective economies and that through the cooperative movements, there will be national and international understanding, peace and love and there will be equity among people regardless of sex, colour, creed and religion.

Statement made by Mr. Lim Ho Seng, Chairman, Singapore National Cooperative Federation Limited

Hon'ble Chairman, Hon'ble Minister for Cooperatives, Distinguished Cooperative Leaders, Ladies and Gentleman.

I am indeed honoured to be here today, to share with you the developments in the Singapore Cooperative Movement regarding Cooperative-Government Collaboration. I represent the Singapore Cooperative Movement as Chairman of the Singapore National Cooperative Federation and also, I have been asked by Mr. Yeo Cheow Tong, Minister for Community Development, to represent the Singapore Government in this august meeting.

Background

I would like to give some background first. The Singapore Cooperative Movement was started in 1924 when the first Cooperative Societies Ordinance was enacted. The Government initiated legislation to provide the proper framework to establish cooperatives in order to alleviate the financial needs of the population.

Over the years, the Movement has made progress. Especially since 1970, which saw the launching of cooperative ventures by the Singapore National Trades Union Congress (NTUC) and its affiliated unions. These ventures were meant to provide more economic and social benefits to workers. Within a span of nine years (1970-1979), 13 cooperatives were established by NTUC and its affiliated unions. This resulted in a tremendous upsurge in membership and created a significant impact on the daily lives of the population. The major cooperative activities include insurance (NTUC INCOME), consumers chain stores (NTUC FAIRPRICE), Taxis (NTUC COMFORT), Radio Station (NTUC Voice), etc.

Another major step forward was in 1980, when the apex organisation, the Singapore National Cooperative Federation was formed. This augured well for the Singapore Cooperative Movement, both on the national as well as at the international levels. Today, there are about 65 cooperatives in Singapore with about 525,000 individual members.

The Government and Cooperative Movement Relationship

I now move on to the Government and Cooperative Movement relationship. In 1980, the new Cooperative Societies Act was enacted. It repealed the previous

restrictive ordinance which was enacted in 1924. Besides providing better regulation of cooperative societies, the new Act also encourages the orderly development of the Cooperative Movement. The Central Cooperative Fund (CCF) was established as a Trust Fund. The Fund is under the control of the Minister for Community Development, with a Committee to advise him on the administration of the Fund.

Every cooperative society is required to contribute 5% of the first S\$500,000 of annual surplus to the CCF and 20% of any surplus in excess of S\$500,000 either to the CCF or to the Singapore Labour Foundation. The CCF is intended to further cooperative education, training and research for the general development of the Singapore Cooperative Movement.

The Registry of Cooperative Societies is a department of the Ministry of Community Development. It administers the Cooperative Societies Act which provides extensive framework for the registration and control of cooperative societies in Singapore.

Therefore, we can understand that the Government has legislative regulation over the Singapore Cooperative Movement.

Follow-up of Recommendations of the 1990 Sydney Conference

Last, I would like to share with you the follow-up of the recommendations of the 1990 Sydney Cooperative Ministers Conference. We have studied the recommendations of the 1990 Sydney Cooperative Ministers Conference as regards the roles of Government and National Cooperative Organisations. We have summarized the recommendations as follows:

a) No. of recommendations which have or are being implemented	.....	25
b) No. of recommendations which can be looked into or considered	.....	5
c) No. of recommendations which are unnecessary or irrelevant	.....	13

Details in this regard have already been supplied to the ICA. I won't go through them to save your time.

Conclusion

In conclusion, we will continue to strive for a beneficial relationship between the Government and the Singapore Cooperative Movement.

Statement made by Hon'ble Weerrasinghe Mallimaratchi, Minister of Food and Cooperatives, Sri Lanka

Hon'ble Chairman, Hon'ble Ministers of Cooperatives, Distinguished delegates,
Ladies and Gentlemen.

Sri Lanka is at present implementing an extensive socio-economic re-orientation programme under the leadership of His Excellency Ranasinghe Premadasa, President of the Democratic Socialist Republic of Sri Lanka. A new deal and new vision through restructuring the political, economic, social and administrative machinery has been assured to the people and the nation, the greatest resources of our country. The last ten years have been years of growth, of progress and economic development. The open economy, and the liberalized social and human relations have paved the way for Sri Lanka to keep abreast of the rapid changes that are taking on a global scale. This pace of development took a new direction with a new deal and a new identity for the people through an active programme on Poverty Alleviation, a direct investment in human resources. This vision has given a new impetus to the Cooperative Movement.

1. Role of the Cooperatives in Sri Lanka on the threshold of 1990s'

The cooperative sector in Sri Lanka since its inception in 1911 has played a vital role in the improvement of the living conditions of lower income groups. It has now spread into various fields of activity influencing the day-to-day life of the community. Particularly, there has been a noteworthy expansion of cooperatives in the fields of consumer services, thrift and credit, agricultural production and marketing. At present there are 9,545 cooperatives of sixteen different types in operation. Approximately 34% of the population of Sri Lanka over 18 years of age have become members of cooperative societies. Cooperatives have played a very significant role in improving the quality of village life and also proved their capability to cater to the demands made on them by the socio-economic development programmes implemented over the years. Based on this experience the cooperative sector in addition to the state and the private sector has also been recognized by the State as a catalyst and an agent in the realization of the efforts in achieving an all round and rapid improvement in the living conditions of the low-income and socially-inactive groups of our society. This necessarily means a more developmental and people-oriented role for this sub-sector. Accordingly the new role of the cooperatives in the 1990s envisages the following: (i) cooperatives will have to define a role for themselves as catalysts

and agents of change in the Poverty Alleviation Programme; (ii) cooperatives have an important developmental task in organizing and equipping needy families and groups to manage their own affairs through the provision of effective credit and savings facilities; (iii) the primary role of the State in the development of the cooperative movement is to guide and support cooperatives to be effective and responsible in self-management and self-development.

Strategy

In order to translate the above approach into an action-oriented programme, the following activities have been identified to be carried out by the cooperative sector: (i) To set forth programmes to use cooperatives as institutions in strengthening Poverty Alleviation Programmes; (ii) to strengthen the role of the cooperatives in organizing and mobilizing and activating the economically weaker families; (iii) to initiate activities that would create self-development and self-management of cooperatives; (iv) to restructure the production and marketing programmes of rural agricultural sector.

National Policy on Cooperatives

A National Policy for the Cooperative Sector has already been formulated to steer the Movement in deriving maximum benefits for the community, thereby achieving the above objectives.

The following are the salient features embodied in the policy :

- (a) The Cooperative Movement should serve as an active agent in the economic development of our country.
- (b) Manpower and other resources in the cooperative sector should be mobilized for the benefit of self-management and self-development.
- (c) Cooperative Movement should be entirely a Movement of its members and it should reflect their creativity and capabilities.
- (d) Cooperative Movement will have to look after its employees and their well-being.
- (e) Cooperative Education and Training Programmes should be formulated to cater to the requirements of the New Deal.
- (f) Cooperative Movement should take meaningful steps to achieve and benefit from the objectives embodied in the people-based development programmes.

2. Present Trends of the Cooperative Movement in Sri Lanka

Self-Management and Self-Development

In pursuance of the objectives of making the Cooperative Movement of Sri

Lanka more development-oriented as peoples' organisations, the following actions have been taken to improve self-management and self-development of the cooperative sector.

Amendments of the Cooperative Law

In order to facilitate self-management and self-development preliminary steps in revising the Cooperative Law No. 5 of 1972 to suit the needs of the time were finalised and the revised law was passed in Parliament in February 1992. The following objectives are to be achieved under the proposed amendments: To allow the Cooperative Sector to grow freely as an independent movement; To wean cooperatives entirely from political and way of any kind; To promote member participation and efficiency of the democratic process.

Formulation of a National Cooperative Policy

A National Cooperative Policy has now been formulated to provide the necessary guidance for the purpose of achieving prosperity of the members and also of the Cooperative Movement itself through self-management and self-development of the Cooperative Sector.

Involvement of Youth in Cooperatives through activating School Cooperatives

A major drawback of the cooperative sector of Sri Lanka has been the lack of participation of youth in cooperatives. Though the subject of Cooperation was included in the school curriculum as far back as in 1986, its impact on students has not been much encouraging. Having realized the potential of student population as would be leaders of the community, an accelerated programme was launched in 1991 to expand the formation of school cooperatives and educating students and the subject of Cooperation. In the year 1991, alone 470 new school cooperatives were formed in many provinces in order to facilitate the implementation of the school Mid Day Meals programme - a scheme drawn up by his Excellency the President to increase nutrition among school children and also to popularize the cooperative system. A programme has also been launched to educate student committee members of school cooperatives at the School of Cooperation.

Education of Members

In order to give a meaningful effect to the concept of the liberalization of Cooperative Law to enlighten the membership in shouldering the new responsibilities, a massive programme of member education has been effective since 1991. The Provincial Councils, in collaboration with the District Cooperative Unions have launched an extensive programme to educate elected leaders of cooperatives. The School of Cooperation too has renewed its efforts in this direction by introducing several education programmes for cooperative leaders.

These effort to educate members have proved in steering the cooperatives towards achieving the broader objectives of the liberalization of Cooperative Law.

Strengthening of Apex Cooperative Organisations

The responsibilities devolved on Apex Cooperative bodies in ensuring self-development and self-management in the Movement are varied and complex. These organisations on the one hand, have to preserve their credibility among member societies through sustained efforts to fulfil member needs while on the other hand, they have to operate as business institutions maintaining continuous efficiency and profitability.

Action has already been taken to evolve a continuing dialogue between cooperatives and the government. The quarterly meetings of the Ministry of Food & Cooperatives under my Chairmanship has provided an appropriate forum for apex organisations to present any problems of the Movement to the government. This approach has helped to enhance and monitor, from time to time, the role of cooperatives in various sectors of the national economy and to develop innovative approaches to face new socio-economic challenges.

3. Poverty Alleviation Programme

The Janasaviya Programme (JSP) is a countrywide and system-wide response - policywise and programmewise - to a set of fundamental problems afflicting the Sri Lankan social, political, and economic order. The cluster of problems, inter-alia, include poverty, malnutrition, lack of basic needs, lack of equity, unemployment and underemployment, ideological and cultural disorientation, landlessness and alienation. As a result, the waste of potentially productive human and other resources is immense. Considering human beings to be the most valuable resource, the JSP aims at remedying this situation by helping the poor to build up their latent capacities and their asset-bases through productive employment.

The JSP pivots around the poor family, groups of poor families and poor community. The poor are at the centre of their own development process. They are primarily responsible for both deciding and doing. Hence, human skills and internal factors are the "key" in the new design. The role of government and of non-governmental organisations is their active support to create the right conditions for poor people to stand up on their own feet. Therefore, the JSP implies major restructuring of ideology and organisation. That is why it is the core programme of the Government, invariably linked to and support by, practically all other programmes.

Strategy

The JSP strategy offers each poor family access to a pool of resources valued at

Rs. 2,500/- a month during a fixed 24 month period, within a carefully designed development field. It offers poor families many incentives and opportunities to get themselves out of poverty. While the direct resource transfer is an immediate catalyst, the larger JSP process encompasses newer and wider shifts in networks of thinking, living and production.

The Rs. 2,250/- divides itself into two components. One to Savings, the other to Consumption. Rs. 1,042/- a month is entered in the name of both the wife and husband in a Savings Pass Book of the National Savings Bank. This accumulates to Rs. 25,000/- in two years. Present thinking is that this Component will serve as a guarantee or collateral, offering access to a Special Credit Scheme. Depending on the wish of the family, provided its income-generating or employment project is ready, it could obtain credit anytime during the 24 months.

The balance of Rs. 1,458 a month, is for consumption. It is directly linked to a Training-cum-Production Programme called the Saragam Programme. The family has to offer a minimum 24 days of labour per month on a productive activity, whose benefits are personalized. Where necessary it could be oriented to group or communal operation. It is self-managed and self-monitored by the hamlet community. The performance outputs would be discussed, debated and exhibited. Independent of this, there will be external monitoring by the divisional level.

This scheme takes the form of a coupon card, called a JANASAVIPATHA, which again is in two parts of Rs. 1,000 and Rs. 458. For the first Rs. 1,000, the family has to buy goods from the Janasaviya basket stocked at the local Cooperative Store. The balance Rs. 458 carries an option. The family can either buy goods from the same source for that money, or for a part of it, or can voluntarily save the whole of it or a part of it in a Savings Account of the National Savings Bank. This is not encashable. This scheme has led to the identification of four fields in which cooperative could become active. They are:

a. **Agricultural and food production** : The Janasaviya basket of food items and non-food items is the result of a vital policy decision to give a clear priority to locally-produced goods. This opens up a huge new internal market and demand. Producers benefit directly. In a definitive sense production is the other face of Janasaviya. The whole agricultural production programme is being revamped to maximize market oriented production. Closely allied to production are the cooperatives. Not only are they called upon to stock and distribute goods for the consumption component of JSP they can also act as marketing sources for what is produced. There is a new major responsibility for cooperatives to plan as a tested and trusted supportive network in both production and marketing.

b. **Providing self-employment** : The efforts made by the coops to provide self-employment opportunities for Janasaviya beneficiaries have proved to be

very successful. A noteworthy effort has been the introduction of "Rice Processing Project" which provides direct benefit of value addition to the farmers. Under this project the basic raw material, which is Paddy is provided on loan by the coops to the members of the low income group. The paddy is then boiled, milled and returned to the respective coops as rice for distribution through sales outlets. This project has helped the farmers to retain the benefit of value addition for themselves which hitherto, enjoyed by outsiders and middlemen. Presently 417 such projects are in operation and the scheme is expanding at a very rapid pace.

c. **Assistance for self-employment** : In order to accelerate the self-employment ventures, cooperatives have expanded their lending activities. Under this system the Cooperative Rural Banks (CRBB) have provided credit facilities through a net work of 1039 CRBB distributed all over the Island. A sum of Rs. 135.74 million has been issued to low income groups for self-employment during the First Round of Janasaviya. In the Second Round, to date a sum of Rs. 198.74 million has been issued for self-employment.

d. **Establishment of collective settlement schemes** : A programme to establish collective settlement schemes for Janasaviya beneficiaries and their low-income groups using mutual effort and self-help was launched under this scheme. As a preliminary pilot project the Ministry of Food and Cooperatives has provided financial assistance to establish two such villages. Consequently sixteen villages have now been established under the patronage of Provincial Councils. The main thrust under this programme is to provide assistance and guidance under the Cooperative system to develop and strengthen peoples efforts for their own benefit.

e. **Promotion of rural savings and participation in the field of credit requirements** : Cooperative Rural Banks and the Thrift and Credit Cooperative Societies have been efficiently geared to promote savings at village level. The total value of rural savings as recorded in 1990 was Rs 3,522 m. Of this Rs. 2,497m which is nearly 71% of the total savings has been mobilized by the CRBB. A further sum of Rs.514 m. has been collected by the Cooperative Thrift and Credit Societies sector. In all, 86% of rural savings in the year 1990 had been mobilized by the cooperative sector.

4. The New Dimension in Marketing of Agricultural Produce

The cooperative sector has made concerted efforts to improve and expand marketing of agro-products. Highlights of the new dimensions in this field are as follows:

a. **Opening of purchasing centres** : The Ministry of Policy Planning & Implementation under the guidance of His Excellency the President of Sri Lanka has introduced a project to establish purchasing centres predominantly in agricultural areas in the country. The Multi-purpose Cooperative Societies

have been requested to take part in this scheme. This scheme has been introduced to facilitate the marketing of agricultural produce of all commodities and to find a market for such produce outside the growing areas. With the introduction of this scheme farmers and producers have made renewed efforts to accelerate their production. Already 96 purchasing centres have been established by the MPCSS and many more are to be opened up during the course of the year.

b. **Opening of "Co-markets" in urban areas** : A pilot-market has now being opened in Colombo under the name "Co-Market" with the objective of introducing local agro products into the urban and semi-urban markets. Action has already been taken to acquire a suitable building site to open up a wholesale cooperative market in order to facilitate the wholesale of agro products purchased by the purchasing centres in the districts. This market would be a very novel experience for the cooperative sector and would certainly boost up the image of the cooperatives as viable and efficient marketing agents.

c. **Inter-Provincial cooperative trade** : Consequent to the policy decision taken to diversify the activities of the Cooperative Sector, steps have now been taken to promote inter provincial coop trade. Under this programme, surplus products in the provinces are being distributed to the provincial cooperative unions in the non surplus areas. It is hoped to achieve the following objectives by promoting inter provincial trade : (i) to build up a market and sales relationship among the "Produce" areas; (ii) to provide locally produced goods to the consumer at reasonable prices; and to help to achieve a reasonable and fair price for the producer for his produce.

d. **Cooperative exports** : Export trade has not been a novel experience in the Cooperative Sector in Sri Lanka. It has over the years exported many cooperative products. In keeping with the objective of expanding cooperative export trade the Sri Lanka Industrial Coop Society Union ('Ceyesta'), the Sri Lanka Marketing Federation and the Coconut Producers Cooperative Union have opened up new avenues to accelerate their export trade. These exports include Rubberized coir-mattresses, coir fibre, desiccated coconut, betel (leaves) etc.

5. Re-organisation of the Cooperative Banking Sector

Cooperatives in Sri Lanka have been agitating for a separate Cooperative Bank for more than 20 years. At last the Banking Commission has approved upgrading of rural banks as Cooperative Financial Institutions. This, of course is a prelude to having a separate cooperative bank in the future. It has been proposed to upgrade a Cooperative Rural Bank in each district by pooling the resources of other CRBB in the district and to make it a District Bank to serve the cooperative societies within that district.

Considering the capacity and the resources of the CRBB we are confident that

the cooperative sector would succeed in this effort and that very soon the idea of having a cooperative bank would be a reality.

6. Government Assistance to Cooperatives

The Government has introduced several schemes to assist the cooperatives, both in activating consumer services and expanding the marketing of agricultural products. A separate fund has been established to assist MPCSS and other agricultural cooperatives for purchasing paddy, and other cereals. This fund consists of Rs. 1.5 million of which about a million has been granted from the Cooperative Fund. In addition several contributions have been made to the apex cooperatives with the purpose of strengthening their marketing capabilities. In the year 1991, a sum of Rs. 18.1 million has been given to the cooperatives under the cooperative development fund.

Conclusions

We, in Sri Lanka, note that the Government and the Cooperative Movement have common objectives of improving social and economic conditions of the people and promoting national development. It is our firm belief that both the Government and the cooperative movement should support each other to achieve this common objective on the basis of mutual trust, confidence and commitment. We also believe that cooperatives by their very nature are autonomous institutions and that the government should play the role of a facilitator through policy initiatives and should nurse and nurture them to play this role adequately as peoples' organisations. The government of Sri Lanka having fully accepted this position has made the efforts to make the cooperative movement in Sri Lanka an autonomous and efficient movement and also to steer them towards the achievement of socio-economic stability in its wider programme of national development.

Sri Lanka - Some Key Statistics

- (a) Total Land Area : 62,336.5 Sq Km
Total Population : 17.0 Million
Population Growth Rate : 1.1%
- (b) Currency : Sri Lanka Rupee
(US Dollar 1 = Rs. 42.64)
- (c) Literacy : Males : 91.1%
Females : 83.2%
- (d) Composition of GDP (1990) : Agriculture = 26.3%
Industry = 17.3%
Services = 56.4%
- (e) GDP Growth Rate (1990) : 6.2%
(in real terms)
- (f) Per Capita GNP (Current Prices) : US\$ 418
- (g) **Main Exports** : Ready made garments, Tea, Rubber, Coconuts Products, Vegetables, Spices, Coffee, Cocoa, Graphite, Ilmenite, gems and jewellery, petroleum products.
- (h) **Main Imports** : Rice, Wheat Grain, Sugar, Milk and Milk Foods, Dried Fish, Pharmaceutical Products, Fertilizer, Crude Oil, Motor Vehicles, Motor Cycles, Tractors, Machinery and equipment, textiles, iron and steel, News Print.
- (i) **Main Foreign Exchange** : Ready made garments, remittances of workers abroad, tea, rubber, coconut products, minor export crops and tourism.

Cooperative Movement in Sri Lanka - A Profile

- (a) Total No. of Primary Societies : 9545
(as at 1991)
- (b) Membership of Primary Cooperative Societies : 3.4 million
- (c) Total No. of Multi-purpose Cooperative Societies : 289

(d) Membership of Multi-purpose Cooperative Societies	:	2.5 million
(e) Total no. of Thrift & Credit Cooperative Societies	:	6380
(f) Membership of Thrift & Credit Cooperative Societies	:	0.6 million
(g) Total no. of Agricultural Cooperative Societies	:	1150
(h) Membership of Agricultural Cooperatives	:	0.1 million
(i) Total no. of Industrial Cooperative Societies	:	224
(j) Membership of Industrial Cooperatives	:	69,200
(k) Total no. of School Cooperative Societies	:	1234
(l) Membership of School Cooperatives	:	0.2 million
(m) Total no. of Apex level Cooperative Societies	:	12
(n) Employment of Multi-purpose Cooperatives Societies	:	29,950
(o) Average number of employees per MPCS	:	105

Cooperative Rural Banks

- No. of Coop Rural Bank Branches	:	1039
- No. of Deposits A/C holders	:	2.7 million
- Total value of Deposits	:	Rs. 2601.2 million
- Value of Credit Balance	:	Rs. 992.7 million
- Value of Mortgage Balance	:	Rs. 497.5 million
- Surplus assets over liabilities	:	Rs. 508.5 million

Statement made by Mr. Lionel Samarasinghe, President, National Cooperative Council of Sri Lanka

I have the pleasure in submitting the following points for the consideration of the honorable delegates.

The Conclusions and Recommendations of the ICA Regional Consultation Meeting held in Manila, November 1991, were brought to the attention of the Board of Directors of the National Cooperative Council of Sri Lanka. The Board, after a careful consideration of these recommendations, made the following suggestions for the consideration of the Cooperative Ministers Conference, Jakarta.

- (1) The NCC firmly believes that closer collaboration between the State and the Movement is essential for the development and sustainability of the Movement.
- (2) Understanding the basic values in Cooperation, and genuine efforts to strengthen these values should be given priority during the next decade.
- (3) The social and economic objectives of the Movement should be understood quite clearly before the State steps in to evolve a practical system of strengthening Cooperative-Government relationship.
- (4) The NCC could give its fullest support to the ICA if the ICA could assist in organizing ways to conduct National Level Workshops, for due to financial constraints the NCC is unable to organize such activities.
- (5) Governments should formulate National Policies on cooperatives. However, the opinion of the Movement should also be sought and incorporated in such a manner that the image of cooperatives is protected.
- (6) The Movement on the other hand could diversify its activities and give priority to perspective planning, urban poverty and consumer welfare.
- (7) Setting up of a Data Bank, Library, and Research Units, Information Units are very essential, and the NCC will require the assistance of a donor agency for such an activity.
- (8) Constructive action on human resource development, women and youth development, improving quality of management and increasing knowledge of membership are necessary for the sustainability of the Movement.

- (9) **The Movement and State should both cooperate in activities involving environmental protection.**
- (10) **The Department of Cooperatives and the NCC and Apex Unions should always co-ordinate in areas of education and training to overcome overlapping and duplication of activities.**
- (11) **Setting up of a Regional Cooperative Development Fund is very essential and will be very beneficial to the Asian Pacific Region.**
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Address of Hon'ble Dr. Ajva Taulananda, Deputy Minister of Agriculture and Cooperatives, Thailand

Mr. Chairman, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen.

Hon'ble Dr. Ajva Taulananda, Deputy Minister of Agriculture and Cooperatives is very sorry that he cannot participate in this Conference because of urgent and unexpected circumstances due to the special session of the Cabinet. Therefore, he has assigned me to deliver his speech on behalf of the Royal Thai Government.

Your Excellencies, Distinguished Delegates, Ladies and Gentlemen.

On behalf of the Thai delegates as well as on my own behalf, I wish to thank our host, the Ministry of Cooperatives, Government of Indonesia and the Indonesian National Cooperative Council - Dekopin, for the arrangements they have made for the Conference and the hospitality they have extended to all of us. Furthermore, I very much appreciate the efforts of the ICA for strengthening the cooperative-government relationship.

Your Excellencies,

It is my great pleasure to inform you that the relationship between the government and cooperatives in Thailand has long been established since 1916 when the first cooperative was set up with the initiation of the government at that time, in the form of a small village credit cooperative with unlimited liability, with the objective to use cooperative system as a means to improve the socio-economic condition of small farmers. The success of the cooperative operation at the early stage led to the expansion of cooperatives to serve the needs of people in every occupation. At present, there are 6 types of cooperatives in Thailand, namely Agricultural, Land Settlement, Fisheries, Consumer, Thrift and Credit and Services.

If we look into the history of cooperative development in Thailand, we can see that the Royal Thai Government has taken major roles in promoting cooperatives. The very important role is on dissemination and training on cooperative principles and practices to government officials and cooperative members as

** Read out by Mr. Anan Chamnankit, Chairman, Cooperative League of Thailand, in the absence of Hon'ble Minister.*

well as interested people in order to create good understanding on the common ground. Another important task was to enact the Cooperative Act in 1928 with some amendments in the following years in order to facilitate and improve the performance of the cooperative movement to be more efficient.

I would like to stress here that the Royal Thai Government has recognized the vital role of the cooperatives in socio-economic development of the country as stated as the policy for cooperative development since the First National Economic and Social Development Plan from 1961 up to the present Seventh Plan of 1992-1996.

Agriculture in Thailand is in the transitional period resulting from the changes in the national economic system and the changes in the world agricultural trade system. These changes will give up great push for the sudden change in agricultural structure of the country. Because of this sudden change, the rural people must be aware of the benefit of grouping themselves together to improve their production and marketing system with the access for new technologies in order to compete effectively in the international market. The newly business oriented institutions in the form of cooperatives to achieve their objectives to benefit their members efficiently and can be self-reliant sooner which are the ultimate goals of cooperative development in the new system.

Your excellencies, as you are all aware that cooperatives in this region are supported by governments both in technical and financial aspects, but the main objectives of the Royal Thai Government is to strengthen the cooperatives operation and management in order to achieve their objectives for the benefit of their members. The ultimate goal of the government is to enable the cooperatives to develop on their own effort, as much as possible, to be autonomous and self-reliant people's own organisations. The government, through the Cooperative Promotion Department, which directly responsible for cooperative development in Thailand, has initiated many development projects and activities to improve the management efficiencies of the cooperatives so as to make them more economically viable and be able to render better services to their members.

There are now more than 3,400 cooperative societies in Thailand with a membership of about 3.3 million people and a cooperative own fund of US\$1,800 million. The contribution of the cooperative movement to the national economy is still considered small. The most significant contribution probably is in the field of credit, either in rural or urban areas. Cooperative credit business is over 60% of total business volume while marketing business is only 13%.

The Thai Government has paid more attention to develop rural area and has made a great effort to increase income of the rural people. Therefore, cooperative organisation is used as a tool for improving living condition of the rural people. The progressive cooperatives will be promoted to venture more

in agro-industry in order to increase value of agricultural produce and increase income of the members. The smaller cooperatives will be strengthened by providing more technical support to improve capability in business operation. We expect that the cooperative movement in Thailand will soon be developed to be self-reliant and the assistance from the government will be gradually decreased and phased out when the cooperative movement is efficient enough to be on their own.

I would like to inform you that the recommendations of the Sydney Conference have been of significant effect to foster greater collaboration between the cooperatives and the government of Thailand. From the national follow-up workshop held in August 1991, various issues and problems were discussed, among representatives from the government and the movement, with full intention to strengthen cooperatives to be more capable to compete with other enterprises. One crucial issue was the amendment of the Cooperative Act promulgated in 1968 to facilitate the cooperative operation to be more efficient. The most important item of the amendment is the establishment of the National Cooperative Development Committee which consists of representatives from the government as well as cooperative movement and experts and functions as a policy-making body at the national level. I am very pleased to inform you that the draft of the amendment which has been approved by the Cabinet is now under consideration of the National Assembly.

Another important point discussed and agreed is that government officials will reduce their roles in the management and administration of cooperatives to the most minimum level with a view to detach themselves from the cooperative affairs. Government officials' role will be confined only to supervision and consultation. The auditing function will soon be transferred to the cooperative that can afford to pay the auditing fees to registered external auditors.

Your Excellencies, what I mentioned earlier are some developments which had taken place after the Sydney Conference and I can assure you that development will be continued for the progress of the cooperative movement in Thailand.

Your Excellencies, I am very pleased to note that the topics as specified in the agenda are timely and appropriate, especially the topic on Cooperatives and Environment. Environmental problem is indeed a very critical issue that calls for a collectively regional efforts to solve. Other topics on Cooperative Basic Values and on Capital Formation are also very important and directly relevant towards the development of cooperatives. Therefore, I am confident that this Conference will develop constructive recommendations to benefit all cooperatives in the region.

Thank you.

Statement made by Hon'ble Kinikinilau Tutoatasi Fakafanua, Minister for Labour, Commerce and Industries, Tonga

Mr. Chairman, Ministers and Distinguished delegates.

I bring you greetings from the Kingdom of Tonga and special thanks to you, Mr. Chairman, for the generous hospitality of your government.

The Kingdom of Tonga is a group of small islands in the South Pacific. One and a half hours north-east of New Zealand by plane. These islands are stretched out many miles from each other. Its land mass is 747 sq. km. Its population is only 97,000.

This statement highlights the activities of the Department of Cooperatives and Credit Unions for the last twelve years ended 31st December 1991. The Department became part of the Ministry of Labour and Commerce. The Movement in Tonga is actively supported by the government. The day to day activities are in the hands of the societies. However, the government help these societies by registration, accounts, audit of accounts and settlement of disputes.

The Department of Cooperatives is also responsible for the formulation of policy pertaining to cooperative development, laying down of strategies for the promotion and establishment of cooperatives and the monitoring of their implementation.

The Government of Tonga recognizes cooperatives as an important instrument to encourage initiative, self-help and mutual assistance of social cohesion and harmony, and to allow self-interest to be met by group action. It is also seen as an important channel to use in implementing the country's rural development programmes thereby playing a potential role in improving the quality of life.

The Department will continue to play the role of a facilitator through the policy initiatives and create a congenial environment for cooperatives to play their role in full as a people's organisation.

The extension services of the Department are divided into six geographical divisions where the officers are allocated to each division to carry out their daily tasks. There is an administrative and development section that draws up future plans and is responsible for analyzing and studying project proposals that originate from the extension staff in the field.

Cooperative by Sectors

In terms of policy, the major thrust now is to shift emphasis to producer and marketing cooperatives as well as encouraging of credit and savings. The main sectors are Agricultural Producer & Marketing, Consumer, Thrift and Credit and other types of Cooperatives.

Agricultural Producer and Marketing : Cooperative societies in all Divisions are involved in some kind of production and marketing activities. Some of the commodities handled are: vanilla, root crops, watermelon, vegetables, squash (pumpkin), fish and handicrafts. Production is carried out either communally or by individual members but the marketing is done through the Friendly Islands Cooperative Society (a secondary cooperative).

Consumer : The pattern of the Cooperative Movement has been largely one of consumer cooperation although many societies are referred to as "multi-purpose". Most of these have a consumer base. About 35% of these consumer-cooperatives are moribund whereas, the existing 65% has a turnover of \$2,469,949.05 and a net profit of \$116,338.97 during the period under review. Consumer cooperatives deal mainly in basic essential consumer goods and operate to serve the rural Tongan population.

This sector provides a much needed consumer service in isolated islands and remote rural locations where there are very few private retail merchants. On average village cooperative shop may carry as much as 80% of its stock in food items. It is interesting to note that the cooperative market share in the food distribution in Tonga is quite high.

Operational Performance in 1989 and 1990

	1990		1991	
Division	Sales (T\$)	Net Profit (T\$)	Sales (T\$)	Net Profit (T\$)
Nuku'alofa	1,543,954.05	79,479.11	1,758,985.18	75,350.55
Vava'u	243,070.93	11,829.99	259,596.39	8,160.08
Pangai	199,004.09	22,531.24	285,069.96	26,876.40
Ha'afeva	38,922.61	1,715.65	23,275.70	367.26
'Eua	73,196.84	3,391.49	83,721.94	4,376.50
Niuaotupapu	-	-	59,299.88	1,208.18
	2,098,148.52	115,516.18	2,469,949.05	116,338.97

Thrift and Credit : The outcome of these cooperatives is unsatisfactory. The remaining two registered cooperatives of this type, are under consideration for liquidation. Failure of these cooperatives was due to lack of managerial skills.

However, credit and savings can still be done through the formation of Credit Unions.

Tonga Cooperative Federation (TCF): Tonga Cooperative Federation has experienced another successful year during 1990. Over the past five years, turnover had increased from \$11.2 million the highest ever, since the spilt took place in January 1986.

Overall a Net Profit of \$542,646 was achieved which represents a 3.3% increase compared to the previous year. Although the financial statement for the period of 1991 has not been obtained, there is high expectation that this will exceed that of 1990.

**Tonga Cooperative Federation's Turnover, Net Profit and
Income Tax since 1987**

	1987	1988	1989	1990
Turnover (T\$)	6.1m	8.1m	9.2m	11.2m
Net Profit (T\$)	113,000	320,000	410,000	543,000
Income Tax to Government (T\$)	35,000	109,000	114,000	121,000

Friendly Islands Marketing Cooperative (FIMCO): During the past several years, the government of Tonga together with developed countries such as America and UK wished to establish a cooperative business in Tonga to improve business relationship between producers (members) as well as the marketer. Therefore Tonga Cooperative Federation was established in 1982 starting with a zero profit until it is now running profitably.

In its inception, it started with activities such as groceries whole-sales, vanilla, fish and handicraft sections. In January 1986, a decision was approved to spilt out the handicraft, fish and vanilla sections from Tonga Cooperative Federation. Friendly Islands Marketing Cooperative was then established to concentrate entirely on those development activities. Since then, Friendly Islands Marketing Cooperative has extended its operation to marketing of root crops, watermelon, and vegetables. There is a high expectation that Friendly Islands Marketing Cooperative will increase its operation to marketing of other products such as squash, coconut and bananas in the near future. The greatest achievement made by the Friendly Islands Marketing Cooperative during the reviewed period, is its assistance in raising the living standard of the people and that the government had recognized its contribution to the economy of the country.

**Friendly Islands Marketing Cooperative Membership,
Turnover and Net Profit since 1987**

	1987	1988	1989	1990	1991
Membership	836	1,046	1,142	1,562	1,629
Turnover (T\$)	883,836	1,098,078	1,138,349	1,881,324	3,269,194
Net Profit (T\$)	50,424	18,084	13,172	168,051	73,691

Role of Women in Cooperatives : Today, women are actively involved in managing a number of successful cooperatives in the country including consumer and handicrafts. One of the new societies registered during the period consists of 20 women currently employed in the civil service. Participation of women in the movement is of significant importance.

Employment Benefits : The Cooperative Movement in Tonga has been a source of rural employment to the members and their families. Initially, the 2 main sectors providing employment in the Cooperative Movement were: Consumer and Producer/Marketing. Now the Movement has expanded and diversified into agro-based income generating projects. As at 31st December 1991 the Cooperative Movement provided employment to more than 400 full time and part time employees, earning a total wage bill of over \$644,306.88.

Overseas Experts and Personnel : There were no experts or other personnel attached to the Department during the period under review.

Education and Training

This Section continues to play an important role in enhancing the development of the Cooperative Movement in Tonga. The past years have seen Cooperative Movement diversify its services and activities from consumer base to agricultural cooperatives. Hence, the Cooperative Training Section has already geared its programme to meet the needs of these target groups.

Other activities of the Training Section are shown hereunder:

Family Life Education : Two workshops were conducted during the period for 52 members of the Niuatoputapu Cooperatives and 17 women of 'Ata'ata Island. Subjects taught are both on cooperatives and family welfare issues. These are the final workshops of the Second Phase of the Project.

Residential Course-4 : Only one residential course could be organized during the period under review. This course on Cooperative Management was conducted for departmental officials from 9-13 September.

Training and Seminars - Overseas : Cooperative Department staff and other personnel from the Cooperative Movement attended seminars or undertook training in overseas cooperative institutions. The details regarding these are shown below.

- | | | | |
|----|--|-------------|--|
| 1. | Registrar of Cooperatives and Credit Unions. | F.Tuipeatau | South Pacific Credit Union Regional Seminar at the Bergengren Training Centre, Suva. |
| | and
President of Credit Union League | F.Lelea | 25th February to 01 March 1991. |
| 2. | Cooperative Officer | 'O.Saafi | Certificate in Cooperative Management at the Cooperative College of Malaysia 27 May 1991-29 June 1991. |
| 3. | Assistant Registrar of Cooperatives and Credit Unions. | S.U. Tangi | International Cooperative Development and Management Seminar at the University of Wisconsin, USA 26 August-22 November 1991. |

Radio Programmes : The Training Section is responsible for producing and presenting one 15 minutes weekly programme in Tongan. These programmes cover topics on general cooperative activities and interviews with society officials and members. This had proved to be a significant source of information on educational matters, to both cooperative members and to the public.

Registration and Liquidations : During the period under review 3 cooperatives were registered. All cooperatives were registered in Nuku'alofa Division of which 2 cooperatives were consumer and 1 as multipurpose. During the year a total of 3 societies were placed under liquidation.

Staff Establishment : The approved staff establishment was 27 as on 31st December 1990 and 30 as on 31st december 1991. The staff includes all categories of personnel at different levels.

Future Plans and Development

Objectives

The main objective of the Cooperative Movement during the next decade are summarized as follows:

- a) Sectors of the economy in which Cooperatives should be involved : to

concentrate on the promotion of multi-purpose agro-based production.

- b) **Improvement of quality of leadership** : to actively pursue a comprehensive education and training programme geared towards the improvement of the quality of leadership and management in cooperative societies.
- c) **Relationship between the Department of Cooperatives and Non-Government Organisation** : government to continue to perform functions such as education, training, promotion, supervision and auditing which shall eventually be handed over to a suitable Cooperative Apex Organisation in the future.
- d) **Target Group** : to focus cooperative efforts on relatively poor i.e. those who are able to earn their living through their own efforts, who are above the subsistence line, however, not earning enough to build up reserves.
- e) **Registration of new cooperatives** : to encourage the establishment and registration of genuine cooperative societies.
- f) **Mobilization of savings** : to encourage the mobilization of the savings of the members of Cooperative Societies and Credit Unions as a source of internal capital.
- g) **Self-reliant Cooperative** : to ensure the formation of Cooperatives to meet primarily the needs and aspiration of the rural people such as they themselves determine.
- h) **Department of Cooperatives** : to periodically review the role and operation of the Department of Cooperatives so as to nationalize the use of public resources in the sector.

Credit Union Movement

The Credit Union Movement is still struggling its way through hardship due to financial difficulties. The government assistance is provided through the Department of Cooperatives with the appointment of the Registrar and one Credit Union Officer, to assist with its day-to-day operations.

Three staff were employed by the Tonga Credit Union League to carry out the services of the League as directed by the Board of Directors. These consist of a Director, an accountant and a clerk typist. Supervision of Credit Unions is one of the priority service of these staffs.

Training and education of the members and the general public is still a significant factor for the Movement. During the reviewed period, five workshops were conducted for committee members and staffs of five Government Ministries. All workshops were funded by the Hanns Seidel Foundation.

**The Statistical Report below shows the present situation
of Credit Unions in Tonga**

Particulars	1990	1991
1. Number of Credit Union	56	48
2. Number of Members	1,900	1,500
3. Share (T\$)	398,290	585,540
4. Amount of Loan (T\$)	317,167	497,655
5. Reserve (T\$)	6,891	3,580
6. Total Assets (T\$)	467,684	3,864,825

Conclusion

The Department of Cooperatives acknowledges with gratitude the valuable contributions from so many to the development of the Cooperative Movement throughout Tonga.

Despite the challenging tasks ahead of it and the limited resources available, the cooperative achievements to date have been more than satisfactory. This has been attributed to the hard work and dedication of the fellow cooperators throughout the country, the assistance from other government agencies, the private sector and the staff of the Department. Sincere thanks also conveyed to the Ministry of Labour, Commerce and Industries for its advise and guidance and government of other countries that have generously assisted in the development of Cooperative Movement in Tonga.

Statement made by Mr. Nguyen Xuan Duc, First Vice-President of Central Council of Supply and Marketing Cooperatives, Vietnam

Some Features of the Real Situation of the Cooperative Movement

Due to Vietnam' historical characteristics, the cooperative movement in this country went through two periods of development : from 1954 onward, i.e. after the restoration of peace in North Vietnam, encouraged and supported by the State, the cooperatives underwent a strong development in all production sectors in Vietnam, namely: small industry and handicrafts, construction, transport and communications, supply and marketing in nearly all the provinces and cities in the Northern part of Vietnam.

Until 1975, after the complete reunification of the country, the cooperative movement entered a new stage of development. In the Southern provinces and cities, cottage industry and handicrafts, construction, transport credit cooperatives has rapidly taken shape by largely benefitting from the cooperative-building experiences of North Vietnam, thereby contributing to the formation of a nation wide network of cooperatives.

Through two periods of building and development in the years 1985-1986, the whole country boasted over 30,000 agricultural production collectives, about 10,000 supply and marketing cooperatives operating at the grassroots level, over 20,000 transport and communication cooperatives about 500 construction groups and cooperatives involving millions of workers and labourers in the work of production, business and other services. Along with State's economic organisations, the cooperatives have contributed to the building of the country's economy.

Operating under the system of subsidization by the State's budget, producing according to the procedures of making finished producers from the materials supplied by state organs, acting as satellite production units for state-owned industrial enterprises, and doing the job of transporting freight constructing houses and buildings according to pre-determined plans with the supply by the host organisations of from 50 to 100 per cent of raw and other material, to say nothing of the selling of finished products by the state organ themselves, the cooperatives could manage rather well their activities in this period of time and ensure a decent living standard for their members. However, in the deployment of their activities, the cooperatives realized that they met with no few restrictions namely: shortage of capital, backward technique, poor quality

of products, few varieties of goods, lack of new designs and patterns etc... not to mention the bureaucratic practices and complete reliance upon state's subsidies and complete lack of dynamism in business understanding for this reason, when the country's economy shifted to the market mechanism, the cooperative economic sector has met with tremendous difficulties and troubles in devising a proper scheme for getting out of their awkward situation. It should be said that from 1988 until now, the cooperatives operating in cottage industries and handicrafts, construction, transport and communications, supply and marketing, credit... have rapidly decreased in numbers because they could no longer adapt themselves to the market mechanism. More than two thirds of cooperatives ceased operating or had to be dissolved.

For example, in Hanoi capital city, up to 1991, there remained only 116 cooperatives still operating normally out of a total of 454 small industrial and handicraft cooperatives. Building cooperatives number 13 after the dissolution of many others. In Ho Chi Minh city, out of 685 small industrial and handicraft cooperatives, only 272 still remain operative.

The number of supply and marketing cooperatives have also visibly decreased, from nearly 10,000 down to about 2,000 which could still operate at a profit.

The transport and communication cooperatives have fallen from 2,200 - mark in all over the country to 1,600 for the country to 1,600 for the time being with 600 under-going dissolution.

Besides the change in policies and economic mechanism in the country, the deep and great social upheavals occurring in the countries of Eastern Europe and in the Soviet Union produced small effect upon the activities of the cooperatives in Vietnam, especially those specializing in producing and purchasing commodities for export.

In the face of the tremendous difficulties encountered in the lack of capital for carrying on their activities, the cooperatives were in a state of utter embarrassment and did not know how to react to the situation and to find out a solution to their production and business. As their labour productivity and economic efficiency did not meet the required standard, their products could not compete in prices with those of other economic sectors, and for this reason, many cooperatives had to cease operating or to be dissolved or to change into privately owned economic establishments.

However, though involved in difficult circumstances, for the sake of survival amidst a harsh competition of a market economy, no few cooperatives could manage to make their production and business more efficient and effective by restructuring their organisation, scale and sphere of action determining a suitable way of production and business undertaking by improving their working methods and adapting themselves to the market requirement, thereby gradually recovering their strength, resuming their lost activities and securing for themselves a position in the new economic medium.

Especially during the two recent years, many provinces and cities in the country have sought by every means and way to reorganize and consolidate the system of cooperatives and at the same time have undertaken to study for eventual application new models which could be adapted to new circumstances. It could be said that new models of organisation and new schemes for operation have been devised in all fields of activity ranging from agricultural production to small industries and handicrafts, from construction transport and communications to marketing and other services.

In brief, we, officials in charge of cooperatives, have seen widely open before us new possibilities and bright prospects for development.

The cooperative movement in our country which had undergone such an upheaval as cited above, was due to the main causes as follows:

- In the process of shaping the cooperatives in former times, there had been no or very little respect for the fundamental principles governing the operation of cooperatives, especially the participation of members in the cooperative on a self-conscious and voluntary basis and through democratic means.
- The cooperatives set up and operating for too long a time in the system of subsidies by state budget and under the direction of the central authority, could not change in time their ways of thinking and doing things so as to adapt themselves to the conditions of an economy functioning in accordance with market mechanism.
- The state did not issue appropriate policies to support in time the collective economic sector when shifting to market mechanism.
- The branches and levels concerned did not have an adequate knowledge of the role, position and characters of cooperatives in the national economy.

The Line for Consolidating and Developing Cooperatives

In 1990s, our country has set for itself the objectives of getting rid of crisis, stabilizing the socio-economic situation, overcoming the state of destitution and under-development and improving the people's standard of living. It is planning to double the gross domestic product by the year 2000 compared with 1990.

In order to achieve the set objectives, Vietnam must strive her best to give a strong impetus to production, which proves to be of prime importance and of decisive character for the carrying into effect of socio-economic objectives. Our Party and our State have evaluated both difficulties and advantages in store in the new stage and advocated pursuing unswervingly the policy of socialist-oriented, multi-sector economic development in which the state and collective economic sectors must be consolidated and developed so as to become a firm foundation of the national economy.

Proceeding from the practical situation of the country and prompted by the

earnest desire to carry into effect the socio-economic objectives defined for the years 1991-1995, Vietnam realizes that it would be quite urgent to develop in a rational manner all types of cooperatives, and at the same time to restructure the whole cooperatives system in all branches of activity so as to turn the cooperatives into a force strong enough to make their contributions to stabilizing the socio-economic situation and improving the people's standard of living.

The consolidation and development of cooperatives in the coming period must be based thoroughly upon the principles of voluntariness and democracy in the admittance to membership as well as in the management of business affairs as they are clearly defined by regulations.

As regards the direction for consolidating and developing the cooperatives the following viewpoints must be fully grasped, namely:

- Diversifying the organisation of cooperatives to a rational extent and both in form and in scale developing the cooperatives in all branches and trades and multiplying the forms of service of production and life upon the request of the practical reality;
- Harmoniously combined production, business and service and this upon the basis of fully grasping the viewpoint of taking the business efficiency and socio-economic effectiveness as the yardstick for measuring the economic activities of cooperatives; accepting competition between production business and service establishments belonging to different economic components in order to raise the quality and secure better results for their activities.

Production and business of cooperatives must be brought to a state of full development so as to meet the needs of the market in the country and also to engage in export-import activities in suitable forms and on appropriate scales.

The external economic activities would create conditions or linking the internal market with foreign ones within the world cooperatives system.

Proceeding from the practical situation of the cooperative movement in our country, we deem that it is our duty to urgently consolidate and develop the cooperatives of all types now operating at the grassroots in different branches and trades and to bring the whole system of cooperatives to a state of perfection in terms of organisation.

In order to effectively consolidate and develop the existing cooperatives of all types we must proceed with their classification into different categories, and from that, define by regulations the task of dealing with each category according to its particular characteristics. For instance:

With regard to those cooperatives which operate at a profit we shall create favourable conditions and provide guidance for them to continue renovating their working methods and making their production and business more efficient.

- With regard to those cooperatives which still preserve their nature and character but are facing with many difficulties in the course of production and business, we shall do our utmost to provide necessary help and assistance for them (finance, credit taxation, market research).

On the other hand, we have paid a special attention to studying new cooperative models to be applied as pilot schemes in various branches before introducing them on a large scale in all parts of the country.

In order to realize the task of consolidating and developing the cooperatives of all types according to the viewpoints cited above, we have recommended the State to adopt some special measures, namely; to promulgate several policies aimed at creating favourable conditions and suitable mediums for the collective economic sector to overcome the difficulties being encountered and to have the possibility of adapting themselves to new circumstances created by the market mechanism.

The concrete measures that we have proposed to the state are the following:

- The cooperatives are entitled to borrow money from state banks at a preferential interest rate so as to be able to develop production and business as they wish in the service of people's material and moral welfare.
- They should be exempt totally or partially from taxation for a number of particular goods produced and in a number of particularly difficult areas of production.
- The State should see to the improvement of the infrastructure so as to create conditions for the cooperatives to operate normally.
- The state should take measures to provide the cooperatives with the possibility of engaging in export-import activities, contacting foreign markets, making joint venture and economic integration with foreign cooperatives in production and in export-import transactions etc.

Naturally, the recommendations we have made to the State are but situation prompted measures needed to be taken only for a definite period of time in order to tide over the present difficulties, restore the activities of production and business of the existing cooperatives.

At present, we are engaged in compiling a law on cooperatives by basing ourselves on the experiences gained by advance countries. We are of the opinion that the law on cooperatives when completed and promulgated will provide fundamental conditions for a firm consolidation and a steady development of cooperatives in the 1990s in our country.

On the occasion of the holding of this conference, the delegation of Vietnam's cooperatives would like to sincerely thank the International Cooperative Alliance, its Asian-Pacific Regional Office and the cooperatives organisations of all countries for their help and assistance in the development of the cooperative movement in Vietnam.

Statement made by Mr. Ahmed A. Khalil, Secretary-General, Afro-Asian Rural Reconstruction Organisation

It gives me great pleasure to be here to attend the "Asia-Pacific Regional Conference of Ministers of Cooperation on Cooperative-Government Collaborative Strategies for the Development of Cooperatives during 1990s", which is being organized by the International Cooperative Alliance Regional Office for Asia and the Pacific in close collaboration with the National Cooperative Council of Indonesia (Dekopin) and the Ministry of Cooperatives of the Republic of Indonesia. To start with, let me give you a brief description of my Organisation.

The Afro-Asian Rural Reconstruction Organisation (AARRO), an inter-governmental organisation of the countries of Africa and Asia, was set up in the year 1962 with the objective of providing a forum for mutual consultation, exchange of experience, collective cooperation in the task of economic and social development of the rural areas and rural masses. Cooperative development has been one of the important features of its activities for a long time and the Central Union of Agricultural Cooperatives (CUAC), Japan, has been one of its members from the beginning. Since 1968, AARRO in collaboration with CUAC and the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Japan, has been arranging on regular basis a training-cum-seminar, known as RECA (Research and Education Centre of AARRO) Seminar on Cooperatives and Community Development. So far 16 RECA training-cum-seminars have been conducted.

To give a practical orientation to the officers imparted training in RECA Seminar and to strengthen the infrastructure for the development of cooperatives in AARRO member countries, it was considered that it would be useful to depute study missions of AARRO member countries. These study missions, consisting of a representative from AARRO, CUAC and an expert, would study the infrastructure in the countries concerned and recommend ways and means to strengthen the cooperative movement in the country. Four such study missions have already visited Philippines (August-September 1989), Mauritius (November-December 1990), Ghana (July 1991), and Malaysia (August 1991) to identify the various problems in the cooperative field, to study the infrastructure available and to recommend various measures for the strengthening of the cooperative movement in these countries to put them on a firm footing. It may be mentioned that in two of the study missions viz. Mauritius and Ghana, the expert was taken from the Regional Office for Asia and the Pacific of the International Cooperative Alliance (ICA).

The collaboration with ICA dates back to 1973 when AARRO jointly with the CUAC and ICA convened a Conference of top level cooperative leaders of the South East Asian region at Tokyo, Japan, during October 1973. The conference dealt with long term agricultural development programmes through agricultural cooperatives and technical assistance forms of government aid and cooperative democracy in South-East Asia, and the effect of cooperative law on the autonomy of Cooperatives in South-East Asia.

The delegates included Ministers from Bangladesh, India, Nepal and the Philippines. Representatives of the Economic Commission for Asia and the Farm East - ECAFE (now called the Economic and Social Commission for Asia and the Pacific - ESCAP), the International Labour Office (ILO), the Asian Development Bank and the International Confederation of Free Trade Unions attended the Conference.

The collaboration between AARRO and ICA has since been further strengthened and on the invitation of ICA, the then Secretary-General of AARRO along with Director attended the ICA Regional Consultation on the Role of Government in Promoting Cooperative Development in Asia at Singapore during June 1988 and presented a paper on the 'Role of Government for Development of Cooperatives in Afro-Asian Countries'. The paper highlighted the necessity of development of infrastructure viz. provision of irrigation facilities, road, transport, communication, warehousing, marketing structure and technological research for development of cooperatives. Land reforms was another necessary pre-requisite for the cooperative system to succeed. The need for collaboration between the State and the cooperative movement was stressed for development of cooperatives. The government role by way of legislation should be such as to act as catalyst coordinator and watchdog to help the cooperatives to achieve the goal. To assess the contribution of cooperatives in economic growth development, the necessity to evaluate their performance not only in terms of number membership paid up capital and loans advance but also their relative share in increasing Gross Domestic Product as also improving economic status of their members vis-a-vis non members overtime was stressed. The then Secretary-General also initiated a discussion on the role of international organisations, including ICA in cooperative development.

A delegation of four persons including H.E the PNDC Secretary for Local Government of Ghana, who is also the Hon'ble President of AARRO and then Secretary-General of AARRO attended the Ministerial Level Conference held at Manila, Philippines and presented a paper reviewing the work of Study Missions set up to study the infrastructure of Agricultural Cooperatives in Philippines, Mauritius, Ghana and Malaysia. The present situation of the cooperative movement in these four countries which is at various stages of development and varies a lot has been discussed. However, on the basis of the problems faced by the cooperative movement as noted by the study missions and to strengthen the infrastructure in these countries to have a sound cooperative movement, some of the more important recommendations made for these countries have been discussed. These include recommendations on

the structure of cooperatives, Management and Human Resources Development, Strengthening of Financial Resources, Role of Government and Cooperative Legislation. I am pleased to say that at this Ministerial Conference, the AARRO delegation consists of 7 persons including H.E. Mr. Kwamena Ahwoi, PNDC Secretary for Local Government and Hon'ble President of AARRO, Government of the Republic of Ghana, two representatives from Morocco, two from Egypt, myself and the Director. I hope that the collaboration of AARRO with ICA will further strengthen in times to come. In particular, AARRO plans to assist the governments of its member countries in the development of infrastructure with a view to enhance the efficacy of the cooperative movement in these countries, the collaboration with ICA towards this end will go a long way for achieving the objective.

It may be worth mentioning that ICA is also taking a lot of interest in the activities of AARRO and during the last month in the Workshop on Rural Poverty and Ways and Means to Alleviate it, ICA was represented by a person no less than Mr. Karl Fogelstrom, Senior Development Adviser. I hope that this mutual interest in each others activities will continue in the future.

In the end, I may mention that after my taking over as Secretary-General, I have met a number of representatives of the Arab countries who have shown desire to join as members of AARRO. All these countries as also those presently AARRO member countries have shown keen interest in the work on cooperatives which AARRO has been doing, particularly the RECA Seminar. I will be approaching the RECA authorities and the Japanese government for enhancing the assistance so that the frequency of RECA Seminar as also the number of slots can be increased to cater to the needs of the developing countries in Asia and Africa.

Statement made by Mr. Somchit Supabanpot, General Manager, Asian Confederation of Credit Unions

The Asian Confederation of Credit Unions (ACCU) is an alliance of credit union Leagues, Federations and promotion centers of Asian countries working towards the integration of the credit union movement at the regional level. ACCU was founded on April 28, 1971 and has served as a vehicle by which Asian credit union resources, both human and financial, are pooled for the benefit of the entire region.

The mission is to assist members promote and strengthen credit unions and similar cooperative financial organisations so as to enable them to fulfill their potential as effective instruments for the socio-economic development of the people.

ACCU encourages and provides forum for the exchange of ideas and information, represent members' interests, and to extend to credit unions and their members the education and financial services in the areas where they are required. In addition, ACCU represents the Asian Credit Union System at the World Council of Credit Unions (WOCCU) which is a member of the International Cooperative Alliance.

Credit Union Operating Principles

Based on the Cooperative Principles of ICA, the credit unions adopted in 1984 the 9 Credit Union Operating principles under the following preamble "These Credit Union Operating Principles are founded in the philosophy of Cooperation and its central values of equality and mutual self-help. Recognizing the varied practices in the implementation of credit union philosophy around the world, at the heart of these principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community".

The 9 basic credit union operating principles themselves are:

1. Open and Voluntary Membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

2. Democratic Control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings or deposits or the volume of business. Voting in credit union support organisations or associations may be proportional or re-presentational, in keeping with democratic principles. The credit union is autonomous, with the framework of law and regulation, recognizing the credit union as a cooperative enterprise serving and controlled by its members. Credit union elected offices are voluntary in nature and incumbents should not receive a salary. However, credit unions may reimburse legitimate expenses incurred by elected officials.

3. Non-Discrimination

Credit unions are non-discriminatory in relation to race nationality, sex, religion and politics.

4. Service to Members

Credit union services are directed to improve the economic and social well-being of all members.

5. Distribution to Members

To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capacity of the credit union.

The surplus arising out of the operations of the credit union after ensuring appropriate reserve levels and after payment of limited dividends on permanent equity capital where it exists, belongs to and benefits all members with no member or group of members in proportion to their transactions with the credit union as interest or patronage refunds, or directed to improved or additional services required by the members.

6. Building Financial Stability

A prime concern of the credit union is to build the financial strength including adequate reserves and internal controls that will ensure continued service to membership.

7. Social Goals

On-going Education : Credit unions actively promote the education of their members, officers, and employees, along with the public in general, in the economic and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and

responsibilities of members, are essential to the dual social and economic character of credit unions in serving member needs.

8. Cooperation Among Cooperatives

In keeping with their philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives and their associations at local, national and international levels in order to best serve the interests of their members and their communities.

9. Social Responsibility

Continuing the ideals and beliefs of cooperative pioneers credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the large community in which they work and reside. The credit union ideal is to extend service to all who need and can see it. Every person is either a member or potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its member reside.

Needs within Credit Unions

In order to cope up with the competition of other financial institutions, the credit union Leagues/Federations and promotional centers will have:

1. to put strong effort on professional training to leadership, management and staff in order to improve the level of service.
2. to provide more efficient service to members by increasing the use of appropriate technology.
3. to continue working towards the safety and soundness of the credit union system.
4. to work with similar cooperative financial institutions in building-up the financial and self-sufficiency.
5. to establish a strong youth programme which gradually involves them as members and develops their skill for future leadership positions.
6. to share the lessons learned in the more developed Asian movements with those developing ones.
7. to learn about and build systems that will be capable of moving surplus credit unions funds to areas of need.

Needs for Government-Support

In order to strengthen credit unions, the cooperative act and rules should be

amended to give room of the following:

1. the deposits of non-members in credit unions in order to enhance the saving mobilization in the community.
2. the credit union accounts may be audited by the certified public accountants.
3. the cooperative insurance system may be established within the cooperative movement.
4. the procedure for amalgamation of credit unions should be made simple.
5. the registration of more single purpose cooperatives such as credit unions should be allowed.
6. the formation of a federation of similar type of cooperatives should be encouraged.
7. to encourage the cooperative movements to establish "the Code of Ethics for Cooperators" and "The Standard of Qualified Directors, Managers and Staff".
8. the interbanking/interlending between cooperative movements of different countries should be made possible.

Statement made by Mr. J.K. Lumunon, Secretary-General, ASEAN Cooperative Organisation

Mr. Chairman, Honorable Ministers and Delegates.

On behalf of the Council of the ASEAN Cooperative Organisation, ACO, permit me first of all to thank you for the opportunity to present a brief statement on this occasion of Ministers' Conference responsible for Cooperative Development in Asia and the Pacific.

Since its inception, the ASEAN Cooperative Organisation has had a collaborative relation with the ICA Regional Office for Asia and the Pacific (ICA-ROAP), as also in the preparation of this Conference.

In many instances, ACO has placed in its programmes also the executions of recommendations made in many seminars or meetings and conferences of the International Cooperative Alliance (ICA) according to the specific conditions in the ASEAN countries, since members of ACO are also the members of the ICA.

For your information, members of the ASEAN Cooperative Organisation (ACO) are apex national organisations (unions or councils) and national federations of the 6 countries under the Association of the South-East Asian Nations (ASEAN). It is also important to mention that one of the pushing powers of ACO is the Board of Officials within the Council consisting of the heads of Governments' departments responsible for cooperative development of each member-country of ASEAN.

Mr. Chairman, Honorable Ministers and delegates,

One of the responses of ACO related to ICA activities is an ACO Council Meeting that will be held directly adjacent to this Conference.

On behalf of the ACO Council, I herewith would like to state that ACO will support the conclusions and recommendations to be made by this conference and will encourage its members to execute the said recommendations in their respective fields.

Thank you for your kind attention.

Statement made by Mr. Larry Hendricks, Director, Canadian Cooperative Association

Mr. Chairman, Ministers,

I want to thank the organizers the ICA, Dekopin and the Ministry of Cooperatives of Indonesia for the opportunity to introduce to you the Canadian Cooperative Association and to share with you some of our views on strengthening cooperative-government relations from our Canadian and international development perspectives.

Canadian Cooperative Association

The Canadian Cooperative Association is a national association of second and third tier cooperatives in Canada. Its domestic operations are funded solely by dues while its International Affairs Department is funded by member contributions and the Canadian International Development Agency (CIDA).

On the domestic front CCA provides a coordinating role for general cooperative education initiatives including youth, schools, boards of directors and to a limited extent cross sector management training. CCA acts as a facilitator for airing regional and national issues and provides the members with forums to move the resolution of these issues into action. CCA also provides government relations services to its members. It works with the members to identify and develop policy positions and facilitates the lobby process.

On the international front CCA is a member of the ICA, it is affiliated with the World Council of Credit Unions (WOCCU), the Cooperative Insurance Development Bureau (CIDB), the Committee for the Promotion and Advancement of Cooperatives (COPAC) and Rooftops Canada - a cooperative housing development agency. In addition CCA maintains close ties with Canadian francophone apex and development organisations. The international programme operates in three regions : Africa, the Americas and Asia. In Asia, CCA works in six countries : India, Sri Lanka, China, Philippines, Thailand and Indonesia. It will also be looking at Vietnam in the near future. In its development work CCA uses a Cooperative Development Model. This model focuses on Partnership, Institution Building, Cooperative Enterprise and Self-Reliance.

Cooperatives and the Environment

In 1990 CCA's Asia Region held a Conference in Chiangmai, Thailand. This

conference involved all of CCA's Asian partners. At that conference the following Declaration was made:

"We, cooperators of the earth, who have gathered for a common cause at the CCA Asia Regional Conference on Environment and Sustainable Development, who believe the time for concern and action is now do hereby declare:

- a. that every person is entitled to live in a clean and ecologically balanced environment.*
- b. that future generations of human kind should not be deprived of their share of Earth's bounty.*
- c. that it is every person's duty to conserve, protect and enhance his/her environment.*

To these ends, we pledge ourselves and cooperatives to implement the recommendations of this Conference.

Last week we held a follow up workshop in India.

Cooperatives and Government

With regard to cooperatives and governments, cooperatives are globally recognized as useful instruments of economic and social development. Cooperatives meet the theoretical requirements for good development and mitigate some of the negative impacts of structural adjustment. Cooperatives:

- deal with real people at an individual level,
- are self-help organisations,
- are motivated by a common economic need,
- provide associational spin offs to address social needs,
- inspire confidence, self-determination and democracy.

Governments in developing countries, sometimes with the encouragement of donors, have seized the opportunity presented by this attractive solution. In many instances unfortunately the government response to the cooperative solution has been to; create parastatal structures, provide incentives such as cheap or free money, control operations, direct the activities of cooperatives in order to fulfill national development plans. The results have been a lack of member participation, lack of feeling ownership, lack of needed services, bankruptcy and fraud and often no capacity to become self-reliant and a continued dependency on government. This has lead some governments and donors to begin to loose confidence in the cooperative solution and to begin to turn to other models.

CCA Position

CCA has taken a different approach. Based on our Canadian experience CCA views cooperatives as an end in themselves instead of a means by which programs can be delivered.

CCA partners with people-based cooperatives working with them to define their needs and goals. Starting small and building both skills and absorptive society, CCA works with the cooperative to facilitate its ability to meet the economic and social goals of its members. Where appropriate CCA uses technical cooperants and exchanges to enhance the process.

CCA partner criteria require that partners be democratically member-controlled. These democratic practices are monitored regularly. Working with people based cooperatives has meant a tendency to work at arms length from government initiated and controlled cooperatives.

In working with governments of less developed countries CCA promotes two ideas in cooperative legislation (a) that the role of government can best be met through the functions of registrar and regulator of cooperatives, (b) that since cooperative are a component of the private sector, cooperative legislation must provide cooperatives with a level playing field relative to private sector enterprise and parastatals. Concessions and incentives beyond those given the private sector are desirable only to the extent that they encourage the cooperatives to meet the social needs of its members as a financially sound enterprise achieving economic democracy.

CCA has promoted revised cooperative legislation to governments by :

1. Distributing Canadian cooperative and credit union legislation to our partners.
2. Funding partner development of model legislation and then using that model as a starting point in other contexts.
3. Co-financing with the International Cooperative Alliance (ICA) this regional conference for national cooperative ministers.
4. Occasionally bringing senior government officials to Canada or other countries in the South to show examples of successful cooperatives and constructive government roles.

By using the Canadian cooperative experience, CCA is able to work through and with cooperatives as an effective and direct means for economic and social development.

I will close by saying how pleased CCA is to have a role in funding the follow-up workshops and to thank you for the opportunity to advance the case for cooperatives in the region.

Statement made by Mr. John G. Rouse, Food and Agriculture Organisation of the United Nations

Mr. Chairman, Distinguished Ministers and Delegates, Ladies and Gentlemen.

It is an honour to have the privilege to speak to this Conference on behalf of FAO on its recent experience in the development of agricultural and farmers cooperatives. Let me emphasize that there are several views based on my own involvement in that effort. I will be brief and to the point.

"All that Glitters is not Gold"

During the last two days, I have listened to numerous country statements on the state of cooperative development in their respective countries. Besides learning a great deal about what is going on in the region, I have been struck by the sheer optimism of many of these statements. One has the impression of great forward movement and progress. Few problems are mentioned. Is there a firm bases for such optimism? A more critical look at the statistics would, I am quite sure, reveal a much different view.

According to 1987 statistics on cooperatives published by the Committee for the Promotion and Advancement of Cooperatives (COPAC), there are more than 350,000 registers agricultural cooperatives world wide, serving more than 180,000,000 farmer members, of which more than 80% reside in the Asia region. Those figures seem impressive, but do they provide us an accurate picture?

Our own experience gained in numerous technical back-stopping missions to field projects shows that cooperative statistics in most LDCs are not very reliable and if anything, tends to overstate the importance cooperatives have in the economy. Large numbers look better to a typical head of a cooperative ministry or department than small numbers. So, more and more cooperatives are registered with little attention being given to whether or not some of the earlier ones registered are still on-going and active. Even if we believe the figures presented agricultural cooperatives still reach less than 20% of the economically-active rural population in all countries with much lower coverage in most countries. Furthermore, we also know that in some countries, the number of registered cooperatives may exceed the number of active ones by 30-40%!

A closer investigation of this same data also reveals very low rates of member participation, especially for marginalised small farmers and women.

Finally, one also finds that even many of the so-called "active cooperatives" that remain are only active because of continued infusions of grants and subsidies offered by governments and donors. To put it more bluntly, the agricultural cooperative movements in many less developing countries appear to be stagnating or even declining.

The Fall of Communism and the Debt Crisis: Complicating Factors

This rather pessimistic situation has been aggravated by two other major global developments. The vast changes now occurring in Eastern Europe and the former Soviet Union caused by the collapse of communism are having a profound effect on cooperatives in the region and beyond. The cooperative structures built during the communist regimes are now labeled "not as part of the solution to restructuring" but as part of the problem!". Rightly or wrongly, they are identified as creations of the ancient regime which must be dismantled in the rush towards privatisation. The term "Cooperatives" in some country is quickly becoming a dirty word.

The debt crisis and the declining world economy has further aggravated problems. Cooperative development and promotion cost money and many revenue starved governments can no longer afford this expense. As the debt burden increases and demand for export crops fall, so do government revenues. Previously genuine donor countries and development banks have also begun reducing their external and development banks have also begun reducing their external assistance and redirecting much of it to restimulate their own fledging economies or to serve other "more needy" clients in Eastern Europe and the ex-USSR. For most LDC governments, there will simply be less money around to get the job done.

Key Problems or "Getting to the Heart of the Matter"

How can cooperative movements break out of this vicious circle and move forward? It is my opinion this can only be done if those who assist the movements begin to honestly confront three major problems.

The *first* one relates to the question "whose cooperative are we talking about?" Do we refer to the "governments Cooperative", "the Cooperative Manager's Cooperative" or the "Member's Cooperative"? This problem is a critical one. Cooperatives are often viewed as an answer to everybody's concerns and are frequently asked to pursue the objectives of each of these three interesting groups simultaneously. Where these objectives are identical, there are few difficulties, but where they are different or in conflict, problems frequently emerge. Seldom do government promoters of cooperatives put the priorities in the right light, remembering that cooperatives are first and foremost membership based, self-help organisations that serve member-identified needs and goals. Other goals may also be pursued but they should be of secondary importance and priority.

A *second* issue that must be tackled is the problem of promoting cooperative self-reliance. Achieving it should be the single most important measure of promotional success. Sustainability is indeed the ultimate “acid test” that every cooperative must pass. Regrettably most cooperative ministers pay little more than “lip service” to achieving this objective. This lack of attention is unfortunate, especially since it now clear that development assistance flows into this sector will continue to decline in the near future and that such a decline will have a devastating impact on these cooperatives unable to stand on their own feet.

The *third* and last major issue that needs to be addressed by cooperative promoters is the issue of member participation. I have previously mentioned that cooperatives are primarily member-run self-help organisations. This implies that for cooperatives to succeed, member participation on a broad basis is required. Member participation has three important dimensions; participation in benefits; participation in decision-making; and participation in inputs.

Normally when we think of “member participation”, we consider the members' participation in the benefits or fruits of collective action. Naturally this type of participation is important because if members can see no direct benefit from their collective action they will soon cease it.

Also important though, is the dimension of member participation in decision-making. Cooperatives often fail for lack of it, for example, when cooperative managers or Board of Directors, try to limit broad member participation in major decisions affecting the cooperative for the sake of efficiency or other more devious motives.

Finally, there is the seldom-talked about dimension of member participation in contributing to the financing of their cooperative's activities through increased voluntary labour or resource contribution or through increased purchases of member share capital. For cooperatives to grow in a self-reliant manner they must depend more on their own resources than on those provided by others. Otherwise harmful debt dependencies develop which limit cooperative flexibility in the market place and undermine cooperative vitality. Continued growth requires the continued mobilization of capital for investment purposes and additional members “sweat equity” and real equity capital contributions keep the debt equity ratio in its proper balance as the cooperative grows. One important positive side effect of this member input participation is that it increases the members' feeling of “ownership” in their cooperative. When members invest more in their cooperative, they have more “at stake” or “at risk” if the cooperative should fail. Therefore, they watch over it more closely, participate more actively and ensure that management is accountable for their performance.

FAO Action to solve some of the problems

The FAO Cooperative and other Rural Organisations Group has for the last

decade, emphasized the importance of member-oriented efficiency, self-reliance and member participation in cooperative development. The Groups Rural Institutions building strategy, however, is a multi-organizational one, with cooperatives being just one type of organisation assisting rural population. In fact we focus our efforts on strengthening four main types of rural people's organisations through four separate, but mutually complementary sub-programmes. These are :

The Peoples' Participation Programme (PPP) : A donor funded programme with 7 on-going pilot projects in Africa and Asia, including Sri Lanka, and Pakistan. This small programme focuses on the promotion and strengthening of pre-cooperatives, small informal groups of small farmers, which are organized around common income-generating activities identified by the members themselves as a starting point for eventually building larger more participatory and self-reliant farmer organisations, such as cooperatives.

NGO Promotion of People's Participation : This small sub-programme seeks to strengthen the capacities of local NGOs and their national and regional networks in promoting local peoples self-help organisations in rural areas including cooperatives. Our group's recent assistance to the Asia NGO Coalition (ANGOC), a regional coalition of NGOs working in the rural development field in Asia is an example of this support.

Assistance to Rural Workers' Organisations : This sub-programme which is coordinated closely with ILO's activities in this field provides technical assistance and support to agricultural labour unions and other types of rural workers' organisations in specific agricultural fields. Recent activities in Asia include collaboration with rural workers' organisations in the Philippines, Thailand and India in the field of agro-forestry.

Appropriate Management System for Small Farmers' Agricultural Cooperatives (AMSAC) : This sub-programme focuses on the provision of technical assistance and training aimed at the development of cooperatives serving small farmers. It emphasizes on integrated approach to cooperative enterprise management stressing the need of vertical and horizontal integration of enterprise activities to maximize the value added and benefit to primary cooperative member producers. AMSAC related activities in Asia include support to the Anand Dairy Cooperative scheme in India, the Cenderwasih sub-regional fisheries project in Indonesia and the preparation of a series of case studies on successful cooperative development experiences in 4 Asian countries.

A Newer and Stronger Mandate : The FAO Plan of Action on People's Participation in Rural Development

In 1989, at the request of NGO groups based in Rome, the FAO Cooperatives Group was asked to prepare an issue paper on "People's Participation in

Agricultural and Rural Development for presentation to the FAO Committee on Agriculture (COAG). This marked the first time that the subject of people's participation had been formally discussed at a meeting of FAO's main agricultural policy-making body and marked a major breakthrough in the promotion of participatory rural development approaches within FAO. In that paper, people's organisations, including cooperatives, were seen as the principal vehicles for operationalising that participation.

As a consequence of the COAG's favourable reception of this paper our Group was then asked to prepare a draft, FAO Plan of Action on Peoples' Participation for presentation at the 26th FAO Conference in November 1991. This was done and the draft plan was unanimously approved by all FAO member-countries. The approved Plan document proposes 7 areas for FAO and member government action in support of Peoples Participation:

- * Creation of greater public awareness of the benefits of peoples participation and people's organisation in rural development.
- * Promotion of more favourable legal and policy environment for the promotion of people's participation.
- * De-centralization of government decision-making at local level to stimulate increased participation.
- * Strengthening the internal management and self-reliant capacities of rural peoples' organisation at local level.
- * Development of improved operational procedure and training methods to facilitate participation.
- * Promotion of increased dialogue between governments, NGOs and local people's organisation on rural development issues.
- * Monitoring and evaluation of peoples participation.

Recent FAO Action in Support of the Plan of Action

One of the first steps undertaken in support of the Plan has been initiation of an internal review of FAO's own experience in promoting participatory rural development. Technical "focal points" have already been established within each relevant technical unit to facilitate this effort and data collection is well underway. A draft report summarizing the reviews main findings will be ready towards the end of this month and should serve as an important input into the elaboration of more detailed action plan which will specify those particular activities that FAO will undertake in it support. This final Plan of Action should completed in June of this year.

The Cooperatives Group has already initiated a number of activities within the 7 proposed areas of action which include:

- * Creation of greater public awareness

- the above internal review is being executed by our Group and will undoubtedly assist stimulating increased awareness both within FAO and member countries. A published version of the review should be ready for a wider distribution by July this year.
- * Promotion of more favourable legal and policy conditions
 - assistance to the governments of Ethiopia, Tanzania and Iran in reviewing the Cooperative Laws and Policies to facilitate more self-reliance and member participation,
 - participation in two important workshops to be held in Eastern Europe in May and June this year which will examine the potential role that rural cooperatives could play in the re-structuring and privatisation of Eastern European agrarian economies.
- * Strengthening the internal capacities of local people's organisations
 - continuation of support to 7 on-going PPP projects in Ghana, Tanzania, Zimbabwe, Zambia, Sri Lanka and Pakistan,
 - intensification of AMSAC cooperative support activities in Tanzania, Pakistan and India,
 - basic research to identify successful cooperative capital investment strategies.
- * Development of improved operational procedures and methods
 - preparation of a "proto-type" field training manual for group promotions which is easy to use, simply written and well illustrated.
- * Promotions of increased dialogue
 - continued collaboration with ANGO and other NGOs and NGO networks to foster improved dialogue between government and NGOs,
 - technical support to the recently-established Network for the Development of Agricultural Cooperatives in Asia and Pacific (NEDAC).
- * Monitoring and evaluation
 - initiation of a feasibility study, in collaboration with COPAC, ICA and ILO with the aim of establishing an improved inter-linked data base on agricultural and other cooperatives.

Unfortunately, Budget constraints will limit what we will do

Budgetary and staffing constraints will severely limit FAO's ability to fulfil its responsibilities this year. This is especially true for our small cooperatives group staff, whose normal 5 man staff has recently been reduced to 3 persons due to budget cuts.

Operating under these conditions will not be easy and will necessarily mean that we will have to be more selective in the additional tasks and responsibilities we take on. Just like the promoters of cooperatives before me today, we will have to learn how to do more with less, to become more self-reliant. Poetic Justice, you might say!

Looking at adversity in a more positive light : Concluding Remarks

At the beginning of my presentation, I mentioned the difficult problems which face cooperatives in this decade and the adverse political and economic conditions now prevailing.

Yet if one reviews the history of their early development of cooperatives in Europe in the mid-19th century, or the later development of cooperative movements in North America and Japan in the 20th century, one finds considerable solace. Indeed, one discovers that their greatest expansion took place under extremely difficult conditions during the political and economic upheavals in Dicken's England and Marx and Engel's Europe in the Mid-19th century, during the darkest dark of the depression in the 1930s in North America and in the bleak post-atomic aftermath of Japan after World War II.

Thus, we see that out of adversity can spring innovation and new progress. It will, of course, require a lot of sacrifice, hard work and honesty, as Mr. Marcus emphasized earlier, but it can be done. I remain quite optimistic and pledge that FAO will do its part.



**Statement made by Mr. Jurgen von Muralt,
Director, Enterprise and Cooperative
Development Department, ILO/UN**

Mr. President, Your Excellencies, distinguished delegates, cooperators, ladies and gentlemen.

It is my honour and pleasure on this occasion to extend greetings and best wishes of the Director-General of the International Labour Organisation, Mr. Michel Hansenne. The theme of this Cooperative Ministers' Conference which is devoted to "Cooperative-Government Collaborative Strategies for the Development of Cooperatives" is of particular interest to the ILO.

As many of you will know, the ILO has a long history of promoting cooperatives and has been active in this respect in most countries represented here. As an inter-governmental institution, which however provides for full participation of employers and workers in all its activities, the ILO has been collaborating closely with governments and its institutions responsible for cooperative development. In doing so we have, however, not lost sight of the fact that cooperatives are institutions of and for their members and that, therefore, particular care has to be taken not to restrict the undeniable right of self-determination and self-administration. I think it is widely agreed that while cooperatives can and do play an important role in development of both people and resources, they should not be mere tools of some government institution.

To combine well-intentioned support for cooperatives without undue interference in their affairs is a delicate matter and a difficult task. Therefore, the discussions at this forum are indeed timely and I hope that these discussions have a positive influence on cooperative legislation which is being reviewed at present in many countries, in an effort to make these laws more responsive to the changed conditions.

In a world of rapidly changing economic conditions, which are characterized by a general liberalisation of markets, very often under the influence of structural reforms, where deregulation and privatisation have become important policy objectives, the elaboration of collaborative strategies is particularly required. In these transformation processes cooperatives can potentially play a role of paramount importance. Through their decentralized structures and operations they can be quite effective in mobilising the human and material resources so much needed for starting and sustaining the development process.

Strategies should be developed which help to turn cooperatives into viable business enterprises. My colleague from the FAO has drawn attention to the many problems which continue to exist. Through training programmes and other means, one has to instil the spirit of entrepreneurship into cooperatives by motivating their leaders and managers. Cooperatives should get together to establish joint support units for commercial operations such as marketing, supplies and consultancy services for auditing and common accounting facilities.

By being economically strong the dependency of cooperatives on State support is being reduced and their independence is strengthened. Many of the ILO interventions are going in this direction. I am glad that we have been entrusted with the task, here in Indonesia, to contribute through a technical cooperation project to the Strategic Planning to Enhance Self-Reliance of Indonesia's Cooperative Movement.

Already in 1966 the member States of the ILO at the International Labour Conference adopted Recommendation No.127 of the Role of Cooperatives in the Economic and Social Development of Developing Countries, which has become an important guideline for cooperative development in many countries. This text also deals with the key question of the relationship between the State and cooperatives. In this respect it has served useful purposes in the past. But the world is changing and I have already referred to the nature of these changes. In this connection the question has been asked whether Recommendation 127 still responds to the needs as they are now emerging in many countries. There is probably no single answer but we shall put the matter before an international panel of experts later this year to be advised on the course of action to be taken.

Parallel to this we are undertaking a major study on the essential conditions and factors which must prevail to allow the harmonious development of cooperatives. The result of this study will no doubt throw light on the question of what needs to be done to build strong and independent cooperative movements.

May I express the hope that the deliberations of this Conference will contribute to that ultimate goal. The ILO stands ready to help and assist in this process.

I should like to close this brief statement by expressing my most sincere appreciation and thanks for the hospitality extended to us by the Cooperative Movement and the Government of Indonesia.

Thank you for your kind attention.

Global Cooperative Trends and Basic Values

by Mr. Lars Marcus, President, International Cooperative Alliance

Most honoured representatives of governments and other guests, fellow cooperators, ladies and gentlemen.

The Conference agenda says that I am going to talk about Global Cooperative Trends and Basic Values. I am not sure any of you find this topic particularly hot. At least I didn't, because it is difficult to tell what it contains. It could invite to a lecture full of quotations from esteemed philosophers and statesmen. It could as well be a survey based on figures and statistics.

This Conference met two years ago in Sydney. Many things have passed since then. Some of them are known to all of us. Some of them could be described as my personal experiences.

To meet with you again gives me a unique opportunity, because I think it is one of my foremost duties as President of the ICA to tell my members as well as those who carry responsibility on the government about what I see, what I think, what I hope for and what I fear. My perspective is global but might give a European accent to your own. I might add to your understanding of what actually takes place also in Asia.

I will, with this explanation, limit my speech to five areas :

1. What is the importance of the economic and political reforms in the East and Central European countries?
2. What are the consequences of the European Community on world economy?
3. Will the poor and the rich be able to live side by side in global peace?
4. Is capitalism the final winner?
5. As if that should not be enough to cover in 30 minutes I will also add a fifth point about ICA - our plans, our chances and our common responsibilities. In short - quo vadis?

Let us look at Eastern and Central Europe without too many sentiments. What has been proven by events is actually clear. The political and economic system developed in the USSR after 1917 and introduced to and forced upon Central Europe did not perform up to expectations. The lack of civil rights and incitements for risk-taking, as well as the political monopoly, made society not

only rigid and conservative but also hated by many who did not become passive and apathetic. It did not bring what was promised.

The political and economic reforms first in Central Europe and lately also in the USSR have certainly had important indirect consequences. Quite a few countries as well as many Communist parties have now been deprived of previous support to their development. Events have also in general, not least in Europe, negatively affected the credibility of reform socialism, mainly represented in the Socialist International. Summing up, the political centre has moved to the right. The valid truth is declared to be the superiority of the market economy. Many even say that capitalism is the winner.

That the political and military strength of USSR has vanished is obvious to all but it is remarkable that also the US seems to be overfatigued by its rôle as the other superpower. Its economy is in disorder, big parts of its population are left in unemployment and not seldom also in misery. Its political system is not in good order. It is interesting to note that the US has now for the first time accepted UN involvement to bring about peace in Central America. Many facts actually speak in favour of an interpretation that the US will for quite a few years concentrate more on domestic problems. Third world governments and political parties will then miss previous support, not only to armed forces but also to development in general.

The question to be put is there then anyone else who can take over from the two super powers which gave the world some kind of equilibrium. No, I don't believe that either Western Europe or Japan will show the same generosity, because their interest for the world is lacking the military element. The global picture is actually quite unclear. Right now we find cracks inside many nations.

As to Europe the political and economic reforms in its central and eastern part have caused a chaos and a threat. Increasing disorganization - not to say anarchy - will lead to economic and political and most likely also military instability for years to come. To Western Europe this is extremely obvious and at least at present accepted as an obligation to help. It is, however, a temporary issue if you describe 10-20 years as a short-term perspective. I believe it is if we compare with some Asian and African countries where development is bound to take perhaps one or two generations. Anyway, a united Europe could also be expected to become more inward-looking and with access to cheap labour of its own for years to come.

I mentioned Japan but I could as well have spelled what Europeans call the Far East. There you have a fast growth in economy. For sure there are major differences in the group and of course Japan is far ahead in wealth and has a position as motor for the rest. But you are already aware of your interdependence and your group's character of an economic region is now very visible. You will, therefore in my opinion, also be occupied by efforts to build a future, being more inward looking.

However, the world is bigger than North America, Eastern Asia and Europe. I do not exclude a new power developing - an alliance of the poverty-stricken, perhaps with support from big oil producers and with accents of religious fundamentalism. Vacuums tend to be filled and this world is not good to its majority. The majority will always remain a major deciding factor.

What has been said so far is of course not a result only of economic and political reforms in Central and Eastern Europe but when the lid blew off the kettle we were all more or less surprised to see what was in the brew - fighting ethical and religious minorities, as well as millions and millions world-wide of those who want to migrate away from poverty.

Whether the UN can offer more than an arena for talk depends on our politicians and they depend on their electorate. With the deep recession in most of the OECD countries, with the political turmoil replacing the previous relative stability it is difficult to formulate a strong confidence in the capacity of UN decision-making. Just think of the problems around who shall be permanent members of the Security Council. Until the future tells differently I prefer to look at the consensus against Iraq as a result of a rare occasion and not as a proof of a new era. Each one of you is able to do his own guesswork. Personally I am just trying to avoid disappointment.

As I mentioned earlier I want to make a special point on the consequences of the European Community and the economic development in Western Europe.

In the late forties and early fifties I myself was quite active in politics and my responsibility was international affairs of a political youth movement. The war had passed and we from Sweden could see the marks. Dresden, Hamburg and Berlin looked like the killing fields of the present time. Lots of money was poured in and some went to the youth movements. Strong emphasis was put on federalism and European unity.

At that time I found the federalist ideas beyond credibility. I also found no attraction in military alliances. I feared a united Germany. I had, on the other hand, a hope by a majority of countrymen for a Nordic Union - Norway, Finland, Denmark, Iceland and Sweden.

The situation in 1992 is quite changed and offers another perspective. The early agreement in Rome laid a foundation for unity among the war-stricken nations. During the era of a superpower balance Europe prospered. Gradually all of us found that the world actually was one. Not politically of course but through transports and movement of capital. In order to remain an actor on equal terms, Sweden now will join the European Community. Otherwise our prime commercial partners would easily forget us.

The European Community got Efta as its complement and today - under new political conditions - not only old neutralists like Austria and Sweden but actually also Finland with its previous foremost friendship to the USSR are

applying for full membership in Brussels. And add to that the keen interest of the old Comecon countries to be accepted in the same group.

I believe I mentioned in Sydney two years ago the development towards economic blockbuilding world wide. The USA, Canada and Mexico have taken their first steps. Several groups seem to develop in Central and South America. You have one in Central America, one through the Andean Pact and one in the South cone but the process has not been finalised. Here in Asia you have of course the Asean Pact. You can also - at least when you look at it from Europe - see signs of North-East Asian approaches. And when you add the consequences over years to come of such alliances you easily get the idea that at the end even the Middle East and Africa will be forced to political solutions leading to strength through unity.

My first reaction to such a vision is a fear for protectionism, for discrimination and at the end for continental wars as worst scenario. On a second thought, however, you also observe advantages. The importance of national borders withers away when people can travel and trade over a wider area. The rising problems of ethical groups trying to get national independence shrinks fast when decisions on political and economic issues are transferred to supernational assemblies. To compensate for the distance between individuals and the new political power and to eliminate some of the threats of bureaucracy, regional and local decision-making on political issues could have a revival.

Here I will now end my interpretation of global trends and turn to their cooperative consequences. A fundamental problem is, of course, the local character of a cooperative, serving its members. Its area of action is limited both geographically, branch-wise and economically. It cannot move to another country. It has to stay in agriculture if the members are farmers. It cannot pay for mergers by emitting new shares.

The internationalisation of economies will further lead to a market where some cooperatives will meet a competition hard to defeat, not least due to their weak financial resources. I can hardly see any category of cooperatives which will not suffer, may be local service cooperatives will not be hurt, perhaps also cooperative housing, but for sure, most others will suffer.

One example is offered by the very old, strong and rich West European consumer coops. Some of them have been eliminated. Another kind of example is offered by fishing cooperatives which find themselves competing with high-tech adversaries with little care for the catch of tomorrow. Cooperative banks and insurance companies are facing mergers and internationalisation among competitors and more and more intruders on their domestic markets. Also farmers have reason to give some thoughts to the situation of their societies and unions. Often they are one hundred percent organised but I see a step by step invasion of capitalist thinking behind many of their future plans. Indivisible funds, collectively owned by members and transferred from one generation to the next, are too rare and saving and share capital are generally

too weak to meet future opportunities or threats. And when a cooperative is turned into a joint-stock company the power of members immediately surrenders to the power of profit. Such enterprises will then rather attack than defend the economics of producers and consumers.

My third point was the question whether the poor and the rich can live side by side in global peace.

The answer could implicate evaluations of ethical as well as philosophical and theological character. I am not going to oppose any such comment. Being a European and carrying a responsibility for my own continent's doubtful contributions to modern history I had also better be careful. I will make my point in another way. Most of us have children and they are our pride. We all work to give them a better future, because we are like all parents. It is perhaps a primitive force but it is elementary and strong. A poor father has no other interests than a rich.

Don't let us argue if my observation is right or wrong. Each one only has to find out in his heart if it is good or bad.

Poverty but also the force that the poverty-stricken represent are increasing fast. It is true that ignorance makes the poor insecure, vulnerable and other reticent, but those who mistake this for satisfaction are fools.

I am scared of what I see as increasing neglect of these realities. I see new organisations taking form and even though some will serve economic self-aid I fear most of them will not be as peaceful. Terrorism is a social illness, generally caused by those who close their eyes to economical and political realities.

My fourth point is whether capitalism will be the final winner. My simple answer is no. The present dominance of market thinking must be understood in relation to what happened in commando economies in Eastern and Central Europe and is based on two major elements. Carrots are better than sticks. Each one should be able to influence his or her economic situation.

This is a fundamental lesson to all who want to succeed in politics as well as the understanding of some other elements which for sure do not stem from profit-making. Personally and as a European I am of the opinion that a major explanation to OECD growth is formed by corrections to the deficiencies of a raw capitalism: Democracy-based general rights of voting, good educational standard, a free press and acceptance of human rights. State authority should be built on an informed consensus of a majority.

I do not think it is necessary to explain further in this part of the world, where ruthless colonialists once ruled in many nations. Perhaps I should add that there are more colours than black and white and more definitions than good and evil. Just as capitalism can be given a human face, socialism can have one,

and I don't think that either Adam Smith or Marx would mind such thoughts had they been facing the 21st century.

In four points I have tried to broaden the perspective for this Conference. They should be accepted by my audience as an introduction to its deliberations.

Let me now tell you what we have concluded on behalf of the ICA in order to serve its membership in a world characterized by such global trends.

1. We have concluded that multinational collaboration with members will become important.

To serve in such a development we have introduced a continental level in our structure. It is not aimed as a limitation of contacts but as a chance to take better care of regional issues when new multinational markets develop.

2. We are putting emphasis on stronger links between cooperatives in their business. The ICA itself is not to be identified as part of the cooperative business society. It has no economy. It has no expertise in its staff for business either.

We believe instead that - in connection with ICA activities - each branch will put up its own secretariat and desired structure for joint economic activities.

We do not expect all members to participate because the majority are small and financially weak and international collaboration is expensive. We want the big organisation to start building for the future something that one day can serve all better. However, we expect our specialised organisations to increase their memberships by offering a regional substructure.

3. We have started talks with major cooperatives to join the ICA, including the German Raiffeisen, which left us in 1980. We have on our side declared that we should be pragmatic and strive for a rational structure for the global collaboration of farmers.

4. Facing the strength, the temptation and the domination of joint-stock companies in world economy, the need to develop, formulate, understand and propagate cooperative identity has become more obvious.

During the last four years we have worldwide discussed basic values behind Cooperative Principles. The decisions of the Tokyo Congress are planned to lead to the draft of new Cooperative Principles designed individually for each specialised organisation.

5. The work of promoting new and supporting young cooperatives will continue as before and now form a stronger basis. I see a time when this could be a matter entirely for each continent itself. Asia has started such a development. We should here be particularly observing the needs of the poor and the demands and expectations of their leadership.

Capital Formation in Cooperatives

by Mr. Bruce Thordarson, Executive Director, International Cooperative Alliance

Capital and Cooperative Values

The issue of capital formation is a crucial one for cooperatives, because it has a direct bearing not only on their competitive economic strength but also on their identity as a different form of economic enterprise.

Although the manner in which this issue arises differs from region to region, and from sector to sector, the starting point is the same: the treatment of capital has traditionally been regarded as a crucial element of cooperative values and principles.

As is well-known, two of the current six internationally-accepted Cooperative Principles deal directly with this issue :

- Share capital shall only receive a strictly limited rate of interest, if any; and
- The economic results arising out of the operations of a society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of others.

At the heart of this issue is the concept that cooperatives are organisations of people, not of capital - by which is meant that their purpose is to provide services for members rather than profits for investors. More concretely, it has been felt that capital within a cooperative system should be linked with membership, should be non-speculative, and should not interfere with the process of decision-making.

The Current Dilemma

Unfortunately for cooperatives, this traditional approach is proving inadequate in today's economic environment.

Members' attitudes towards investing in their cooperatives are changing. Improved awareness about the need to protect their savings from inflation, combined with the attractiveness of other forms of investment, often make members less willing to deposit large amounts of money in their cooperatives.

Cooperatives' own need for capital is increasing rapidly. Almost everywhere cooperatives are facing the need to grow in order to compete - vertical

integration, national amalgamation, even international joint ventures are becoming increasingly common and necessary.

Newly formed cooperatives find it particularly difficult to establish themselves and provide competitive services to their members in the absence of some form of external capital.

The combination of these three problems is even more acute in developing countries, where the gap between members' needs and the ability of cooperatives to meet them is growing steadily.

Cooperative Approaches

As Mr. Sven-Ake Book has written in his soon-to-be published paper for the 1992 ICA Congress in Tokyo, these problems are being addressed by cooperatives in three different ways :

- approaches which do not change the basic form and structure of the cooperative;
- approaches which transform the cooperative into various forms of joint-stock companies; and
- efforts to raise, pool, and channel resources for new forms of cooperative development.

In the first category, a wide range of approaches is being used, usually in the countries of the North, in an attempt to increase the cooperatives' share capital base. These include :

1. **Voluntary member shares** : Members are encouraged to invest in various forms of voluntary shares as a supplement to their membership investments, sometimes with additional incentives, and usually without voting rights.
2. **Quasi-shares** : External sources - such as employees, trade unions, pension funds, public investors, or other cooperatives - are offered a variety of investment instruments - sometimes called B-shares, preference shares, ownership certificates, or "titres participatifs" in France. They are usually without voting rights, and without any kind of secondary market that would make them transferable.
3. **Higher interest rates** : The traditionally "limited" rate of interest on member investments has been raised to a higher "limit" on the grounds that members are entitled to a "fair" rate of return that should at least guarantee a stable value after inflation.
4. **Changing share values** : It is especially the agricultural cooperatives which are exploring ways in which members and non-members can be investors in their organisation. Retired farmers are encouraged to maintain their share capital, with some possibility of appreciation, instead of being obliged to

withdraw it upon their retirement from active farming.

5. **Individual capital** : Some agricultural cooperatives have issued new shares to members which correspond to part of their year-end surplus of activity, instead of paying dividends or returning the surplus to reserves. These shares usually have a par value, no voting rights, and specified redemption time.

The second approach - the joint stock company model - is being applied in a number of ways :

1. Shares in the "cooperative joint stock company" are owned by individual members or by cooperatives within the system.
2. Shares are owned by a combination of cooperative and non-cooperative investors, such as trade unions or pension funds.
3. Shares are listed on the public stock exchange. This is usually done by hiving off the different business components of a cooperative movement into individual joint-stock companies. Members continue to own and control the companies, at least in theory, through their shares in the parent cooperative.
4. In the most extreme case, cooperatives abandon all attempts to fit the joint stock company approach into a cooperative framework and simply change their legal form of incorporation (sometimes including efforts to distribute the cooperative's accumulated reserves among the members, when this is permitted by legislation).

The joint stock company approach is a potentially dangerous one for cooperatives since it carries a serious risk of weakening member control and bringing into question the traditional cooperative value that capital should be a servant rather than master. And yet this company approach - especially in the first two ways described above - is increasingly being used by cooperatives. Some of the dangers are avoided if the company introduces special by-laws regarding voting, board of director selection, share redemptions, etc., in order to maintain many of the cooperative characteristics. There may also be less danger if this approach is introduced at the higher tiers of cooperatives - not within primary societies - which are further away from direct member participation.

Pooling Capital for Development

It is the third approach - finding new ways to pool capital for cooperative development - that is of greatest interest to new cooperatives in the North and to most cooperatives in the South. Although a variety of cooperative theorists have written about the need to combine existing sources of cooperative capital to promote further cooperative development, only partial success has been achieved to date.

Cooperative banks remain the form of cooperative activity with the greatest

potential to support general cooperative development. In most Asian countries cooperative banking networks have been established. All too often in the past, however, these have consisted of little more than government controlled means of providing subsidized agricultural credit.

There are encouraging signs, more recently, that cooperative banks are being given the freedom to raise capital and make loans with the same freedom as other components of the free-market economy. The Norinchukin Bank in Japan is an excellent model of a well-functioning cooperative bank - fully competitive, while still owned by and operating in support of agricultural cooperatives - that could be emulated by other Asian countries, who do not have to look as far as Europe for successful models. It is encouraging, as well, that new cooperative banks are being formed or planned in many countries - India, Indonesia and Australia, to give only three examples.

Not until there is a stronger network of national cooperative banks will it be possible to move towards the next desirable goal - a regional cooperative bank which could pool surplus liquidity from all Asian countries in support of good cooperative development projects.

The recent re-activation of the ICA Regional Committee on Cooperative Finance, within the Central ICA Banking Committee structure, provides increased hope that the excellent potential that exists in Asia for a stronger cooperative banking presence can be realized during the next decade.

The important role of cooperative insurance in mobilising capital has often been under-estimated in Asia, as in other regions. Cooperative-owned insurance societies are an important means of protecting existing cooperative assets at the same time as they retain capital within national cooperative movements and countries.

The CIDB-ICA Insurance Project, using cooperative insurance experts from successful member companies in Japan and Singapore, is providing important support to cooperative insurance societies in the region. Through its link to the International Cooperative Insurance Federation, this project should improve internal capitalisation of cooperative movements throughout the region.

The significant growth which cooperative thrift and credit societies have experienced in Asia during the last decade demonstrates conclusively the very real savings potential that exists even among relatively poor urban and rural dwellers. This large group of people is often excluded from traditional financial service networks which are directed towards the urban middle and upper class.

The major contribution of thrift and credit cooperatives to development has been to demonstrate the crucial link between savings and credit. Experience during the last 20 years has conclusively demonstrated the failure of government subsidized credit schemes. The cooperative alternative, based upon self-help and mutual-help, is dramatically different.

This cooperative philosophy is undoubtedly the explanation for the rapid development of Asian thrift and credit cooperatives and of their support organisation, the Asian Confederation of Credit Unions. An especially-commendable feature of ACCU has been its careful choice of external assistance in order to ensure that local responsibility and ownership are not impaired. ACCU's leadership has concluded that outside capital must play only a supporting and complementary role to local capital if true cooperative development is to occur.

Another positive example is provided by the mutual credit scheme of the National Agricultural Cooperative Federation of South Korea, which mobilizes surplus resources at the primary cooperative level through a central pooling system that makes the funds available for loans to other cooperatives and member-farmers. During recent years the annual growth rate of deposits under the member credit scheme has averaged 29.6 per cent, far higher than that of the commercial banks.

A very different source of cooperative capital, especially in many countries of the South, has been cooperative development agencies of various kinds. Organisations like the National Cooperative Development Corporation of India have played an important role in financing cooperative infrastructure and facilities, especially in the agro-industrial sector.

In many countries, however, such support has been accompanied by a degree of governmental control or interference that has severely damaged the independence and therefore the basis of cooperative movements. While government support will usually be welcomed by cooperatives, it must be offered on terms that fully respect cooperative independence (as is well-stated in the often quoted Resolution 127 of the International Labour Organisation). With the advent of structural adjustment programmes and the general retrenchment of the public sector, cooperative organisations would be unwise to rely upon this form of support for their long-term development.

Conclusions

Because of the crucial link between questions of capitalisation and basic cooperative values, the issue of capital will be an important part of the report on Basic Cooperative Values that will be presented by Mr. Sven Ake Book to the October 1992 ICA Congress in Tokyo. On the basis of this report, the ICA will undertake a thorough review of the existing Cooperative Principles in order to determine whether any changes should be proposed in 1995, when the ICA will celebrate its centenary with a special Congress in Manchester, England - only a short distance from the original store of the Rochdale Pioneers.

While it is premature to determine the outcome of these reports and reviews, it can be expected that the principle of "limited interest" on share capital will be subjected to very critical scrutiny. The underlying cooperative value of

“people before capital” will undoubtedly remain - but probably articulated in a different manner.

As cooperatives cope with the need for larger, more integrated structures in order to deal with competitive forces, the joint venture approach may well be the model which best combines cooperative values with economic efficiency. Joint ventures enable cooperatives to combine their forces without losing their autonomy - in a completely different manner than is possible if they adopt the joint stock company formula. Cooperative joint ventures are becoming increasingly common in Europe, across national borders, and can be expected to increase in Asia as well.

The development of cooperative structures to retain and generate capital - whether cooperative banks, insurance societies, mutual credit schemes, or thrift and credit societies - must be a top priority. ICA's own development strategy is based on the need to strengthen national - and eventually regional - structures in all these areas.

There is no doubt that the world-wide cooperative movement will have much to learn from the Asia-Pacific in this field, as in others. The need to share, and to intensify, regional experience lies behind the ICA decision to strengthen its own regional structure. In 1993, Asia-Pacific will nominate a Vice-President to the ICA Board, and in 1994 the first Regional Assembly will take place as part of the ICA governing structure.

In all these ways ICA hopes that the rich tradition of cooperative experience in the Asia-Pacific region, as well as its significant potential, will be increasingly reflected in reviews of fundamental cooperative issues - including, of course, the question of capital.

Outline of Environmental Problems and Movements of Japan's Cooperatives

**by Tadafumi Yoshida, Chairman,
Environment Working Party**

Introduction

The Organising Committee of ICA 30th Congress Tokyo established the Environment Working Party in July 1991. The Working party is responsible for the preparation of a report to be presented at the Tokyo Congress.

The Convention's theme "Environment and Sustainable Development" is also the theme of the "UN Conference on Environment and Development" (1992 Earth Summit) to be held in Brazil in June this year and we assume that ICA members of each country are working to define the role of cooperatives in the protection of environment and preparing development programmes in cooperation with their respective governments or upon suggestions, etc. of their governments.

However, this theme is a difficult subject that covers every field of "Mankind and the Earth" involving international relations and geographical conditions, political, economical, social and industrial structures, food and population problems and also the mode of life culture or a sense of values of each country, and our work is rather a little behind schedule.

At this Conference, we will present an outline of the report "Environmental Problems and Movements of Japan's Cooperatives" and explain, in particular, the point of "Action Programmes" under study.

I. Environment Problems in Japan

Historical Development and Backgrounds of Environmental Problems

1. Precedence of industrial development over all other political measures (pre-war days)

Since the Meiji Restoration in 1868 until the end of World War II in 1945, industrial development and military expansion took precedence over all other political measures and Japan traced the dark and depressed history through the war, the greatest destructor of environment.

2. High economic growth and explosive increase of industrial pollution

During the post-war period, the top priority was given to the economic recovery, first of all. Under the high economic growth from the latter part of the 1950's to the 1960's, there was an explosive increase of all kinds of industrial pollution, including air pollution, water pollution, noise and vibration problems, offensive odors, soil contamination, ground subsidence, industrial wastes and occurrence of such tragic diseases as Minamata disease one after another, thus making Japan notorious as a "Polluted Archipelago".

3. Citizens' campaigns and progress of environment conservation measures

In order to cope with the worsening industrial pollution and to respond to the spread of citizens' campaign against the pollution, the Japanese government strengthened its administration for environmental protection by legislating the Environmental Pollution Prevention Act (1967), establishing 14 pollution related laws (1970) and inaugurating the Environment Agency (1971), which, together with the increase of capital investment in pollution prevention facilities and the advance of technological development on the part of industries, has decreased the industrial pollution considerably.

4. Establishment of environmental standards and lessons of oil crises

Through two oil crises (1973 and 1978-79 period) since the beginning of the 1970s, the economic and social activities oriented to mass production and mass consumption, as well as the prevalent Japanese sense of values such as "Consumption is a Virtue", were compelled for diversion and establishment of environmental standards for air pollution, water pollution and noise and adoption of resources conservation and energy saving measures were accelerated. This led to the establishment of the most strict standard for automobile emission control in the world, and through development of automobiles with a low fuel consumption rate and low pollutant level exhaust. The Japanese automobile industry has grown rapidly.

Present State of Environment and Problems to be Solved

1. Delay of environment protection measures and present state of "Air and Water Pollution"

Since the end of the oil crisis, the weight of the Japanese industrial structure has shifted from the heavy industry of the high energy consumption type to the high-tech, information and service industries of the energy saving type. As a result of relaxation of environmental standards for such pollutants as NO₂, start of large public projects including the construction of Seto-Ohashi bridge highway networks and decreased capital investment in pollution control equipment by industries due to the stagnant economic activities and the

further progress of motorization, air and water pollution tend to become worse again since around 1986.

2. Serious garbage war and occurrence of new types of pollutions

Changes in the industrial structure and the progress of internationalisation of information, financing and trading have spurred the concentration of population and industries in major cities, particularly in Tokyo. Since the 1980s, such urban/domestic type pollution as water pollution caused by domestic waste water and waste dumping areas have become serious problems besides the air pollution in urban areas caused by NO_x. Also, new types of pollutions caused by high-tech related new chemical pollutants have occurred.

3. Present state of natural environment and development of resorts

In Japan, the area of forests accounts for 67% of the total land area, with a tendency of increased afforestation (10.22 million ha, 40% of the total forest area) and decreased natural forests. Destruction of nature has progressed through development of resorts such as the construction of sight-seeing roads, golf courses, leisure facilities and villa districts, thereby decreasing the area of greens in urban districts. More than 600 species of animals are feared to become extinct.

4. Environment conservation function and problems of agricultural, forestry and fisheries industries

The agricultural, forestry and fisheries industries have important land and environment conservation functions such as (i) water conservation, (ii) land conservation, (iii) purification of the air, (iv) conservation of organisms, (v) preservation of sceneries, and (vi) provision of comfortable health and recreational environments besides the production of food and flowering plants, forest products, etc. However, a sharp decrease of rural population due to exodus of workers into urban areas, aging of people engaged in the work, contamination of soils and fishing areas (rivers, lakes, ocean) caused by industrial and domestic pollutants and increased imports of agricultural and marine products and lumber have led to the deterioration of production basis year by year and there is concern about the decrease of environment conservation functions of the industries.

Directions to Cope with Global Environmental Problems

1. Global environment and involvement of Japan

Japan has high production and consumption levels in her economic and social activities, thereby putting a large burden on global environment. For example:

- i. Japan accounts for 2.4% of world's population and 12% of world's GNP, though being only 0.3% of the total land area of the world (1986).

- ii. Japan accounts for 4.7% of world's consumption of fossil fuel and 4.7% of world's CO₂ emission, each ranking fourth in the world (1986).
- iii. Japan produced approximately 130,000 tons of freon gas which is destructive to the ozonosphere, accounting for about 11% of world's total production (1986).
- iv. Japan's import of tropical hardwood timber accounts for 36% of world's total trade in the form of a log (55% of total timber trade of tropical wood producing countries) and 21% of world's total trade in the form of sawn wood (6% of total sawn wood trade of tropical wood producing countries) (1988).
- v. Japan's import of agricultural products amounted to \$26,500 million (1989), which is 30 times the amount for 1960. As a result, the rate of self-sufficiency in agricultural production became 48% on caloric base and the rate of self-sufficiency in cereals became 30% (1989).

2. Report of the Japanese government entitled "Environment and Development - Japan's Experience and Challenges" (to be) presented at the Earth Summit

The report expresses the continuation of international cooperation in a positive manner for conservation of earth environment. The report cites such measures as setting up an international framework, increased government development aids and increased attention to environment protection and positive participation in the scientific international study and research programmes.

3. "Earth Environment Charter" of the Federation of Economic Organisations

Many faceted advance and investment activities of Japanese industries in overseas market have created problems which may impair the trust of counterpart countries with respect to the national feelings and environmental consideration. For this reason, the Federation of Economic Organisations published the "Earth Environment Charter" and a booklet entitled "Environmental Matters to be Considered in Advancing into Overseas Market" in March 1991.

4. "Earth Charter" of Japanese citizens

The '92 NGO Forum, Japan, will present to the Earth Summit a report entitled "I have the earth in mind, the earth has me in hand" and will announce the "Earth Charter" and "Action Programme" of Japanese citizens. This NGO Forum is also participated by cooperatives (SEIKYO).

5. Towards the creation of a life style and economic society tender to the earth

The Japanese government adopted the "Action Programme for the Prevention of Warming of the Earth" in October 1990. Towards the attainment of the goal, the government is determined to create the urban / regional structure, transport

systems, production structure, energy supply systems and life style with less emission of CO₂, as well as to carry out such measures as emission control of methane and freon, tree planting campaigns for forests and other areas, scientific studies and researches, surveys and monitoring, development and spread of technologies, public relations for the nation, promotion of international cooperation, etc.

II. Environmental Problems and Cooperatives in Japan

Environment Problems and Activities of Cooperatives

1. Activities of cooperatives in the area of production and distribution and problems to be solved

Agriculture

- i. On the basis of the selective expansion policy of agricultural production following the legislation of the "Law for Orientation of Agriculture" in 1961, mechanization of agriculture, input of large quantities of chemical fertilizers and agricultural chemicals, as well as specialised production of selected crops, facilities agriculture using vinyl houses or green houses, diversification of crop type and the increase in the size of stock raising and orchards have progressed leading to the large energy consumption type agricultural production.
- ii. On the other hand, there was a growing concern about the health problems and safety of food in relation to industrial pollution, and the practice of organic agriculture with low input of chemical fertilizers and agricultural chemicals has spread gradually.
- iii. At the 18th National Convention of Agricultural Cooperatives held in 1988, the policy of "Three H Agriculture" (Healthy, High Quality and High Technology) was set forth as the future direction of agricultural production to firmly establish the position of organic agriculture.
- iv. In the midst of the decrease and aging of agricultural population, securing agricultural workers, promotion of the development of disadvantaged districts such as mountainous and isolated region, establishment of farming methods compatible with the environment and securing the adequate incomes are major questions to be tackled.

Forestry

- i. Excess and indiscriminate cutting to supply wood as military materials during the war and as reconstruction materials during the post-war period subsequently caused frequent occurrence of floods following the typhoon and heavy rainfalls.

- ii. Artificial regeneration of mainly coniferous trees (pine, Japanese cedar, Japanese cypress) was promoted with forest owners' association playing the central role and afforestation in the area left by excess and indiscriminate cutting was completed in and around 1955.
- iii. From around 1960, fire wood and charcoal were replaced by petroleum fuel for home use, and there was a decrease of demand for lumber also in the construction sector. A sharp increase of import of timber led to the decrease of Japan's self-sufficiency rate of timber to less than 50% at the beginning of the 1970s, with the present rate being about 27%.
- iv. Man-made forests account for 41% (10.22 million ha) of the total area of forests in Japan and will reach the stage of supplying excellent resources in the near future. However, securing forestry workers to cope with the decrease and aging of rural population, improvement of forest road networks and promotion of mechanization of forestry work and expansion of demand for lumber are the major problems to be solved.

Fisheries

- i. With the growth of industries entering around the heavy and chemical industries since the 1950s, damage to fisheries due to pollution of the sea and rivers became apparent and the protest demonstrations by fishermen led to the legislation of the "Law for Conservation of Water Quality in Public Water Areas" and the "Factory Waste Water Control Law" in 1958.
- ii. Following the extension to a national level and complication of fishery damage caused by industrial pollution, the National Fishermen's Council for the Prevention of Water Pollution was established in 1965.
- iii. In the 1970s such fishery damages as the occurrence of red tides and oil contamination caused by domestic waste water in addition to industrial waste water became more serious. The Fishermen's Cooperative Association has held a number of national meetings of fishermen to appeal for damage compensation and strengthened measures for the protection of sea environment.
- iv. While the Fisheries Cooperative Association is launching a nation-wide campaign for the protection of environment of fishing grounds and carrying on a seashore cleaning and beautification drive by its members and officials, materialization of a national movement is desired for the protection of the sea and rivers.

2. Activities of cooperatives in the area of consumption and living and problems to be solved

Based on the past experience, including the explosive outbreak of industrial pollution, intensification of urban/domestic type pollution and the requirement for resources conservation and energy saving measures due to two oil crises,

the cooperatives in Japan took a serious view of the fact that the life style of their members was deeply involved in the environmental problems and have been driving a life style review campaign, water and environment protection campaign, resources recycle campaign, etc.

At the same time, realising the fact that their living/purchasing business is also putting a burden on the environment, cooperatives are carrying forward such measures as the development and spread of products tender to the environment, a drive for reduction of container and packing materials, resources recycling operations, research and development of small electric trucks and the preparation of ecology guidelines.

Basic Considerations for the Question of Environment

Based on the organisational objective and fundamental values of cooperatives, we recognize that "the conservation of environment is a basic subject of cooperatives' movements".

the Working Party is reviewing the basic considerations for environment from such a wide range point of view as the concept of environment and sustainable development, a challenge to a sustainable life style and economic/social system, Mr. Book's proposition on the fundamental values of cooperatives, experience and lessons of Japan which was once called "A Polluted Archipelago", maintenance of environment conservation functions of agriculture, forestry and fisheries, etc.

Environment conservation movements of Cooperatives

1. Environment Conservation Movement of 25 million members

Aiming at the conversion to a life style tender to the earth, the 25 million members will launch such environment conservation movements as a drive to review one's life and community, a drive for production and consumption tender to environment, creation of a community that protects "water and greens; etc. 25 million members comprise 8.5 million NOKYO members, 14.1 million SEIKYO members, 520,000 GYOKYO members and 1.76 million SHINRIN KUMIAI members.

2. Environment conservation movements in the business of cooperatives

Aiming at the conversion to a sustainable economic and social system, cooperatives will give due consideration to the conservation of environment in all aspects of their operations and management, including production, distribution, consumption, waste disposal, recycling of resources, by developing an environment assessment system for materials, etc. to be supplied to their members.

3. Promotion of environment conservation type agriculture, forestry and fisheries.

At the 19th National Nokyo Convention held in October 1991, the agricultural cooperative associations adopted a resolution for the "Promotion of Environment Conservation Type Agriculture" and "A Campaign for Creation of Comfortable My Village and Town". The cooperative associations are also carrying on a production movement based on the "Policy for Supplying Safe and Good Quality Food and Agricultural Products".

Since 1990, the fishermen's cooperative associations have been launching drives for (i) provision of a pollution prevention and environment conservation/monitoring system by the organisations of fishermen's cooperative association, (ii) securing personnel qualified for pollution control and establishment of an environment assessment system, (iii) synthetic detergents expelling campaign, and (iv) a tree planting campaign for the protection of fishing grounds.

Forest owners' associations will promote the cultivation of forests ranging from pure forests of conifers to mixed and compound shored forests, extension of felling season, rearing of natural forests and at the same time will make efforts for improvement of forest road networks and introduction of high power machinery to meet a shortage of labour, provision of a forest accident compensation system and an increase of demand for forest products.

Towards the Sustainable "Common Future"

In Japan Cooperative Organisation is the largest NGO (Non-governmental organisation) and respective cooperatives are leading CBO (Community Based Organisations). Through the activities of their members, the cooperatives will strengthen their ties among themselves and with citizens, industries, local governments, etc. and create environment conservation type communities.

Further, the cooperatives desire to strengthen the international solidarity of cooperatives to positively participate in the international movements as a member of global cooperative associations.

III. Cooperatives' Environment Conservation Action Programmes

Environment Conservation Movement of 25 Million Members

- 1. Promotion of a drive for reviewing members' living and communities**
 - i. Participation of 25 million members in environment study activities.
 - ii. A review of members' life and production activities using an environment check sheet (environment house-keeping book) or the like.

iii. Surveys and observations of communities and natural environment using environment clinical charts or the like. *Environment clinical charts - Materials used for measurement of NOx or acid rain, water quality, sceneries, etc.*

2. Participation in production and consumption activities tender to environment

i. Agriculture, forestry and fisheries schemes tender to environment.

- * Making use of agricultural and fishing methods tender to environment.
- * Low input and efficient use of production materials, appropriate recovery and disposal of waste materials.
- * Use of garbage, bark, livestock excreta, etc. for organic measures.

ii. A drive for regular use of products and commodities tender to environment.

- * Environment conservation commodities such as organic agricultural products, perishable vegetables and marine products, soap, toilet paper made of reclaimed papers.

iii. Participation in resources conservation/energy saving/ recycle campaigns.

- * A movement for carrying a shopping bag and declining packaging of commodities at cooperatives' stores.
- * A campaign for recycling milk packages, empty cans, empty bottles, plastic containers, etc.

3. Expand the ring of personnel exchanges and promote the creation of communities that protect "water and greens"

i. Participation in environment symposiums and seminars, echo-life idea contests, etc.

ii. Personal experiences of nature through exchange businesses of cooperatives.

- * Personal experiences such as summer (winter) vacation children's villages, nature study classes for parents and children, stream watching, creation of forests participated by citizens, dragging a seine, etc.

iii. Requests to the administration in tie-up with civil organisations concerned with environment.

Environment Conservation Movements in Cooperatives' Business

1. Promotion of production and processing operations compatible with environment

i. Research, development and spread of agricultural, forestry and fisheries technologies tender to environment.

- * Research development and spread of new technologies, new materials and agricultural and fishing methods.
 - * Promotion of "guiding Principles for Supplying Safe and good Quality Food and Agricultural Products".
- ii. A tree planting drive for the preservation of marine resources.
 - iii. Creation of forests demonstrating versatile environment conservation abilities.
- 2. Promotion of distribution business compatible with environment**
- i. Promotion of business affiliation between cooperatives (producer-consumer direct dealings, etc.) for agricultural, forestry and marine products.
 - ii. Research and development of a distribution system compatible with environment.
 - * Joint establishment and operation of key facilities such as collection and delivery depots and processing plants.
 - * Simplification of distribution standards for agricultural, forestry and marine products.
 - * Simplification of containers and packaging.
 - * Lightening a burden on environment in transportation and delivery.
 - iii. Development of model stores and facilities.
- 3. Promotion of consumption and home living businesses compatible with environment**
- i. Development and spread of commodities compatible with environment.
 - ii. Development and spread of a commodities assessment system.
 - iii. Research on a new production standard (food plan) based on agreement between consumers and producers.
- 4. Promotion of waste disposal compatible with environment and of recycling business**
- i. Deployment of resources conservation, energy saving and recycling operations with cooperatives' office, stores and other facilities in the area used as a strong point.
 - ii. Promotion of joint development and provision of common sewage disposal tanks, etc.
 - iii. Joint operation of waste disposal facilities, resources recycling facilities, etc.

5. Promotion of business operations compatible with environment

- i. Research, development and practical use of an environment assessment system for cooperatives' business.
- ii. Substantial education of cooperatives' officers and employees.

International Action Programmes to Open the Door to "Common Future"

1. Participation in ICA environment/development programmes

- i. Exchange of experiences and information on environment/development programmes.

2. Promotion of activities in tie-up with ICA's regional secretariates.

- i. Cooperation in holding an Asia Pacific Regional Cooperatives and Environment Workshop.
- ii. Cooperation in working out cooperatives' environment action programmes.
- iii. Supply of technologies and information on production, processing and consumption compatible with environment.
- iv. Cooperation in development of human resources such as education and training of personnel.

- * Items mentioned above are only a few examples being studied by the Working Party and will be finalised in full consultation with ICA headquarters and ICA's Asia Pacific Regional Office.

Establishment of Campaign Funds

"Cooperatives Environment Campaign Funds" (tentative name) will be established as a long-term fund raising measure to support cooperatives' environment activities and international campaigns.

Environmental Protection Activities of Consumer Cooperatives in Japan and Environmental Programme towards the 21st Century of JCCU

by Mr. Hiroshi Suzuki, Director, JCCU Laboratory

In Japan Consumer Cooperatives were implementing a wide range of activities to conserve the environment with emphasis placed on the preservation of the water environment including the development and promotion of "better washing agents" during the period of the 1960s to the 1980s. In order to further develop the environment conserving movement in the 1990s JCCU set up "the Environment Policy Committee" composed of the board members of Consumer Cooperatives and the environment experts in November 1990 with the object of "studying the basic direction of the Consumer Cooperatives and the environment experts in November 1990 with the object of "studying the basic direction of the Consumer Cooperative activities by grasping the national and international trend related to the environment issue". A report titled "Consumer Cooperative's Environmental Preservation Movement; Its Concept and Guidelines" was issued in March 1991. And then many Consumer Cooperatives formulated a policy on their environmental protection activities with the members participating.

In fiscal 1991 every Consumer Cooperative positions the environment issue as the fundamental theme of the Consumer Cooperative activities and is implementing a wide range of environmental protection activities including the members activities such as reviewing lifestyle, recycling and environmental monitoring, the development and promotion of "environment-friendly products", environmental care in business operations of stores and so on and networking for environment protection.

1. The object and methodology of "Environment Programme Towards the 21st Century"

JCCU has implemented various activities including exchange and supply of information on cooperatives activities, development of materials and tools for study and activities and introduction of environment-friendly products. While administrative agencies, industries and citizens are all moving for "the environment conserving society, Consumer Cooperatives are required to formulate concrete and comprehensive action programmes to aim at the environment conserving society in place of activities to tackle individual environmental issues, JCCU's "Environment Programme Towards the 21st

century" is intended to frame concrete action programmes for the Japanese Consumer Cooperatives to implement based on the above-mentioned awareness and a report titled "Consumer Cooperative's Environmental Preservation Movement: Its concept and Guideline" submitted by the Environment Policy Committee in order to establish the environment conserving society toward the 21st Century of "the Era of the Global Environment". And work to formulate programmes started last October.

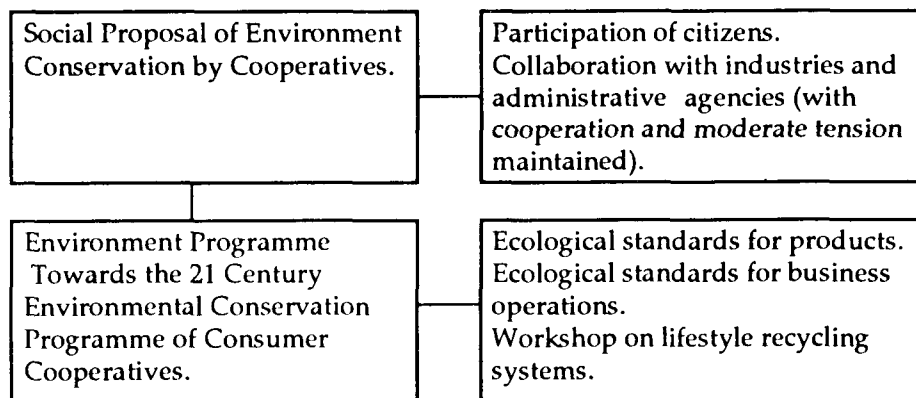
The Methodology is based on the following principles:

1. From tackling individual environmental issues to establishing social systems.
2. Collaboration with other organisations, agencies and citizens.



- a. Environmental Impact Assessment (Life Cycle Analysis) of products in place of individual development of "environmentally friendly product"
- b. Environmental conservation of total business operations in place of that of individual business operations
- c. Comprehensive activities of reviewing lifestyle and communities
- d. Establishment of systems recycling multiple items of materials in place of that of recycling individual items.

Collaboration with other organisations, agencies and citizens



In formulating the present programmes we have obtained cooperation from relevant administrative agencies including the Environmental Protection Agency and the Ministry of International Trade and Industry, with a number of leading environmental experts participating. Many officials, staffs and members from Cooperatives are participating in formulating action programmes.

2. Outline of 4 Projects of "Environment Programme" for the present

Project 1 : Ecological Guidelines for Products

(Project 1 is related to products developing activities.)

Object is : Developing Environmental Impact Analysis (Life Cycle Analysis) for products in place of individually developing environmentally friendly products.

Action Program is : Preparing guidelines for reducing environmental burdens of all commodities consumer cooperatives deal in i.e. Developing the Japanese version of Life Cycle Analysis to apply to reviewing the current situation of products. Preparing guidelines. Now we have started with packaging, and then go to the content of products.

Project 2 : Ecological Standards of Cooperative Business Operations

(Project 2 is related to business operations.)

Object is : Controlling environmental burdens and contributing to environmental conservation throughout business operations.

Action program is : Establishing standards or criteria to implement environmental considerations and preparing guidelines or manuals to realize them throughout business operations i.e. Establishing environmental considerations to be given and guidelines to be aimed at throughout business operations.

Preparing concrete model plans for stores, and building prototypes.

And then developing prototypes for distribution centers, processing plants and offices.

Project 3 : Ecological Workshop

(Project 3 is related to members' activities.)

Object is : Reviewing lifestyle and communities with environmental conserving effects specified.

Action programme is : By implementing review of lifestyle with voluntary participation of members in conjunction with commodities and business operations (Projects 1, 2 and 4) :

- a. Developing "Environmental Clinical Chart" based on environmental monitoring and observation activities in communities.
- b. Developing "Environmental House-Keeping Book" with environmental protection effects specified scientifically.

- c. Preparing "Data Base for Ecological Lifestyle" based on lifestyle of members.
- d. Establishing "Methodology for Members to Participate" in developing these tools.

Project 4 : Recycling Systems

(Project 4 is related to recycling activities).

Object is : Challenging to new practical subjects to promote recycling.

Action programme is : Developing systems to recycle multiple items of materials and reuse of recycled materials.

And surveying and studying recycling center to treat plastics waste collected at stores.

- a. Study of technology and equipment of the whole recycling
- b. Design for concept of recycling center
- c. Feasibility study.

3. Ecological Guidelines of Products

Life Cycle Analysis of products in place of development of environmentally friendly products.

3.1 Development and Promotion of "Environmentally Friendly Products"

Use and promotion of "environmentally friendly products" are activities which are easy to understand and to participate in for the members since they can contribute to a better environment just through the use of the products.

While "Ecomark System", which is similar to the Blue Angel Mark of Germany, has already been established by the Japan Environment Association under auspices of the Environment Agency, JCCU certifies "environmentally friendly products" on its own judgement, labels the unified Consumer Cooperative environmental mark on the certified products and promotes the marked products to the members.

JCCU has set up "Environmentally Friendly Product Council" composed of representatives of the members, representatives of officials and staffs of Consumer Cooperatives and experts in order to check and select "environmentally friendly products". JCCU has developed 180 items of "environmentally friendly products" as of February 1992, which will amount to around 15 billion yen (approximately 120 million US\$) in fiscal 1991.

As for the recycled paper products the supply of toilet papers and tissue papers

made from recycled papers has been greatly increased and is expected to amount to 7 billion yen (approx. 56 million US\$) in fiscal 1991.

JCCU introduced toilet paper "Core-Non Roll" made from 100% recycled paper in place of that made from virgin pulp in October, 1991. This spring JCCU replaces all "Core-Non Roll" products by nonbleached products as a part of the measures to reduce the emission of dioxin.

JCCU put an advertisement of "Do paper products have to be pure white?" in three leading national newspapers to promote use of non-bleached paper products last November when National Conference of Consumer Cooperatives was held with the environment issue placed as the main theme.

In addition, JCCU is analyzing effluent from the paper mills supplying coop paper products for dioxin in its laboratory. Use of "products friendly to the water environment" is expected to amount to approximately 6 billion yen in fiscal 1991. Furthermore, JCCU is making an effort to save resources, to save energy and to reduce waste. In this connection supply of detergents for refilling increased by 1.5 times in fiscal 1991 compared with the previous year, contributing to the saving of around 320 tons of plastics to be used for packaging.

3.2 Subjects of Project 1 (Ecological Guidelines of Commodities) for the Present

- a. Practice of Life Cycle Analysis for some packaging materials : JCCU is attempting LCA for packaging materials for liquid foods by collecting information on energy consumption, emissions to the air and water and solid waste from "cradle to grave".
- b. Survey and review of the present packaging : JCCU is reviewing the present packaging of its coop products in view of "Can it be reduced?" or "Can harmful substances be removed thoroughly?" And it started to study direction of reviewing for each product group and for each packaging material as well as concrete measures.

4. Ecological Standards of Business Operations

(Positive contribution of environmental conservation by reducing environmental burdens throughout business operations).

4.1 Fulfillment of the Social Responsibilities as Business Organisations and Taking the Social Initiative

The Japanese Consumer Cooperatives have been positively tackling the environmental issues in business operations as responsible business organisations. Above all they try to keep taking the initiative in the environmental considerations by recognizing their social responsibility as well as reviewing their business operations.

The Japanese Consumer Cooperatives have replaced paper products used in their business operation such as leaflets, pamphlets, catalogues, envelopes, business cards, copying paper and paper for computers with recycled paper products. While rapid increase in paper wastage, such as used copying paper and paper for computers, issuing from offices has become a social problem, the Consumer Cooperatives are promoting recycling of paper waste from their offices. JCCU started sorting and collecting paper waste at the headquarters last June, and has recycled 37 tons (around 60%) of paper so far.

Various improvement are being made in supplying products to members such as change in material, reduction of disuse of plastics trays, simplification of packaging and reduction of shopping bags. Many Consumer Cooperatives have introduced systems of giving a refund of any member who carries their own shopping bag and does not use carrier bags during shopping of charging shoppers for carrier bags.

According to the experiment carried out at stores of Coop Tokyo consumption of new carrier bags were decreased to one-third by charging shoppers for carrier bags. The revenue is intended for a fund of protecting the environment, which is supported by the members.

As far as substitution of PVC packaging is concerned, replacement of PVC stretch film for business use which comes in direct contact with foods has been tackled for many years. In addition, replacement of PVC packaging in other areas in view of conserving the environment is being implemented. Use of PVC packaging for Coop products will be reduced by 50% by September 1992.

Approximately 50% of the Japanese Consumer Cooperative business turnover depends on "joint buying" in which commodities are directly delivered to the "Han" Group of members. Field test of an electric car (loading capacity : 2 tons and max. speed 110 km per hour = 68 mph) and a running test of a methanol car are being carried out to replace the present diesel trucks (Coop Kanagawa and other Cooperatives, and Coop Tokyo).

As a part of the environmental consideration within stores and premises such experiments as introducing solar energy systems were started in some Consumer Cooperatives including Coop Kanagawa and Meikin Coop.

4.2 Subjects of Project 2 (Ecological Standards of Business Operations of Consumer Cooperatives)

- a. **Reduction and recycling of waste from stores :** Reduction and recycling of three major wastes from stores (paper such as cardboard, leaflets and pamphlets), garbage and plastics waste are being studied and the manuals will be prepared.
- b. **Reduction of trays :** Reduction of trays used for packing commodities at stores by selling commodities unpacked or using bag packaging will be

studied, and a list of discontinued use and concrete procedure for replacement will be prepared.

- c. **Reduction of carrier bags** : JCCU is promoting charging carrier bags at Consumer Cooperative stores as a basic direction to reduce them, and will develop and promote Coop Ecology Shopping Bags.
- d. **Presentation of "environmentally friendly products"** : Presentation method for members to easily understand about "environmentally friendly products" is being studied, and tools for stores are being prepared and promoted.
- e. **Energy saving of refrigerated display cabinets and count measures as for CFCs** : Information on refrigerated display cabinets environmentally friendly in terms of energy saving and count measures as for CFCs is being gathered and possibility of their introduction will be studied.

5. Ecological Workshop of Lifestyle

(Reviewing lifestyle and communities with environmental protection effects specified).

5.1 Environmental Protection Activities Based on Members' Activities of "Reviewing Lifestyle"

Consumer Cooperatives activities for conserving the environment in Japan are characterized by the members themselves watching closely the environment, and extending those activities in which any member can enjoy participating locally, nationally and globally with long-sustained efforts.

Various activities like members' suggesting ideas to conserve the global environment in everyday life to one another, issuing brochures or leaflets of their studies and introducing their studies to other members on the bulletin are expanding among many Consumer Cooperatives.

Activities for reviewing lifestyle in terms of environmental protection such as examining domestic sewage and checking domestic impact on the environment according to a checklist are being implemented.

The members of Coop Kobe, who have experienced "environmental checking activity" for many years, prepared a checklist for everyday life this year, too and is promoting the activity to review lifestyle to other members belonging to "Han" group.

5.2 Members Activities of Monitoring the Environment for Pollutants

Since most of the environmental problems of today are of an invisible nature, activities to check the environment for pollutants are the most understandable for members to know the status of nature and the environment in their communities and to deepen their interest in the environmental issue. Monitoring

itself is interesting and instructive for the members and has become a useful tool for the study of the environmental problems we face.

Monitoring the atmosphere for NO_x by a simplified method has been typical of environment monitoring activities.

The national environment standard of NO_x (One-day average of every hour measurements shall be within or below a range of 0.04 to 0.06 pm) is not always observed in many areas, contributing to a serious problems of air pollution in big cities.

Last December the manual and colour slides for monitoring were prepared by JCCU's Regional Office for Central Area serving the Kanto and Koshin-etsu Districts, and monitoring the atmosphere for pollutants was implemented all over the area.

A large scale of monitoring of NO_x was carried out also in Osaka in collaboration with civil groups last October.

Checking the rain for acidity by a simplified method is another typical activity which has been spreading since last year.

In June and July of 1991 Miyagi Coop carried out monitoring of the acid rain with around 3000 members participating. Activity for monitoring water quality, visiting water purification plants and sewage treatment plants and surveying aquatic living things are being implemented in many Consumer Cooperatives.

5.3 Subjects of Project 3 (Ecological Workshop of Lifestyle) for the present

a. **National Activity of Monitoring the Environment** (June to August of 1992) : Based on members' environmental monitoring activities implemented at each region the following three measurements by simplified methods will be carried out as "National Environmental Monitoring" in order to spread monitoring activities nationally.

- monitoring the air for nitrogen dioxide
- monitoring the rain for acidity (pH)
- monitoring the water for COD and nitrite

The programme aims at 100,000 members' participating in three monitoring activities from at least 70 cooperatives of 47 prefectures.

b. **Nature Observation Activities of Parents and Children** (June and July of 1992) : Nature observation activities of parents and children will be implemented as activities to understand the present situation of the global environment and to help review lifestyle and communities with nature through observing the situation of animals and plants living around us during the summer vacation.

c. **Activities to Check Environmental Impact of Lifestyle** (October to November

of 1992) : The new “ environment checklist will be developed in order to review lifestyle with environmental preservation effects specified scientifically, and activities to check the environmental impact of lifestyle will be implemented with members from all over the country participating.

- d. **Members’ Reviewing Commodities, Packaging, Stores and Business Operations in their Eyes and Proposal for Improving** : Members reviewing commodities, packaging, stores and business operations from their viewpoints will be compiled by a team composed of members, and their proposal for improving will be reflected in the content of other projects of Environment Program. The work will be finished by the end of March 1992.

6. Recycling Systems

(Challenge to New Practical Subjects to Promote Recycling).

6.1 Waste Problem and Extended Recycling Activities

A cyclic pattern is the basis for a social system considerate of the environment, and the important thing is for the administration, industries and consumers to do their own part while effectively working together for synergistic effect. Establishment of recycling systems to reduce waste and to save resources and energy is necessary to realize a cyclic social system.

Recycling activity of milk cartons collected around 120 million pieces (approx 4000 tons) of used milk cartons in fiscal 1991, which were used as raw materials of coreless toilet paper and tissue paper products (equivalent to 8 million pieces of coreless toilet paper). Recycling of used metal cans has been expanded to many Consumer Cooperatives. Collecting boxes for used cans have been set up at around 200 stores of Cooperatives in large cities and collected cans are submitted to recycling. New legislation requires producers or distributors of canned beverages to label a message of “Recycle Used Can” and an identification marking of “Aluminum Can” or “Steel Can” on their products put into the market since last October. JCCU started to introduce the new label on its canned beverages before the legislation became effective together with introduction of a stay on tab in place of a pull tab. Almost all canned beverages are expected to carry the new label by the end of 1991.

In addition, experimental collection of PET bottles and plastics trays has started. As far as recycling of trays is concerned, more than 20 cooperatives are carrying out experiments to establish improved recycling systems. Harima Cooperative is tackling experimental collection of PET bottles, submitting collected PET bottles for recycling. JCCU started to label packaging materials on its products to promote recycling of plastics.

6.2 Subjects of Project 4 (the Recycling Systems) for the Present

- a. **Development of Collection Boxes for Stores to Collect Multiple Items of**

Packaging Materials : Collection of multiple items of packaging materials shall be possible by developing collecting boxes for stores to collect multiple items of packaging materials.

- b. **Survey and study of Compacting Machine for stores to collect multiple items of packaging materials** : Survey of compacting machine applicable to multiple items of packaging materials and usable at shops is carried out, and the best choice is studied in view of introduction in Cooperatives.
- c. **Study of Regeneration and Use of Recycled Plastics Trays Collected at Stores** : Regeneration and use of plastics trays collected at stores are studied. The study is focussed on products which can be dealt in at stores or commodities which can be utilized in business operations within Cooperatives. For materialization collaboration with industries and coordination of the present producers are taken into account.
- d. **Designing of Recycling Center of Plastics Waste** : Recycling center of plastics waste is designed for Case I, where the center is built in the premises of Tokyo metropolis, and for Case II, where the center is built in the distribution center of JCCU, and the outline of equipment and technology and collaboration with administrative agencies and industries as well as how to share roles are studied.

Conclusion

The year 1992 is considered as a year for us to think of the environment and act on a global scale, and at the same time is a very important year for the Consumer Cooperative Movement in Japan. Two important international conferences on the environmental activities organized by Cooperatives are scheduled in Japan this year.

One is Environment Workshop. Environment Workshop is an international conference of Consumer Cooperatives on the environment, which is organized by ICA Consumer Committee on Environment, which is organized by ICA Consumer Committee and Consumer Cooperative of the host country and is held every year since 1990 with the object of exchanging environmental protection activities implemented by Consumer Cooperatives all over the world and extending international collaboration for conserving the environment.

The first Workshop was held in Stockholm, Sweden in 1990 and the second in Leicester UK in 1991. At the last Workshop JCCU proposed to hold 1992 Workshop in Japan, and its proposal was officially approved. At the ICA XXX Congress scheduled in Tokyo this October "Environment and Sustainable Development" will be discussed along with the main theme of "Basic Values of Cooperatives". Study Committee on Cooperative and Environment has been set up under Organizing Committee of the Congress to prepare a paper on "Action Programme of Japanese Cooperatives".

JCCU is trying to contribute to success of the Congress by reflecting any fruits of its "Environment Programme" in the work of the Study Committee. Taking these conferences as opportunity to promote environmental activities JCCU would like to introduce environmental protection activities implemented all over the world including Asia and the Pacific, and would like to express a resolution to positively participate in international activities to deepen international collaboration and solidarity.

Experiences of Japanese Consumers' Cooperative Movement

**by Mr. Masao Ohya, Executive Director,
Japanese Consumers' Cooperative Union**

Japan's society after the Second World War characterized by a basic emphasis on industrial development, which brought about rapid expansion of economy. In exchange for the economic growth however, consumers living has been threatened by detrimental consumers' goods and environmental pollution. One the other hand, democratization process took place under new Constitution which facilitated women to take part in all aspects of political, economic and social life.

Under such circumstances, consumer cooperatives have established themselves as a movement for consumer interests, expanding their field of activities among workers of companies, students and faculty staff of universities, and citizens in communities in these decades. They have taken a wide range of initiatives both through consumer campaigns and through their business operations: a movement for buying low price quality milk, joint purchase for kerosene at the reasonable price, direct purchase form producers and anti-food additive campaign to obtain wholesome food. These activities have been carried out by many active coop members and enhanced the confidence of enormous number of consumers to the coops. In particular, throughout 70s and 80s house wives have played the decisive roles in promoting consumer coop movement.

The most important factor contributing to the development of consumer coop movement is the participation of members in coop operations. In all aspects operations, i.e. capital formation, sales promotion and administration, members involvement has been emphasized and ardently pursued. To give some examples, members have promoted the recruitment of new members, given advice to improve store operation and products and raised share capital. These activities had very important effects to enhance the members' patronage and sense of belongingness of members.

Another important factor is independence or autonomy. Being established as independent people's organisations consumer coops have been able to pursue the interest of consumers and to make decisions of their own without any interference and control imposed by others. The government has given guidance and supervision so that consumer cooperative could be administered on the basis of the Consumer Cooperative Law and Cooperative Principles and

never tried to control the coop activities or interfere in the internal matters. In turn, Japanese consumer coops have never received any subsidies for their operations from the government.

Thirdly, cooperation among coop organisations is also very important for the development of consumer coop movement. The idea of mutual help is prevalent in all levels of consumer coops as individual members, primary coops, prefectural and nationwide federations. In many prefectures, the mergers and joint actions among primary coops have been stimulated to intensify the competitive edge in the retail markets. The JCCU has promoted such moves toward the integrated coop movement and served member coops through development and procurement of products, interchanges of information and so on. At the same time, consumer coops have pursued the collaboration with agricultural and fishery coops to strengthen the cooperative sector for the mutual benefits of producers and consumers.

Now, consumer coop movement in Japan has come to involve more than 20% of Japanese households. This fact tells us that the consumers' expectation to consumer coop movement is getting greater and so is its responsibility. To meet such an expectation, consumer coops in Japan should further develop their activities in a wide range of fields and make contributions to create more comfortable living circumstances. In this context, JCCU adopted "Co-op's Vision for 1990's" pursuing "Autonomy and Cooperation", "Health and Welfare" and "Environment and Peace" as coop's principal directions for the future. With these key words, consumer coops are seeking to contribute to "a better life full of humanity".

In Asia-Pacific region including Japan, we are living the days of urbanization, commercialization and internationalization. Consumers are exposed to the drastic change of surroundings which they have never experienced. And such a change may bring about unpredictable negative influences on them. So, we have to strengthen the initiatives for consumer protection. Consumer coop movement will be able to play crucial roles in establishing consumers' rights. In this sense, consumer coops of our region should work together to find a way of mutual development. And we hope the authorities of each country of Asia-Pacific region will make the favourable conditions for consumer coops so that they can freely develop their activities and contribute to the betterment of the living condition. Japanese consumer coops are prepared to strengthen collaboration for the development of consumer coop movement through ICA Regional Office for Asia and the Pacific.

Report on the Basic Values Discussion in the Japanese Consumers' Cooperatives

by Japanese Consumers' Cooperative Union

1. Course of the Examination

In November 1990, the JCCU held an international symposium to initiate an organised discussion on this issue. During the symposium, a panel discussion was conducted in which JCCU President, Mr. Takamura, participated as well as four invited guests, Mr. Sven Ake Book, Mr. Ian MacPherson, President of the Canadian Cooperative Association, Ms. Raija Itkonen, International Secretary of KK Finland, and Mr. Siegfried Rom as Director of Konsum Austria. The five panelists portrayed the background of the discussions on Basic Values in their countries, and reported on Basic Values as realized by coop movements in each nation. The symposium ended with a discussion, in which the audience contributed statements on Basic Values of Japanese coops.

To draw out its official view on Basic Values, JCCU set up a Basic Value Examination Committee. The Committee has nine members, six board members of JCCU and three scholars. Since August last year, the Committee has met four times. Examination of Basic Values is restricted to Japanese consumer coops, and is conducted by probing into the Japanese coop movements (both its operational and organisational aspects) for elements that may be called Basic Values. This quest for Basic Values in everyday operations is of utmost importance for the movements' further, future-oriented development. It includes gathering opinions from Japanese coops in preparation for the ICA Congress, and as a survey of the movement's current situation. These are indispensable ways to consolidate its foothold.

Faced with these tasks, the Basic Value Examination Committee defined the framework of the discussion at its first meeting in August 1990. After giving hearings to each committee member, the second meeting was held in February in order to define the points at issue. On the basis of the discussion taking place on this occasion, a survey of member coops was conducted. Taking the results of the survey into account, the Committee met at the third meeting in May to try to submit preliminary proposals. However, due to lack of time, it couldn't draw out the proposals. Then, consolidating the arguments exchanged during the three Committee meetings, the secretariat formulated a proposal, titled Basic Values in Japanese Consumer Coops - Secretariat Draft, as its contribution to the discussion. In its proposal, the secretariat named five keywords - *participation, independence, openness, solidarity, and social contribution* - not with

the intention of ending, but of stimulating the domestic discussion. The draft was printed in July as a leaflet, and distribution to interested member coops started at the end of the month. Currently, the proposal is used for coop activities such as lecture meetings, and so far, 10,000 copies have been distributed.

After the secretariat issued its draft, the Committee met, at the end of July, for the fourth time to discuss the proposals made in the draft. As a result of this discussion, a national symposium was held in August, with coop members, experts, and scholars as participants. During this symposium, Mr. Lars Marcus, President of ICA, kindly delivered a commemorative address; reports were given on examination of Basic Values in member coops; and the discussion concentrated on the secretariat draft. Also, an enthusiastic panel discussion took place, with three leading officials from member coops and one scholar as panelists. The panel discussion centered on such issues as participation of coop members and democratic management. The main opinions exchanged are introduced below.

Consideration of the Basic Value issue is not restricted to the JCCU. Member coops throughout Japan are actively engaged in deliberating this issue. More than 30 member coops are organising a variety of related activities, including international symposiums; series discussion meetings for coop members and officials; study groups for all people interested; panel discussions; and lecture meetings.

2. The Secretariat Draft

The following is a brief explanation of the proposal called Basic Values in Japanese Coops - Secretariat Draft. After describing the present state of the Basic Value discussion as documented in this draft, a summary of the major opinions exchanged during the fourth Committee meetings and the symposium will be given.

The Secretariat draft consists of the following four chapters :

- Chapter 1 : Social role played by Japanese coops.
- Chapter 2 : Economic and social background and principal elements of coops' development.
- Chapter 3 : Current problems and future tasks.
- Chapter 4 : Values and principles for the 21st century.

i. History and present state of the Japanese consumer coop movement

Coops were first established in Japan in the 1920s as an autonomous citizen's movement. Suppressed by political rule and economic control, most coops were dissolved during World War II. However, with the end of the war

democratic ideals penetrated Japanese society, and coops recovered. A great many coops were set up to cope with the scarcity of food following the war. In those years, activities concentrated on securing daily necessities, as expressed in the motto "Peace and a better life". In other words, in Japan, too, coops emerged and grew as autonomous and democratic organisations to protect citizens' standard of living.

Japan's society after World War II was characterized by a basic emphasis on industrial development, which brought about rapid growth of the Japanese economy. However, as a result of the preferential treatment that industries enjoyed, consumer rights were neglected, and the citizens' lives were threatened by impurities and massive use of harmful chemicals in food. Consolidation of enterprises progressed rapidly, and business practices that restricted competition were tolerated and were rampant. This led to the establishment of cartels, which kept retail prices at extremely high levels. Furthermore, urbanisation progressed at a tremendous pace under economic policies that were designed only to foster rapid growth. In this way, the mass exodus from the countryside began, and the cooperative structures that had dominated life in rural communities for many centuries were destroyed.

On the other hand, democratization progressed under laws such as the new constitution. The labour movement gained momentum, and universities were swift to join in the fight for more democracy. In the educational arena, too, post-war models based on the ideal of a democratic school system spread. In fact, the whole society reverberated with pacifist and democratic movements. Furthermore, after the war the patriarchal (i.e. household) concept had been abandoned, but in actual terms and in popular belief, women continued to be discriminated against, with their role, restricted to housework and child care, once they were married. Yet under the imposed surface of housewife and mother, women's demands for self-fulfilment grew latently stronger, boosted by postwar education and better schooling.

Unique to Japan were two restrictions imposed on any consumer cooperative businesses: a prohibition of providing services to non-members, and a regional limitation rule. Both restrictions reflect a distrust directed at cooperative businesses. In Japan, setting up and running a coop is regulated by the Consumer Cooperative Law. In this law is a clause stating, "Services of cooperatives cannot be used by persons other than members of the cooperatives" And another paragraph reads, "Cooperatives cannot be established as super prefectural organisations". Both provisions have often been used by anti-coop forces intent on stepping up limitations on coop activities.

Under the conditions outlined above, Japanese coops have endeavoured to safeguard consumer interests both through movements and through their regular business operations. Representative examples of coop activities are: a movement for high quality, low-price milk; a joint-purchase programme for kerosene, aimed at dismantling artificially high, cartel-controlled kerosene

prices; direct purchases from producers to obtain natural food that can be consumed with peace of mind; an anti-food additive movement for safe food; and many original coop brand product developments. Members' everyday activities include product development and examination; exchanging pieces of practical knowledge; circle activities; and UNICEF and peace activities. Through this wide range of activities, Japanese coops have gained support from a large citizens' strata of the population. Today, 14 million consumers belong to coops, and total annual turnover reaches Yen 2.77 trillion.

In the course of their development, Japanese coops have performed the following five roles :

- * To satisfy and develop consumer requests through their activities and business operations;
- * To provide a forum for women's social participation;
- * To act as autonomous organisations, where consumers can engage in communal activities;
- * To contribute to stimulating local economies and communities;
- * To provide distribution services where consumers have sovereignty.

In order to develop the movement, Japanese coops have addressed housewives as their main supporters. In all aspects - share investment, use of services, and administration - member participation is the key concept. To give some examples: for increase in share capital, all members are mobilised, and the amount contributed by each member is raised. Recruitment of new members is carried out with the active participation of members, as any new member is considered a new friend. Also, review of product and living conditions are largely handled by members. In promoting these activities in a comprehensive way, two structural features have fulfilled extremely important roles: the joint purchase method and the *han* (group) organisation. Closeness to the surrounding community is a consideration that is especially important for women, who constitute most of the consumer community. Furthermore, coops provide married women - whose main duties were housework and child care - with forums for social participation by dealing with issues that concern everyday life. To these women, coops offer opportunities for self-expression and self-fulfilment. In fact, activities centering on women have become a major engine for expanding coop operations and self-managed consumer activities, beginning with peace movements. Established as independent organisations, coops have come in contact with the government, politicians, and other organisations in their endeavour to fulfil their members' requests. This was an important step toward developing into autonomous bodies where citizens can participate in a variety of movements. So far, Japanese coops have been able to fulfil their roles without any financial support from the government.

In compliance with the legal provision prohibiting the establishment of super-prefectural coops (except for the JCCU), coops have been set up in various

areas separately. While retaining their independence and self-management as separate units, these coops have created a network of cooperation and solidarity and organised joint ventures. Establishment of a leading coop in a prefecture has never been dictated by a central authority, but has always been based on decentralization of power. This has also been a source of energy to the whole coop movement. At the same time, the JCCU has become an organ for the development of COOP products, and for exchange of technical know-how among member coops. In this way, solidarity has made it possible for the movement to attain progress on a nationwide scale, while the individual coops have been able to retain their regional diversity.

However, social changes - for instance, an increase in the number of working women - and the coops' very existence as social entities have made it necessary to re-evaluate the movements conventional approach and concept. Traditionally, foodstuffs formed the core of the coops' product policies, while business operations were based on the joint-purchase method. Yet consumer requests have grown more diversified. It has become indispensable to expand non-food areas and set up sales outlets in order to comply with the new, wide range of consumers' demands; to cover their members' consumptive needs in daily life; and to increase the number of regional consumers organised.

On the other hand, determined to retain their nature as independent and self-managed consumer organisations, coops have unfortunately taken on aspects that could seem exclusive to outsiders. To overcome this image and integrate the majority of residents in coops, it is necessary to promote activities through which coops become more accessible, more open. Measures to be implemented include open information exchange with other organisations (including the administration) and cooperative activities with them, based on reciprocity and equality.

At the 1990 general assembly, the JCCU decided on coop strategy for the 1990, aimed at the 21st century. In this vision, "Creation of a Better Life Full of Humanity" is named as the basic principle of the Japanese coop movement in the 1990s. Key phrases are "Autonomy and Cooperation", "Health and Welfare", and "Environment and Peace". These words make clear that the coop movement is aiming at creative operations covering the whole range of vital needs.

ii. Basic Values

With the 21st century approaching, Japanese coops will continue to contribute to regional communities and to fulfil their role as entities aware of their social significance. To realise these objectives, coops will retain their nature as autonomous consumers and citizens' organisations and as distributional organs, in which consumer interests have priority. The basic principle, without which no such cooperative movement could exist, are summarized in the following five "Basic Values".

Participation

The first and foremost prerequisites of any coop movement must be the guarantee that every member, in his/her role as independent consumer, has the right to participate in all coop activities. This means that coops must emphasise consumer interests and deal with issues which make it possible for members to have a feeling of fulfilment, as well as to realise their social significance. Coops must try to create forums for the participation of an ever increasing number of members. Providing the members with various forums for multi-dimensional participation, coops must consider how to make it possible for all members to effectively take part in the organisation's decision-making process. This objective requires the creation of a new operational set up as a tangible example of real democracy.

Also, in the coops' labour management it is necessary to revise existing structures and to increase the number of possibilities for employees to participate in management and to self-manage operations.

Independence

Organizational independence will continue to be a very important topic. Without abandoning their independence, coops must actively approach political organisations and the administration, urge them to formulate policies that reflect consumer interests and problems, and try to pursue better relations with the administrative authorities.

In their business operations, coops must strengthen business management, including increase of efficiency, to safeguard their independence. Another task of utmost importance is expanding their capital procurement capacity. This is necessary to cope with the increased need for large-scale investments.

Openness

In order to realise their significance as social entities (we referred to it earlier), coops as constituents of the society must try to gain understanding and support from a wide range of social strata. To achieve this aim, they must freely provide not only members, but also non-members with information. Furthermore, they must be open to outside opinions and embark on joint operations with various regional organisations. This will make it possible to achieve a yet greater degree of openness, a must for all future operations.

Solidarity

To meet as many consumer demands as possible requires a variety of solidarity activities. Solidarity between coops, based on their own independence, must be dealt with and realized not only nationwide, but also regionally.

Also, taking into account the formation of the coop sector, coops must step up cooperation with one another. In our age of internationalisation, yet more

solidarity activities must be carried out on a global scale, with special emphasis on Asia.

Social Contribution

Economic super power though it is, Japan still has many imperfections in its citizens' daily lives. Now that things are changing from an "industry-first" society to a society in which human values are respected, coops as independent consumer organisations are being asked to perform an ever increasing range of roles. Not only supplying products and services for members, Japanese coops also promote large-scale engagement in peace, environmental, welfare, and other activities. In this way, they are contributing to human and social progress.

3. Current State of the Discussion of the Secretariat Draft and Future Plans

As already stated above, the fourth Committee meeting and a symposium dealt with the secretariat draft. The following summarizes the main opinions exchanged on these occasions.

- * The secretariat draft postulated "Basic Values" as necessary factors to improve coop operations. However, I believe that this discussion should be based on the members' point of view. What are the fundamental assertions of coops? Isn't necessary to clarify these points first?
- * The Laidlaw report gives priority to four areas. Wouldn't it be better to structure the future outlook in accordance with these areas and then to progress to the Basic Values issue?
- * Coops must criticize the negative aspects of capitalism. Aren't the coop's fundamental assertions of recognizing the multi-dimensionality and humanity of members of coops as an organisation of socially disadvantaged people; and aiming at creating social fairness, Basic Values?
- * To cooperative means to recognize one another's differences. This means that coops, while searching for consent from the majority of members (after all, they are mass operations), also must develop operations and activities that accommodate to the differences flexibly.
- * Important question is how can coop members continue vivid activities within a large-scale organisation. It is not enough to think in terms of han activities. What really powers coops is the fun you can have as a member of a cooperative group, when you engage in voluntary activities, say, cultural, welfare, or sports activities.
- * As long as we don't revise traditional values with production at the top and the lifestyle which comes with them, humans and the earth cannot coexist. What is necessary is to put more emphasis on life itself as independent persons. Lifestyles should be created from basic human activities, the core

of which is "cooperation". Coops ought to stress this importance in social appeals - after all, cooperation is what they are all about.

To deliberate on these and similar opinions, the Committee met for the fifth time in December. After further discussion at the study meeting of the leading people of member coops in January, an interim report from the JCCU will be presented in March.

The Medical Coop's "Bill of the Patients Rights"

Democracy in Medical Treatment

As citizens of Japan, we all have the fundamental rights to be respected as human beings and to receive medical treatment without discrimination. With advancements in the pursuit of democracy, the constitutional ideal of the right to lead healthy and culturally-fulfilled lives is steadily taking root among the people. From this perspective, people are demanding open, accessible medical treatment, with increased participation from patients. However, the rights of patients have not been fully recognised by the central medical establishment. This situation is far from satisfactory.

Promoting this movement, clearly defining the rights and responsibilities of patients, and the obligations and responsibilities of those in the medical profession, as well as the local and central governments, have become tasks which those in the medical profession and patients can no longer avoid.

Medical Coop

A medical coop is a voluntary organisation set up by citizens based on the Consumer Cooperative Union Law. The objectives of this coop are: to have local residents discuss various problems which pertain to their health and lives; to set up an organisation to own and operate a medical institution; and to solve problems through cooperation between staffs and officials of coop and those in the medical profession.

Through investing in, and utilizing and managing cooperative movement, coop members are responsible for carrying out all activities. With health and medical activities, too, they are not merely recipients of a diagnosis or medical treatments, but are also required to actively take part in these activities.

Medical coops, based on HANs (groups) and individual families, are promoting activities to maintain and enhance health in communities. To remain enthusiastic and to continue leading enjoyable lives, people must change themselves, influence society, and actively cooperate with other people. This is what "healthy living" is all about. Those are the fundamentals of our movement to maintain healthy and happy lives.

Each and every coop member has participated and cooperated to make our medical coop what it is today. There still are some instances where human dignity is not respected. However, we will continue to move forward, placing great importance on the members' participation and cooperation.

The Medical Coop's "Bill of the Patients' Rights"

The aim of the Medical Coop's "Bill of the Patients' Rights" is to foster and highly value the well-being of the members. To do this, the members must rigorously analyse themselves.

At the same time, the charter is a declaration of human rights which guarantees that the lives of all coop members and local residents are respected and supported by all. The charter also guarantees democracy and participation by residents in medical care.

Rights and Responsibilities of Patients

Patients have the following rights and responsibilities :

- * **Right to know** : The right to receive a full explanation and full information, to their own satisfaction, regarding the name and condition of illness (including examination results); prognosis (possibility of developing another illness); diagnosis; treatment and surgery (reason for decision to carry them out, and its details); name of drugs and their effects and side effects; and necessary fees.
- * **Right to decide** : After receiving an explanation and the diagnosis, to their own satisfaction, patients can decide for themselves the suitability of the treatment plan and other matters proposed by those in the medical profession.
- * **Rights regarding privacy** : The right to have one's privacy protected and the right not to be interfered in personal affairs.
- * **Right to learn** : The right to learn about their own illness, method of treatment, hygiene, and prevention.
- * **Right to receive medical treatment** : The right to receive necessary and adequate medical service at any time, in a way that respects their basic human rights. The right to demand the government and local municipalities for improvements in medical security.
- * **Participation and cooperation** : The patient's responsibility to protect and develop these rights by cooperating with those in the medical profession.


(Established on 11 May 1991, at the General Meeting of the Medical Coop Committee of Japanese Consumers' Cooperative Union for the Fiscal Year 1991).

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Besides the head office in Geneva, Switzerland, there are four regional offices viz. the Regional Office for Asia and the Pacific in New Delhi, India (established in 1960); the Regional Office for East, Central and Southern Africa at Moshi, Tanzania (established in 1968); the Regional Office for West Africa at Abidjan, Ivory Coast (established in 1979) and the Regional Office for Central America and the Caribbeans at San Jose, Costa Rica (established in 1989).

The ICA Regional Office for Asia and the Pacific (ICA ROAP) serves 53 national level organisations from 18 countries, representing nearly 440 million individual cooperators. These countries are : Afghanistan, Australia, Bangladesh, China, Fiji, India, Indonesia, Iran, Japan, Democratic Republic of Korea, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam.

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