



**Third Asia-Pacific
Cooperative Ministers' Conference on
Cooperative-Government Collaborative Strategies
Colombo, Sri Lanka, July 26-30, 1994**

Report and other Documentation



**International Cooperative Alliance
Regional Office for Asia & the Pacific
New Delhi - 110065. India.**

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**BACKGROUND
&
INAUGURATION**

**Opening of the
Third Asia-Pacific Cooperative Ministers' Conference
on
Cooperative Government Collaborative Strategies
for the Development of Cooperatives**

BACKGROUND

The International Cooperative Alliance, Regional Office for Asia and the Pacific (ICA ROAP), organized the Third Asia Pacific Cooperative Ministers Conference in Colombo, Sri Lanka, from July 26 to 30, 1994. Fifteen Ministers responsible for Cooperative Development representing Bangladesh, China, Ghana, Fiji, Indonesia, Iran, Japan, Jordan, Kuwait, Malaysia, Mauritius, Myanmar, Sri Lanka, Tonga and Uzbekistan, participated at the Conference. 140 delegates from 24 countries, namely Bangladesh, Brunei, China, Fiji, Ghana, India, Indonesia, Iran, Israel, Japan, Republic of Korea, Kuwait, Malaysia, Mauritius, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Tonga, Uzbekistan, and Vietnam attended the Conference. In addition, representatives from international organizations, namely AARRO, ACCU, CCA, SDID, ILO, FAO, SCC, ACO and SAARCCO took part in the Conference as well.

Substance was what counts at the Third Cooperative Ministers' Conference. The rise of globalization has driven large companies and industries to review their respective positions. The report card of cooperatives was consequently affected and the sector needed a similar review. Such changing economic environment prevailed before the Regional Consultation in Kuala Lumpur and prompted the governments and cooperative movements in the region to strategically examine the competitive position of the cooperative sector. These recent shifts marked the distinct emphasis laid by the Third Ministers' Conference as compared to the previous two Ministerial Conferences in Sydney and Jakarta.

Results of the intensive deliberations at the Regional Consultation are contained in this report. These results were further translated by ICA ROAP into four Background Papers which became the resource document for the deliberations at the Ministers' Conference in Colombo. The COLOMBO DECLARATION was formulated to denote the fast changing environment which shaped the rising competition in the

marketplace. The cooperative sector saw the need for renewed positioning. The Declaration is followed by succinct conclusions and recommendations which give cooperatives in the region a new prospect to play their role in the new marketplace, as well as assert their rightful existence as a distinct sector in the economy. The critical role to be played by cooperatives to broaden their competitive strength will further be determined by the practical follow-up action of these recommendations. ICA ROAP is once again called to follow through. The following will highlight briefly the Conference proceedings.

INAUGURATION

The Conference was inaugurated by His Excellency D.B. Weejatunga, President of Sri Lanka, at the Bhandaranayake Memorial International Conference Hall. The inaugural session was also attended by foreign Ambassadors and High Commissioners from various countries in the region. The President in his speech emphasized that the cooperative movement is a movement of the people, by the people, for the people, and that it is managed and administered by its members whereas its basic principle is to ensure the progress of its members which again is based on self-help and mutual understanding. The President stressed the need for cooperatives to define a role for themselves as catalysts and agents of change in the poverty alleviation program, organize and equip needy families to manage their own affairs. He also said that: "today the world is moving towards a liberalised economic system - towards a global market economy and in this context the relevance of cooperative sector needs to be reaffirmed; what are the changes that are necessary both in the structure and the operations to put the cooperatives on par with the state sector and private sector? These are some of the questions which need greater attention at a forum like this Ministerial Conference. My belief is that cooperatives will have a greater role to play than ever before in a situation of this nature".

At the inaugural function, the ICA President, Mr. Lars Marcus, proposed an award to Mr. Weeraman. It was officially presented by H.E. the President of Sri Lanka. The award stated:

"This Award is Presented to

Mr. Palita E. Weeraman

By His Excellency D.B. Wijetunga, President of Sri Lanka on behalf of the International Cooperative Alliance

In recognition of his meritorious services rendered to the Cooperative Movement as regional Director for Asia and the Pacific of the International Cooperative Alliance, as the Commissioner for Cooperative Development of the Government of

Sri Lanka, and as a Co-operator of distinction for his firm conviction in the Principles of Cooperation and devotion to the cause of Propagation of true and genuine cooperatives”

Subsequent to the Opening Ceremony at the BMICH, a Cooperative Trade Exhibition was inaugurated by Hon. Weerasinghe Mallimaratchi, Minister of Food, Cooperatives, and Janasaviya at the Taj Samundra Hotel. A wide variety of products and services were displayed by Apex cooperative organizations in Sri Lanka.

ELECTION OF CHAIRPERSON

The Conference convened its session at the Crystal Room of the Taj Samundra Hotel. Mr. Weerasinghe Mallimaratchi, Minister of Cooperatives, Food and Janasaviya of Sri Lanka was unanimously elected as Chairperson of the Conference. After adoption of the formal agenda and clarification about the methodology of the Conference, the ministers, cooperative delegates and representatives from international organizations made their respective STATEMENTS.

Four Background Papers were presented in chronological order, first by Dr. R.C. Dwivedi on the topic of “Government-Cooperative Relationship”, second by Mr. Robby Tulus on the topic of “Cooperative Competitive Strength: positioning cooperatives in the market-oriented economy”, third by Mr. G. K. Sharma on the topic of “Regional Coordination”, and the fourth one by Mr. Bruce Thordarson on “Support from the Asia Pacific Region on the United Nations Secretary-General’s report to the U.N. General Assembly in 1994”. Mr. Lars Marcus presented the topic on “Global Cooperative Trends, Basic Values and Cooperative Principles”, and Mr. Bruce Thordarson on “Strengthening genuine cooperatives worldwide – the role of the ICA and its collaboration with other international organizations and development partners”.

CONFERENCE DRAFTING COMMITTEE

A Drafting Committee was proposed by the Chair and unanimously elected. Members of the Committee were as follows:

(a) Committee Members

1.	Dr. Wagiono Ismangil	(Indonesia)	Chairperson
2.	Ms. Teresita de Leon	(Philippines)	Secretary
3.	Mr. TPGN Leelaratne	(Sri Lanka)	Member
4.	Dr. R.C. Dwivedi	(India)	Member
5.	Mr. Tahar Sudin	(Malaysia)	Member
6.	Mr. A.P. Sharma	(Fiji)	Member
7.	Mr. Yong Jin Kim	(Korea)	Member

(b) Resource Facilitators:

1.	Mr. G.K. Sharma	(ICA ROAP)
2.	Mr. Robby Tulus	(ICA ROAP)
3.	Mr. Daman Prakash	(ICA ROAP)

COLOMBO DECLARATION

The Third Cooperative Ministers Conference held in Colombo from 26th to 30th July, 1994 unanimously adopts the following statement to be called 'the Colombo Declaration'.

"The Cooperative Sector is as important and imperative as public and private sectors in its contribution to the socio-economic well being of the people – especially in view of rapid and drastic changes in the environment arising from deregulation, privatisation, marketization, and globalization of the economies in the Asia Pacific Countries -- in as much as the Cooperative Sector basically encourages initiatives and popular participation of people (peoplization), democratization, ensuring at the same time social justice and economic decentralisation".

"The Governments and Cooperatives shall take administrative, legislative, organizational, structural and operational measures to ensure economic viability and competitiveness of cooperatives".

"While effecting organizational renewal in the cooperatives, the preservation of cooperative character, basic values and principles shall be ensured".

"Human resources development shall get the highest priority for achieving qualitative improvement in the working of cooperatives".

"The Governments shall continue providing assistance, particularly, to cooperatives of people with small means".

"In view of the positive impact of the last two Cooperative Ministers conferences, the Cooperative Ministers of the Asia Pacific Region shall continue meeting periodically to review the progress and problems of cooperatives in the region".

CONCLUSIONS AND RECOMMENDATIONS

On the basis of the above Declaration, the Third Conference of Ministers In-Charge of Cooperatives and Cooperative Leaders in the Asia-Pacific Region, held at Colombo in 26-30 July 1994, adopts the Conclusions and Recommendations, on the following broad issues:

- i. Government-Cooperative Relationship,
- ii. Cooperatives in the Market-oriented economies,
- iii. Regional Coordination and Future Ministers' Conferences,
- iv. International Cooperation.

1. GOVERNMENT-COOPERATIVE RELATIONSHIP

The Conference :

1.1 Appreciates the follow-up action taken by both Governments and Cooperative Movements in various countries in the region towards amending the cooperative laws and related policies in the light of the Sydney and Jakarta Ministers Conferences; the Conference, however, suggests that the implementation of the recommendations of the Sydney and Jakarta Conferences be accelerated in view of the rapid changes currently taking place in the global economy which are affecting the economy in various countries.

1.2 Recognizes the continuing need for government support in building an environment conducive to the growth of cooperatives. It recommends that this be done through reforms in the economic, and financial policies to include favourable tax treatment for cooperatives, de-politisation of cooperatives, and establishment of consultative mechanisms between the government and the movement to allow greater autonomy for cooperatives in decision making.

1.3 Affirms the importance and relevance of cooperatives in the changing national economic environment in the interest of the weaker sections and other disadvantaged groups in society.

1.4 Proposes that governments formulate policies that can recognize and strengthen cooperatives as a specific third sector in economic development along with private and public sectors and thereby enhance the public image of cooperatives.

1.5 Recognizes that the rehabilitation of weak cooperatives as a result of greater autonomy is the responsibility of the movement, however, government assistance could be sought when necessary.

1.6 Acknowledges the need to promote and preserve the people's faith and confidence in the cooperative philosophy, ideals, and capacities to

meet their needs, thereby enhancing members loyalty and participation in the cooperative affairs.

1.7 Believes that the vertical and horizontal integration of cooperatives should be strengthened to foster greater cohesion of the cooperative movement. Being composed of autonomous organisations, however, the movement should be allowed to decide on matters relating to such an integration.

1.8 Re-affirms the necessity of a relevant and dynamic human resource development programme for the continuing growth of cooperatives. In this connection, technical and other assistance to study and strengthen potential centres of excellence in existing cooperative education and training institutions in the Asia-Pacific region should be sought.

1.9 Upholds the need for cooperatives to become more responsive to the aspirations of their constituencies and continue to do so through democratic processes.

1.10 Cooperative elections, audit, education and training should, as far as possible, be undertaken by the cooperatives themselves. The governments, however, may continue to extend assistance for audit, education, and training. Towards this end, the government may consider financial assistance in strengthening the management capacities of the cooperatives.

1.11 Recommends that Governments give priority in selling public sector factories and entities to the cooperative sector with easier facilities.

2. COOPERATIVES IN THE MARKET-ORIENTED ECONOMY

The Conference :

2.1 Recommends, in view of the current socio-economic trends and the resulting environment in the Asia-Pacific region, that a strategy formulation for the Year 2000 be undertaken jointly by the government and cooperatives in view of the significant contributions that cooperatives can provide to the caring society.

2.2 Recognizes that globalization of the economy provide opportunities to cooperatives to enter into new and diversified economic fields, providing greater value-added,

2.3 Recognizes the need to develop new patterns of relationship with business partners, including transfer of technology, joint ventures, and strategic alliances, within and outside the respective countries,

2.4 Affirms the need for cooperatives to adopt innovative approaches and to use appropriate technologies with the objective of improving efficiency of operations and the quality of their products and services,

2.5 Affirms the need for cooperatives to build entrepreneurial and professional managerial capabilities as a strategy. Assistance from national and international agencies, be they public, parastatal, or private, which have an interest in working with cooperative, should be tapped,

2.6 Recommends that cooperative business interests should be given recognition by the government in their economic policies.

2.7 Upholds the preservation of the distinct identity of cooperative, its values and principles while competing with private business enterprises, be they national or multinational.

2.8 Noting that considerable progress on structural improvements has been achieved in some countries, the Conference recommends that a specific technical assistance be sought to study successful experiences in organizational adjustments, and formulate a suitable model for the purposes of improving the structure and organization of cooperatives in the Asia-Pacific region.

2.9 To improve capital mobilization and enhance members' confidence in management integrity of finance-related activities of cooperatives, the government could consider suitable regulatory and institutional framework to ensure the safety and soundness of cooperatives. In this regard, the Conference recommends that relevant studies be conducted. Where necessary, financial assistance from bilateral or multilateral aid organization should be sought to develop the above mentioned regulatory and institutional model.

2.10 The ICA ROAP, together with the Canadian Cooperative Association, the Swedish Cooperative Centre, and other development partners, should start making sound policy dialogue with the Asian Development Bank to seek their involvement in co-financing cooperative development activities through technical assistance and study programmes. The Conference notes the need for policy support, especially policies which enhance the image of cooperatives in its entry into the Asian Development Bank and other multi-lateral agencies.

3. REGIONAL COORDINATION AND FUTURE MINISTERS' CONFERENCES

3.1 This Conference endorses the Recommendations of the Kuala Lumpur Consultation, that there is a need to continue this on-going process through Government-Movement collaboration. For this purpose, it is necessary to set up a proper secretariat facility to support the preparation and follow-up activities. The secretariat will be housed at the ICA ROAP.

3.2 The Conference appreciates the assurance made by the Minister of Food, Cooperatives and Janasaviya, Government of Sri Lanka, to con-

tribute US\$ 20,000 to help it become a regular Conference.

3.3 The Conference invites the participating Governments, Movements and International Development agencies and partners, to extend support to ICA ROAP in this regard.

4. INTERNATIONAL COOPERATION

4.1 In an attempt to gain full support from the Asia-Pacific Region on the Secretary-General's Report to the United Nations General Assembly in 1994 on the "Status and Role of Cooperatives in the light of new economic and social trends", the Conference recommends that governments from the Asia-Pacific Region will consider to sponsor and support the UN Resolution on the above at their forthcoming General Assembly meeting in the later part of 1994, when the full report of the Secretary-General is received by the Governments.

4.2 The Conference recognizes the need to broaden the basis of cooperative network and cooperation at the international level and would therefore support ICA-Geneva office's proposal to conduct an International Conference of government officials and cooperative leaders during the 1995 ICA Congress in Manchester.

4.3 The Conference recognizes the importance of the 1995 UN Social Summit in Copenhagen and the role cooperatives can play in addressing the three core issues of:

- a) Reduction and elimination of widespread poverty;
- b) Productive employment and the reduction of unemployment;
- c) Social integration.

The Conference recommends that ICA request the Secretary-General of the United Nations to consider in his report to the Social Summit, the inclusion of the role cooperatives can play in these three core issues.

VOTE OF THANKS

The Conference extends its gratitude to the Government of Sri Lanka, especially the Ministry of Food, Cooperatives and Janasaviya, and the Cooperative Movement of Sri Lanka, in particular the National Cooperative Council of Sri Lanka, for the warm hospitality and outstanding organization of the Third Cooperative Ministers' Conference.

NOTE OF APPRECIATION

The Conference accepted with appreciation the offer of the Government of Thailand to host the Fourth Cooperative Ministers' Conference.

BACKGROUND PAPERS

BACKGROUND PAPER - I

Government-Cooperative Relationship

A review of the Sydney and Jakarta Conferences

1.1 Sydney Conference

In most of the countries of Asia-Pacific region, States assumed for itself the responsibility to develop cooperatives in various segments of economy as an instrument and agency for attaining social and economic development. The Government provided financial and other assistance to accelerate growth of cooperatives. The involvement of the Government has been so explicit, pervasive, and deep, as virtually making cooperatives akin to Governmental organisations. Resultantly, members lost their interest, becoming merely passive receivers of service with little or no stake in the society. Cooperatives lost their genuine character in many countries. Taking note of this situation, the ILO provided detailed guidelines and pattern of Government assistance vide its recommendation No. 127 of 1966. As a result of Governments involvement, there has been accelerated physical growth of cooperatives, but it brought in several distortions by eroding the basic ingredients and characteristics of cooperatives.

1.2 Being concerned with the philosophy and genuineness of cooperatives, the ICA Regional Office for Asia and the Pacific countries in New Delhi, took note of the increasing control being exerted by Governments over cooperatives and hence considered it necessary to draw the attention of the Governments towards the adverse effect of this situation. Subsequently ICA ROAP considered it important to develop a pattern of Government cooperative relationship through which members will have the freedom to run the affairs of their cooperatives democratically – in conformity with the internationally accepted Cooperative Principles – while assistance from the Government could still continue. This became the genesis of convening a Conference of the National Ministers, In-charge of Cooperative Development, in the Asia and the Pacific Region, by ICA ROAP, at Sydney in 1990. The outcome of the Sydney Conference was a commitment by the participating countries to review their respective Cooperative Laws, with the objective of liberalising them and make them more democratic and member-based. This was done by adopting a

Prepared by Dr. R.C. Duivedi, former Chief Executive of the National Cooperative Union of India and presently working as Officer on Special Duty with the Minister of Agriculture, Govt. of India and acting as Consultant to ICA ROAP.

number of recommendations and the "Sydney Declaration". It was a commitment aimed at giving a new direction and orientation to the Government-cooperative relationship and thus to build a cooperative friendly-environment in the respective countries.

1.3 Jakarta Conference

During the interim period of Sydney Conference 1990 and the Jakarta Conference of Ministers 1992, the cooperative movements organised National Workshops in various countries of the region in collaboration with the ICA Regional Office. The Jakarta Conference commended the results of the intensive follow-up actions undertaken by the ICA, including its constant contacts with the Government and the cooperative movements. This had resulted in the emergence of a new and positive environment in favour of cooperatives in the region. The Conference took note of the measures taken in different countries to amend or replace the existing cooperative laws, so as to incorporate the spirit of the Sydney Conference. The Sydney Conference had also adopted one significant recommendation, inter-alia, that the ICA should design a model of Government-Cooperative relationship so as to "combine basic values, socio-economic objectives and competitive strength of cooperatives". The Jakarta Conference (1992) reviewed the implementation of Sydney Conference and; in turn, made subsequent important re-recommendations.

1.4 Follow-up of the Jakarta Conference Recommendations

Replies to the questionnaire reveal that implementation of the Sydney and Jakarta recommendations varied from country to country.

1.4.1 In Fiji, most of the recommendations were in the process of implementation. A review of the Fiji cooperative legislation had been undertaken by the ILO. A new law has been drafted giving greater autonomy to cooperatives to run their own affairs. The law incorporates a code of conduct for elected office bearers and members of the board. The cooperative movement has stepped up educational publicity and intensive campaign programme to educate the members and general public about the socio-economic objectives of cooperatives. A 10 Year Cooperative Development Policy paper has been developed jointly by the cooperative leaders and government officers which incorporates most of the recommendations of the Sydney and Jakarta Conferences.

1.4.2 In India, amendments to the cooperative laws are being followed up by the Government of India. The Union Government has advised the State Governments to amend their respective co-operative laws to remove the restrictive provisions, as cooperation in India is a State subject. A new Multi-Unit Cooperative Societies Act is in the process of adoption by the Parliament. New schemes are being finalised; e.g. organisation of

women's cooperatives for their socio-economic betterment, whereas existing schemes for assistance to the weaker sections are being further strengthened by enlarging their scope and giving more financial assistance and autonomy. The contents of education and training courses are being reviewed in consultation with the user/beneficiary organisations, to meet the requirements of the time. Structural changes are being contemplated to make the movement more effective. A National Cooperative Bank of India has been registered, which was a long standing need of the cooperative movement.

1.4.3 Indonesia has made a number of fundamental moves to improve its co-operative legislation in order that co-operatives in the country can be more responsive to the global trends in the world economy. The new Cooperative Law No. 25/92 replaced Law No. 2/1967. The new law provides as wide an opportunity as it is possible for co-operatives to organize and manage themselves. The new law emphasizes the concept of co-operatives as a business entity which calls for professionalism and efficiency in management, without necessarily eroding their social character.

Subsequently, the outlines of the State Policy of 1993 provided directives to the Fifth Five Year Development Plan (1994-1999) to elevate the role of co-operatives towards the attainment of full-fledged self-reliance. The concept of self-reliant co-operatives is represented by three basic qualities: a) managerial competence in utilizing available resources and opportunities, b) capability of co-operatives in enhancing members' productivity and increasing value added results in optimizing the available resources, and c) ability to motivate the people to join the co-operative movement with a true sense of belonging and ownership. These three basic qualities will provide the framework for co-operatives, particularly the KUDs, to become fullfledged self-reliant business entities.

Lastly, the general policy of co-operative development in PELITA VI (Fifth Five Year Development Plan) provides the necessary encouragement for co-operatives to take their own initiatives and increase their competence and participation, particularly for small entrepreneurs, in order to build their organizational strength and business acumen.

1.4.4 In Japan, the Law of Agricultural Cooperatives was revised in May, 1992. Changes are in relation to : i) expanding business function of cooperatives; ii) solidifying the management control system; and iii) promoting consolidation of organisations of agricultural cooperatives.

1.4.5 As a follow up of the Jakarta Conference of 1992, the Malaysian government, through the Department of Cooperative Development, has vigorously embarked on a policy of legislative reform and a refocus of its ongoing support for the healthy growth of the co-operative movement in tandem with the total government policy of 'growth with equity' as

contained in the Second Outline Perspective Plan, and translated for action in the Sixth Malaysia Plan in support of the national goals in the vision 2020.

In support of the vigorous and strong assistance to the movement, various measures have also been adopted with the other supporting institutions to the movement, such as ANGKASA and the Cooperative College of Malaysia, which culminated in the Malacca Declaration in defining a more integrated approach in collaboration and support of the co-operative movement.

A new Cooperative Act 1993 was enacted with the aim to create a self-reliant and self-regulating co-operative movement through the enhancement of accountability and transparency in its management. It also emphasizes members' supervision through the annual general meetings by way of a more informed and educated membership.

The enactment of this more comprehensive legislative framework governing the affairs of the co-operative movement was vigorously followed through by the Department of Cooperative Development through its enhanced extension program to explain the purpose of the new law which include, among others, the enhancement in accountability and transparency in co-operative management. At the same time, the Department also embarked on the introduction of quality management in co-operatives by giving emphasis on the importance of specific management improvements in regard to accounting controls, members' affairs, and better investment management. These measures taken by the Department are considered extremely important in order to ensure and strengthen the very fabric of management in the movement.

1.4.6 In Myanmar, a new co-operative law has been adopted which recognises co-operatives as democratic, autonomous and self-reliant institutions. Currently, the Cooperative Movement is being re-structured in line with the new cooperative law.

1.4.7 Nepal also has a new co-operative law and a newly established National Cooperative Federation, which has been under consideration for more than a decade has finally been registered. With the enactment of the Cooperative Law of 1992, a National Cooperative Federation was formed on June 20, 1993. A new impetus emerged as co-operative development is given prominence in the government Eighth Year Development Plan. This Eight Plan aims at extending support to accelerate the social and economic development of especially deprived classes of people in the rural areas through the promotion and development of democratic co-operatives at various levels at people's own initiative and their active participation. It provides the opportunity for co-operatives to be more independent and autonomous since cooperatives can participate according to their members' need and aspirations in augmenting local

economic activities in support of the national economy.

1.4.8 In Pakistan, recommendations of the Sydney and Jakarta Conferences could not be implemented, reportedly because of intense political activities in the country and also because of low priority being given to cooperative development. Consequently, the cooperative law has not been amended. Instead, it has been reported that the regulatory control of the Registrar has been made a little more stringent.

1.4.9 In Thailand, a new amendment to the Cooperative Societies Act B.E. 2511 (1986) is in process. The Ministry of Agriculture and Cooperatives has set up a working group composed of representatives from the co-operative movement and from the government department. The major proposal for the amendment includes (a) the provision for the establishment of the Cooperative Development Committee to function as a policy making body at the national level, (b) the provision to admit youth and juristic persons to participate in co-operative activities, (c) the provision for a co-operative to invest in larger co-operatives or buy promissory notes from a finance company, (d) provision to authorize the registrar to cancel a resolution of the AGM should it violate the co-op law, by laws or regulation, (e) a provision for a co-operative to be divided into several co-operatives on the request of members of not less than 100, (f) a provision to abolish the nomination of committee members of the Cooperative League of Thailand by the government.

The purpose of the amendment is to promote the Apex organization of the co-operative movement to become more independent and eliminate the intervention by government.

1.4.10 In Vietnam, a new co-operative law has been drafted with the assistance from ICA ROAP and is expected to go to the Parliament during the current year. The draft law covers all types of co-operatives and recognises co-operatives as a socio-economic and self-reliant organisation based on cooperative principles of voluntary participation and democratic management.

1.4.11 Legislative reform is a continuing process. Its nature and direction has to change according to the situation and developments in the Government policies, stage of development of the cooperative movement itself, overall situation of economy etc. However, for the healthy growth of cooperatives, it is necessary that the Jakarta recommendations be reviewed periodically by the national Governments/Movements for implementation.

2. Background of the Colombo Conference

2.1 The Conference of Ministers responsible for Cooperative Development of Asia and the Pacific region at Colombo has a different back-

ground in view of the changing economic scenario in the region. With the fall of centrally planned economics of Eastern Europe, and the disintegration of erstwhile U.S.S.R., the trend is towards greater, if not absolute, market-oriented economy. It implies freedom from Government regulations and direction in the matter of investment, production, distribution, development of infra-structure to provide services, greater role of private initiative as against Government etc. The basic assumption of this change is the Adam Smithian theory that the Government is incompetent to run economic enterprise/activities, because individual's self-interest is the basic motivating force behind each economic enterprise and the State/Government has no self-interest as such of its own. True it may be, but in the present situation the concept of *laissez-faire* economy of the 19th century is out of assumption in any country. Free economy implies linking of national economy with international markets and liberalisation of Tariffs and Trade restrictions so that the international trade becomes more easy. Liberalisation has become necessary for every country, whether it likes it or not, because no nation can develop itself in isolation to achieve the self-reliance for everything. International influence has become inescapable. The assumption is that the market based economy attracts foreign investments; it also facilitates multi-nationals to enter various national markets. Thus, the process of economic development would be accelerated and new economic activities would be generated to provide additional employment opportunities. What is the situation of economy in various countries in the Region?

2.1.1 The economic liberalization process in Bangladesh is moving rather slowly. However, the government of Bangladesh have given emphasis on the co-operative institution in the implementation of socio-economic development projects. A national co-operative policy has been formulated with specific objectives, with the following basic fundamentals:

- i) Structural adjustment for extension services to formation of co-operative societies.
- ii) Institutional arrangement for extension services to formation of co-operative societies.

Thus, a new environment for the economy is being developed in various countries in the region. These changes naturally have their own implications.

2.1.2 In Fiji, there has been no change in economic policies.

2.1.3 In India, the Government has initiated far reaching economic reforms to liberalise/deregulate the economy, so as to allow greater and free play of market forces. This has been done through a new industrial policy (July 1991), Foreign Trade Policy and Budgetary measures.

The main objectives of the reforms are:

- To build self-reliance.
- Encouragement of Indian entrepreneurly promotion of productivity and employment generation.
- Development of indigenous technology through greater investment in R&D and bringing in new technology to help Indian manufacturing units attain world standards.
- Removing regulatory system and other weaknesses.
- Increasing the competitiveness of industries for the benefit of the common man.
- Incentives for industrialisation of backward areas.
- Ensure running of public sector undertakings on business houses and cut their losses.
- Protect the interest of workers.
- Abolish the monopoly of every sector in any field of manufacture except on strategic or security grounds.
- To link Indian economy to the global market, so as to acquire ability to pay for imports and to reduce dependence on aids.

To achieve the above objectives, practice of licensing has been abolished for all industries except for 18 industries on ground of defence needs, social reasons, posing health and environmental hazards and manufacture of luxury items. There will be no licensing of industries which have the availability of foreign exchange by means of foreign share capital; also for those requiring a maximum of Rs. 20 million for imported capital goods; there will be no licensing for expansion of existing units, and for foreign investments to the tune of 51% in the joint ventures in the country; there will be liberalisation of Foreign Exchange Regulation Act, privatisation of public sector undertakings, rehabilitation of weak commercial banks, reduction in public expenditure, curtailing of government assistance, etc. Infra-structure will be built to provide the needed services and facilities. These steps have opened the economy for the foreign investment in industries, commerce and infra-structure. The emerging feeling in India is that cooperatives should incorporate some of the characteristics of private enterprises.

2.1.4 The economy of Japan is presently facing serious depression. Strong Yen has further aggravated the suffering of exporters. Economic regulations have been relaxed, interest rates have been lowered and reduction of taxes is under consideration. Big structural changes have occurred in the economy as a result of market depression.

2.1.5 In Republic of Korea, the Government has launched a "Five Year New Economic Policy". The main directions are:

- Economy led by the autonomous participation of private sector and not by the Government drive.

- De-regulation of the business activities of the private companies.
- Realisation of social justice.

2.1.6 In Nepal, the government has adopted the liberalized economy. Under this system the private sector is encouraged to invest capital in any sector, to be competitive, to determine the price of competitive commodities and services and to solve its problems without government interference. The National Cooperative Federation of Nepal felt that the recommendations from the Jakarta Conference is very much applicable to increasing the competitive strength of co-operatives. The ADB (Asian Development Bank) has virtually stopped the provision of loan to co-operatives. The new policy states that loans will only be issued to co-operatives if there is adequate collateral against the loan. Most of the co-operatives have no assets i.e. immovable property and due to the same reason they have not received loans from ADB for any purpose after the economy has been liberalized, be it for agricultural production, fertilizers, consumer goods, marketing & processing, handicrafts production, etc. The Nepal Food Corporation (NFC) which is responsible for the procurement and supply of food-grains to the deficit areas, has given the opportunity to co-operatives to collect food-grains without giving any preferential treatment with regard to business conditions. The Agricultural Input Corporation (AIC), which is a parastatal organization, has also adopted a policy of dealership that is open to all, irrespective of co-operatives or private dealers. It opens the door for stiff competition between the co-operatives and the private traders.

2.1.7 In Pakistan, the Government has greatly liberalised its economic policy in order to encourage the development of the private sector. As a result, the private sector enterprises have rapidly grown in number and size, while the size of public sector has greatly been reduced.

The specific steps taken by the Government are:

- (a) Deregulation of control over all types of industrial and commercial enterprise;
- (b) Public sector enterprises are being converted into private companies.
- (c) Foreign exchange control has been softened and citizens can open foreign exchange accounts and operate them freely.
- (d) The policy of requiring permission from Government to set up new large units has been withdrawn except in a small number of cases.

2.1.8. As a result of the above measures, the economy has become largely market oriented and the stock market for the purchase and sale of shares has become very active. Ten new Banks have been permitted to be set up in the private sector. The co-operative movement in Pakistan,

however, has had no challenges to face from outside. It is almost entirely an agricultural movement and liberalization of the economy does not affect it in any way. The real challenge from the movement is from within.

2.1.9 In Singapore, the trend is towards privatisation. The Taxi Drivers Cooperative "COMFORT" has been recently converted into a joint stock company. Statutory Boards (S. Telecom, MRT, PUB, etc.) are also being privatised. A question has been raised whether cooperative ideology be sacrificed when a cooperative is converted into a joint stock company?

(An analytical Review on "Cooperative Competitiveness and the forceful Challenges of Market Economy" is presented in Background Paper II)

3. Management Competence

In the Asia-Pacific region there is no uniformity in the pattern/power structure in the cooperative management, even though a broad similar framework does exist.

3.1 The following examples in selected countries in the Asia Pacific Region attest to the vast diversity:

3.1.1 In Fiji, the new cooperative legislation provides a pattern of management for cooperatives. Cooperative Chairperson is voluntary. The paid Chief Executive is accountable to the Board and the Chairperson. There is no interference by the Chairperson in the day to day operations of organisation. In the event of conflict between Chairperson and the Chief Executive, the Registrar of Cooperative Societies is called upon to mediate in the conflict. A cooperative employee can be member of the employer cooperative and can contest for election as office bearers. In Fiji, cooperative legislation incorporates a code of conduct for elected officer bearers and the members of the Board.

3.1.2 In India, the Cooperative Laws provide a broad pattern of management of cooperatives. The pattern defines the powers and functions of General Body of members, Board of Management or Managing Committee and Chief Executive. The General Body elects the board of management. The board of management elects the Chairperson and other office bearers and also appoints the Chief Executive. The Chairperson is an honorary office bearer and his powers and functions are defined in the bye-laws of the respective cooperative societies, which may differ from cooperative to cooperative. The Chairperson, however, has overall control and supervision over the society. The powers and functions of Chief Executive are also defined in several cooperative laws. Conflicts between the Chief Executive and the elected Chairperson occur, when either Chairperson/President or Chief Executive attempts to enter the jurisdiction of each other, or when there is lack of mutual trust in each other.

These conflicts are resolved either through mutual discussions or at the meeting of the Board of directors. There is need of clear demarcation of powers, functions and accountability between the Board and the paid management to avoid the conflict between the elected and the appointed or paid management.

There had also been cases where courts were approached for decision. An employee cannot become a member of employer society; hence no question of contesting for an election.

In India, the National Cooperative Union has formulated a comprehensive code of conduct for the primary cooperatives, members of cooperatives, Board of Directors/Cooperative leaders, cooperative federations, and also guidelines for Registrar of cooperative societies, the Government etc. The objective is to ensure greater autonomy for self-reliance within the cooperative sector. The code of conduct has been accepted by the Indian Cooperative Congress, which is the highest forum of the Indian cooperative movement that has the responsibility of recommending broad policy guidelines. However, the code is yet to become operative at any level.

3.1.3 In Japan, the Administrative Authority has drawn up a set of model articles for cooperatives. The President is a full time paid office bearer. He represents the member cooperatives and supervises the business. Chief Executive assists the President.

3.1.4 In Pakistan, the cooperative law does not provide any pattern of management of cooperatives. There is only one office of the President/Chairperson, who is honorary and presides over the meetings of the managing committee. In smaller societies he is also the Chief Executive. There are not many cases of conflict between the Chief Executive and the President as the latter is normally a person of higher social status and political influence. An employee cannot become member of the employer society and, therefore, there is no question of an employee contesting for an elected office.

3.1.5 The Singapore Cooperative Societies Act has more than a dozen sections dealing with management. The President is an honorary member exercising advisory and supervisory role over the management of the society with no financial responsibility or liability. The Chairperson normally answers to the general assembly and the members, whereas the Chief Executive answers to the Executive Council or management committee of the Board.

3.2. It is of little importance as to what is the structural framework of management. Of crucial importance is that there should be smooth functioning of the society's management. The requirement for smooth functioning is the existence of mutual faith and confidence among the various honorary office bearers and the paid management. In the

absence of mutual faith, even the provisions in the law cannot be of much use. Another important and necessary requirement is that there should be clear demarcation of powers and functions that do not cross over each others jurisdiction. Another very significant element of management is accountability, which in most cases is missing. Without accountability a sense of responsibility does not develop and, therefore, distortions do occur in the management. For smooth functioning of management and placing of accountability/responsibility it is necessary that there should be a code of conduct for each authority, as recommended by the Sydney and Jakarta Conferences.

3.3 The view of National Agricultural Cooperative Federation of South Korea in regard to a code of conduct is that it should stress trustworthiness, make better services for members, and to have no intervention in the detailed management.

3.4 There is a felt need in Pakistan for a code of conduct for the non-official members of the board, because of the fact that the cooperative movement has become over politicised. The elected Chairpersons/Presidents of cooperatives are in most cases politicians who tend to take political advantage of their position. It is absolutely necessary to discourage political exploitation of cooperatives. The National Union of Pakistan has suggested to the Provincial Governments to make a rule to the extent that no person who is, or becomes, a Member of the national or a provincial Legislature should be a member of the managing committee of a cooperative society.

3.5 Timely audit is a must to know the overall position, particularly the financial position, of the enterprise. Many of the ills and shortcomings are creeping up due to delayed audit. In some countries, audit is the responsibility of the Registrar of Cooperative Societies or some other Governmental Department and not of the Societies themselves. The backlog of audit accumulatively increases. In some countries, there is a provision of Audit and Central Committee elected by the General Body. In others, it is left only to the Cooperative Department. In the past there used to be a practice in India and elsewhere, to appoint an auditor or constitute an audit committee from among the members themselves. It was a healthy practice.

3.6 This may be considered for revival/adoption where it is not in vogue presently. Furthermore, Cooperative audit should be comprehensive, including social audit and ideological performance audit. This will help in improving the image and goodwill of cooperatives.

3.7 The ICA ROAP, New Delhi, has conducted a detailed study on management patterns, powers and functions of office bearers/chief executives in various countries in the region. The study has raised certain basic issues viz. what ought to be (i) role of the Government in the

management of cooperatives; (ii) the nature of instrument of governance; (iii) the checks and balances to ensure sound management of cooperatives; (iv) the broad contents of code of conduct to ensure proper functioning of cooperatives; (v) how best to professionalise the management without reducing the role of honorary cooperative leaders/office bearers; and (vi) how to ensure promotion of values and combination of socio-economic objectives along with competitive strength etc. Each country may review its managerial framework and power structure, keeping in view the changing economic environment. This is very essential.

3.8 To conclude, the Asia Pacific region has a tremendously vast scope for cooperatives to play their prominent role in development, even in the situation of open market economy. But cooperatives will have to change their work culture without loss of time to develop strength in order to face the numerous and mounting challenges. With greater managerial, structural and business efficiency and support of members, co-operatives can be in a competitive position to their counterparts in the private sector. The impending need is to have greater conviction, commitment, cohesion and dedication.

4. Cooperative Friendly Environment

An important requirement for a strong cooperative sector is of favourable environment for cooperative development. This is what was recommended with great emphasis by the Sydney and Jakarta Conferences. It includes the constitutional recognition of cooperatives, legal environment which ensures democratic and progressive cooperative legislation providing for free decision-making by the members; support of other legislations, and enforcement and administration of cooperative laws by committed officials both in the Government and in the movement. The other aspects of friendly environment are (a) political environment (commitment of political parties and the party in power to the development of cooperatives), (b) administrative environment (no administrative hurdles in the cooperative formulation and working), (c) infrastructural environment (availability of the required services for conducting their business) and social environment. Efforts are being made in most of the countries to improve the legal environment by amending the cooperative laws. However, the other elements required for a totally friendly environment, much has yet to be done.

5. From the above analysis the following broad issues emerged for discussion:

- * Implementation of recommendations of the Sydney and Jakarta Conferences - factors hindering the implementation;
- * How to make cooperatives member-oriented and member accountable;

- * Steps to develop a genuine cooperative system; and
- * Measures necessary to modernise cooperatives so as to increase their competitive strength.

On the basis of the discussions on various issues arising from the above contextual framework, the following conclusions/recommendations have been made by the Consultation for the consideration and endorsement by the Ministers' Conference at Colombo:

1. The Consultation appreciates the follow up action taken by both governments and Cooperative Movements in various countries in the region towards amending the co-operative laws in the light of the Sydney and Jakarta Ministers Conferences; the consultation however, suggests that the implementation of the recommendations of the Sydney and Jakarta Conferences be accelerated in view of rapid changes currently taking place in the global economy which are affecting the economy of various countries.
2. Recognizes the need for government support in building an environment conducive to the growth of co-operatives. It recommends that this be done through reforms in the economic, fiscal, and financial policies to include favourable tax treatment for co-operatives, de-politicisation of co-operatives, and greater freedom for co-operatives in decision making.
3. Affirms the importance and relevance of co-operatives in the changing national economic environment in the interest of the weaker sections and other dis-advantaged groups of the society.
4. Proposes strongly that governments formulate policies that will put co-operatives on a level playing field with private and public enterprises and thereby enhance the public image of co-operatives.
5. Recognizes that the rehabilitation of weak co-operatives as a result of greater autonomy is the responsibility of the movement; however, government assistance should be sought when necessary.
6. Acknowledges the need to promote and preserve the people's faith and confidence in the co-operative philosophy, ideals and capacities to meet their needs, thereby enhancing members loyalty and participation in the co-operative affairs.
7. Believes that the vertical and horizontal integration of co-operatives should be strengthened to foster greater cohesion of the co-operative movement; being composed of autonomous organisations, however, the movement should be allowed to decide on matters relating to such an integration.
8. Considers that HRD policies should be scientifically formulated and implemented for the members, Board of Directors, other office bearers and paid employees; this is the primary responsibility of the co-operatives to which the government could extend support to accelerate the process.

9. Upholds the need for co-operatives to become more responsive to the aspirations of their constituencies and continue to do so through democratic processes.
10. Reiterates the need for the formulation of a code of conduct between the elected and the paid executives in order to ensure proper assignment of responsibilities and harmonious working relationships between them. The International Cooperative Alliance should assist in the formulation of a model code of conduct.
11. Cooperative elections, audit, education and training should, as far as possible, be undertaken by the co-operatives themselves; the government, however, should continue to extend assistance for audit, education, and training. Towards this end, the government may consider financial assistance in strengthening the management capacities of the co-operatives.
12. In an effort to improve co-operative education under the current conditions, technical assistance should be sought to study and strengthen potential centres of excellence in existing co-operative education and training institutions in the Asia Pacific region.
13. In view of the current socio-economic trends and the resulting environment in the Asia-Pacific region, the Consultation recommends that a strategy formulation for the Year 2000 be undertaken jointly by the government and co-operatives in view of the significant contributions that co-operatives can provide to the caring society.

BACKGROUND PAPER - II

Cooperative Competitive Strength : Positioning Cooperatives in the Market-Oriented Economy

1. Introduction

1.1 There have been rapid changes in the socio economic scene in the Asia Pacific region since the Second Cooperative Ministers Conference was held in February 1992 in Jakarta, Indonesia. Countries in the Asia Pacific region have responded swiftly to the rise of economic globalization, and has made tremendous strides in picking up their high momentum of growth in 1993. The economy in Asia grew by more than 7 percent on average in 1993. This remarkable growth occurred at a time when the world economy was moving sluggishly and which rose only by less than 1 percent. The rapid economic growth in Asia was mainly attributable to developing countries in East and South East Asia which has made firm and timely market based reforms. High growth was recorded in the People's Republic of China, Malaysia, Thailand and Vietnam, whereas Pakistan and the Philippines registered lower growth rates. Other Asian countries showed relatively good performance as well. Growth in much of South Asia exceeded four percent, and this year's outlook remains encouraging. Japanese economy is one that remains sluggish overall, although a sign of recovery is becoming increasingly apparent.

1.2 The successful completion of the GATT negotiations, and soon to be followed by the inception of the new World Trade Organization, will likely evolve a new climate for growth in world trade. The world economy is predicted to grow by nearly 2 percent in 1994 and 3 percent in 1995. Freer trade will further boost economic recovery, along with increased private capital expected to flow actively across national boundaries.

Despite broad benefits which will flow from the economic growth in the Asia Pacific region, social problems still prevail. Poverty alleviation has been slow and aggravated by high rates of population growth in several countries in Asia. Poverty incidence in these countries remains at 30-45 percent. Of the more than one billion poor people in the developing world, 800 million live in the Asia Pacific region. Associated with the problem of poverty is the equally serious issue of environmental degradation. Societies are becoming increasingly heterogenous, and the expanding middle class population will bring with them rising aspirations and expectations. These problems must be addressed within the broader

context of the next phase of development within the region that transcends economic priorities alone.

2. The Search for Practical Solutions

2.1 The Jakarta Conference was critically aware of the need to strengthen co-operative competitiveness without sacrificing its basic values and socio-economic objectives. No less than President Soeharto in his Inaugural Address stated, *inter alia*, that:

“the process of globalization will have considerable impact on our national economics. The competitive edge of the developing countries is not strong enough to enter this process. We have to boost and generate people’s economic potentials. This can best be achieved through, among other things, the co-operative movement”.

The Conference also considered the manifestation of market economy more as a positive momentum to stimulate the development of co-operatives to become more independent, democratic, and autonomous, and which can concurrently assert the rigour of professional management within a favourable legislative climate.

2.2 A number of recommendations of the Jakarta Conference, as a result, were focused on the need to review the roles of government and the co-operative movement in relation to the rising market-oriented economy. It was emphasized that the role of the government should be primarily to establish economic policies which are enabling, thus making it conducive for co-operatives to enter the competitive environment with more strength and confidence. The role of the movement, on the other hand, should be to strengthen their professional management capacities, and simultaneously bring about effective integration-both vertically and horizontally - by actively exercising the principle of “Co-operation among Cooperatives”.

2.3 There is no doubt that the Jakarta Conference created a forceful impetus to start addressing the fundamental issue of co-operative competitive strength and the Market Economy. A critical awareness had thus been raised on the need for co-operatives to enhance their competitive strength. It was naturally incumbent upon the ICA ROAP to follow it up by addressing this issue in a more substantive way at relevant for a leading to the Colombo Conference in July, 1994, in order to seek practical solutions to the issue.

2.4 Apart from a questionnaire circulated to all member countries to seek their responses to the issue, ICA ROAP facilitated the implementation of several national and sub-regional workshops, and presented relevant papers to provoke thinking on the impact of globalization, structural adjustment, and the market-economy on co-operatives. The following workshops were duly organized:

- a) The “National Cooperative Workshop” in Manila, Philippines, on August 23 & 24, 1993, in preparation for the ASEAN/South East Asia Cooperative Review Seminar;
- b) The “National Cooperative Workshop” in Jakarta, Indonesia, on November 8 & 9, 1993, in preparation for the ASEAN/South East Asia Cooperative Review Seminar;
- c) The “ASEAN/South East Asia Cooperative Review” Seminar in Solo, Indonesia, on December 5 to 8, 1993, attended by Brunei Darussalam, Indonesia, Malaysia, the Philippines and Thailand, in preparation for the Regional Consultation in Kuala Lumpur;
- d) The “National Cooperative Workshop” in Colombo, Sri Lanka, on December 20 & 21, 1993, in preparation for the SAARC Cooperative Forum;
- e) The SAARC Cooperative Forum” in Colombo, Sri Lanka, on March 3 to 5, 1994, in preparation for the Regional Consultation in Kuala Lumpur;
- f) The “Asia Pacific Regional Consultation on Cooperative Government collaboration” in Kuala Lumpur, Malaysia, on April 18 to 21, 1994.

2.5 On the request of various international organizations, position papers dealing with similar issues were also presented at (a) the International Cooperative Symposium jointly organized by the Asian Confederation of Credit Unions (ACCU), the Singapore National Cooperative Federation (SNCF) and the Credit Union League of Singapore (SCOPE) in Singapore on August 25, 1993, (b) the South Asia Cooperative Leaders’ Consultation held by SANASA in Colombo from February 25 to 28, 1994, and (c) a CEO Workshop held by ACCU in Colombo from April 6 to 12, 1994.

2.6 While a number of practical solutions were identified during the course of the above deliberations, there were only few tangible cases which can be used as effective learning material. The Kuala Lumpur Consultation, therefore, came with six conclusions and two distinct recommendations which underline the need to search for practical solutions to the issue of cooperative competitiveness (see Para 5.1 to 5.8)

3. Relevance of Cooperatives in a Market-Oriented Economy

3.1 Cooperative as a Distinct Economic Sector

In the context of market-oriented economy, some claimed that co-operatives should not be seen as being different from the private enterprise. The argument stands correct if the co-operative institution is being defined purely from an economic perspective. The conceptual understanding of cooperation, however, does not confirm this view. Cooperatives contrast widely in their object, character, composition and management from a private enterprise. Cooperation is a practical

philosophy that believes in building a value oriented and a non-exploitative society; a society which promotes development by people's consent and consensus, and a society which promotes internal cohesion, harmony and peace. In other words, cooperatives combine business and moral values. A private enterprise believes in the maximisation of profit which by its very nature exploits the process of production as well as distribution. Whereas a cooperative, by its very concept, is a unique democratic institution that possesses a universal suitability as well as operational validity under almost all forms of economic systems, be it capitalism, socialism, or mixed economics. Cooperatives, therefore, combine the merits of all these systems. Co-operation encourages individual initiative, which is the basic characteristic of capitalism. It believes in equality, equity and non-exploitation, which are vital ingredients of socialism; whereas under the system of mixed economics, where public and private sectors co-exist, co-operatives play a distinctive role in balancing the two different sectors. Cooperatives, therefore, constitute a third vital economic sector in most countries, and are in some cases constitutionally recognised. In view of the above, Cooperatives have relevance in a market-oriented economy and have a role to play in defining member friendly markets.

3.2 Relevance of Cooperatives for small Producers

In the Asia Pacific region, small peasants and marginal farmers constitute the largest group of the population. They are virtually the main Producers of food and raw material and are in need of services for production, marketing, supply and processing. Under the open market forces, these farmers will gradually be driven into becoming the adjuncts of private processing ventures and large trading houses. History has shown now and again that unorganized farmers have accepted the dictates of trader-bosses, reducing themselves as mere suppliers of raw material and basic commodities. While these poor farmers are usually getting only the floor level price for their local produce, the processed products are fetching much higher prices at the national and international markets yielding massive profit margins. This profit, unfortunately, are never shared with the farmers and is distributed only among share holders. Farmers' freedom, i.e. their individual choice in what to produce and where to sell, is totally dependent upon the trader-bosses. As such, the destiny of this group of farmers cannot be left entirely to the open market forces. By experience, the cooperative institution is the logical alternative to protect the farmers from the adverse effects of an open market system. As members of a co-operative, farmers can have greater bargaining power and can collectively set up their own agro-processing, marketing, and related services.

With the onset of a market-oriented economy, it becomes even more imperative for farmers and small producers in the Asia Pacific region to organise themselves through co-operatives lest they would be adversely

exposed as victims of the open market economy. Cooperative history seems to repeat itself. During the Great Depression in the 1920's, when farmers in North America were exploited by middle traders, they organized themselves into Cooperative "Pools" and have since sustained their bargaining power and position, hence also their competitive strength.

In many countries such as Bangladesh, China, India, Nepal, Pakistan or Vietnam, a large percentage of the population still live below the poverty line. It would be unjust to leave this group entirely to the forces of the open market economy and to have them bear their own fate as a consequence. It is only fair that the State, cooperative apex organizations, as well as bilateral and multilateral organizations, should find common ground to assist in the formation of self-help, democratic, and business like cooperative structures, and also to help sustain existing ones. With a membership close to 500 million individual members in the Asia Pacific region, cooperatives have the comparative advantage to advance its cause to help reduce poverty by becoming more competitive.

3.3 Relevance of Cooperatives for small Consumers

Apart from the Producers, the other group immediately impacted by market forces are the Consumers. In a market-oriented economy, despite competition among producers and manufacturers, consumers are not the market sovereigns. This is particularly true in the developing economies where the propensity to consume is constantly on the rise. In this situation there is evidence of an adverse equilibrium between demand and supply of consumer goods. The distributive trade structure from producers and manufacturers to the retailers involves a long chain of intermediaries which causes price to increase manifold due to the fact that each intermediary adds its own margin. This extensive chain of intermediaries is maintained at the cost of the ultimate consumer. Consumers, in the end, bear the burden of the entire distributive trade structure. Apart from exorbitant price of goods and commodities, there is also the question of quality. With profit maximization as the aim, various kinds of practices - fair or foul - are adopted to push a commodity into the market by actually creating an artificial demand, i.e. through flashy advertisements. Imitation, adulteration, sub-standard and spurious goods, are flooding the markets.

In such circumstances, consumers can only protect themselves if they organise themselves into a cooperative. By creating commercial links directly with the production and manufacturing points, consumer cooperatives can demand the quality they need, eliminate all intermediaries, and thus increasing their own surplus margins. Ultimately, price will cease to be the instrument of exploitation for the consumers. Psychologically assured of quality standard, the consumer would normally be prepared to pay a marginally higher price rather than to purchase sub-standard goods at cheaper rates. Thus consumers

in the market economy can, by organising themselves co-operatively, build their own protective umbrella against exploitation.

History teaches us the basics once again. The Rochdale Pioneers envisaged, practised and demonstrated how consumers can be protected from the ill effects of unjust pricing more than a century ago. Consumers in Japan, facing outright market-oriented economy in their country, decided to set up a strong consumers co-operative movement. More than 100 universities have student consumer stores which are very popular among the students and teachers because they offer commodities at much less a price than the prevailing market price. Also, Consumers have greater reliance on the quality of commodities supplied by consumer cooperatives. The consumer cooperatives have the required vitality to compete. The contributory factors for the popularity, inter-alia, are their reliability in regard to prices and quality, and the involvement of members, especially women. The point of emphasis is that the consumers are more exposed to exploitation in an open market economy. Therefore, consumer cooperatives have a vital role to play in protecting consumers interests.

3.4 Relevance based on Values

The above demonstrates that co-operative institutions, especially for the economically poor, are irrefutable institutions even in a new market-oriented economy. Cooperatives stand firm in their belief that open market forces when combined with sound co-operative development can ensure greater success in achieving economic justice. The actual rider to this plea is the assertion of cooperative fundamental values in their business transactions, and the inculcation of these values in their membership development. Adherence to the fundamental values such as mutuality, democracy, honesty and integrity, are permanent assets of cooperatives. Privatization and marketization may correct economic distortions temporarily, but neglecting fundamental values in the process will only bring disaster. If cooperatives cannot sustain their values to withstand the competition in the market, or in dealing with their members, institutions, or individuals, they have no cause for their existence even if they are economically strong and viable.

3.5 Parallel Cultures and Cooperative Values

These days one can witness a spontaneous appearance of peoples' organizations or self-help groups which, by their own efforts, from what we can call parallel culture of co-operatives. These groups, which are proliferating in many developing countries in the Asia Pacific region, are usually democratically organized on the basis of peoples' economic needs and social aspirations. In a number of cases they adopt cooperative methods and principles in their operations but are not registered under the cooperative law, and are quite reluctant to be called cooperatives, or

be identified as part of the “mainstream” co-operative movement. In their view, official co-operatives are burdened by state intervention and its ensuing bureaucracies, hence lacking freedom of, and control by, their own members. What has been happening is that the image of the formal co-operative institutions has been marred by many faltering state-controlled ones in this region, thus overshadowing many registered cooperatives which are actually running very well on the basis of self-reliance.

There are organizations which we could classify under the parallel co-operative culture such as the Grameen Bank and Proshika Kendra in Bangladesh, the Cooperative Youth Foundation in Sri Lanka, SEWA in India, the “Klum Omsap” savings group in Thailand, Peoples Livelihood Foundation in the Philippines, the Agha Khan Rural Support Program in Pakistan, Kelompok Simpan Pinjam and Usaha Bersama in Indonesia, to just name a few.

In between the above parallel organizations and the state initiated co-operatives are the burgeoning Credit Union movements in Asia and the Pacific. Credit Unions are genuine co-operative organizations with strong focus on savings mobilization and effective lending, but they are unfortunately not yet fully recognised by many governments to enjoy full fledged registration or smooth vertical integration. They have well-researched programs such as the “safety and soundness program” which could well be shared and adopted by other type of co-operatives in order to professionalize management and monitoring systems.

Looking for synergies with other parallel cultures, and especially with credit unions, is therefore something to be aspired if we wish to extol the very principle of “Co-operation among Cooperatives”. To confront the challenges arising from increasingly open market forces basically means to consolidate and unify co-operative and pre-cooperative structures into a common front, so that people-based organizations would not be held hostage by the increasing pressures from the market economy and from private interest groups they represent.

4. Structural Adaptation and Transformation

Transforming cooperative structures is a vital aspect in the context of economic liberalization. This includes, inter-alia, identification of gaps and superfluous links within the existing structure. In order to ensure organizational strength and efficiency of the whole system, the structural gaps should be covered, and superfluous units eliminated, as has been done in Japan and South Korea. The aim should be to improve the operational efficiency of the entire structure both vertically and horizontally, and hence build a working system.

4.1 Some experiments by MCs (member-countries) in Asia

In India, a long standing gap in the structure of the cooperative movement at the national level has been the absence of a national cooperative bank which can promote and ensure financial coordination and balancing in the cooperative structure. This gap has been narrowed by the establishment of a National Cooperative Bank of India in the fall of 1993. An assessment for streamlining the credit supply to the primary cooperative societies/members of cooperatives is also being undertaken. As part of the transformation, the multiplicity of organizations will be avoided as far as possible. Cooperatives at various levels are considering the setting up of common service centres or subsidiaries to avoid wasteful expenditure and avail of the economics of scale. Thailand, Sri Lanka, and Indonesia have also been examining the possibility of setting up a National Cooperative Bank exclusively for the cooperatives.

In Indonesia and Vietnam, Small and Medium Enterprises (SMEs) development has been considered relevant to cooperative development. Member of cooperatives as individuals, and co-operatives as the business entity, play their respective roles as small and medium enterprises. In Indonesia, SMEs are viewed as part of the development of the cooperative members' economy, which in turn will contribute significantly to the development of cooperatives and the improvement of people's economy.

4.2 Membership Development

Other elements of structural adaptation or transformation pertain to membership development, which includes the creation of an efficient information system, continuous education of members and office bearers, professional training of employees of all categories; it also includes the development of a mechanism to assess individual members needs at the primary level in order to formulate a consolidated business plan for primaries. The business plans of primaries taken together should form the basis for planning of activities and programmes of the secondary and federal institutions. Cooperatives should be able to develop their own mechanism for macro and micro planning. Presently, in several developing countries, the government takes a proactive approach in co-operative development planning, whereas the cooperative movement takes a back seat or reactive role. The onus of strategic planning should be assumed by the cooperatives themselves if a more realistic and member-oriented planning is to be achieved. Another aspect in the process of structural transformation is the projection of the true image of cooperatives. Very little has actually been done in projecting the achievements of cooperatives and highlighting its socio-economic impact on the community. As well, the extension of social services to the community by using co-operative surpluses needs to be further promoted. This will help to motivate people to join or associate themselves with the cooperatives.

4.3 Study of successful experiences in organizational adjustments

The Consultation in Kuala Lumpur took special note of the imminent need to study successful experiences in structural adaptation and transformation both in Asia and beyond. The successful experiences displayed by Consumers and Agricultural Cooperatives in Japan, as well as adaptations made by cooperatives in North America and Europe to brave the increasing challenges from the market economy, were discussed at length. The above issue was first raised at the South East Asia Review Seminar in Indonesia, where governments and co-operative member organizations stressed the need for countries to set up their own national development plan to adapt to the changing economic environment. While a suitable "model structure" should be formulated, the Review Seminar also cautioned that no single set of structure can be patterned after for each and every country in Asia because of various differences such as in the size of the co-operative movement, the diversity of co-operatives, the areas of emphasis, and/or national priorities.

It becomes necessary, therefore, that a technical assistance and through study be undertaken very soon. Results of such a study will provide member countries in the Asia Pacific region with a frame of reference because the idea of the study is essentially to come up with sound and practical case studies. These case studies will facilitate the decision making process required by member countries in determining which structure they consider most suitable for their respective socio-economic environments.

4.4 Funding Requirements

The next most imminent need is the availability of funds for conducting this study (as well as other studies and technical assistance programmes recommended by the Kuala Lumpur Consultation). With the gradual withdrawal of subsidies by governments to the co-operative movements, it becomes imperative that co-operatives be empowered to seek funding from relevant sources, be they bilateral or multilateral. Appropriate consideration should therefore be given by this distinguished forum in Colombo to facilitate and support the necessary "empowering process" for co-operatives to secure funding from legitimate and reliable sources. The Asian Development Bank, for example, has a renewed commitment to funding social infra-structure projects for a number of developing countries in Asia under their ADF (Asian Development Fund) portfolio, and it has also agreed to double their General Capital Increase. Cooperatives should be promoted by governments to absorb funding from IFIs such as from the ADB. Opportunities as such will stimulate co-operatives to improve their professional management capacities, and hence to become more competitive as well. After all, most developing countries in the Asia Pacific region have considered in their national

plans the vital role played by co-operatives as agents of social and economic development, notably in the improvement of income and living standards of their members who are mainly composed of small producers and consumers.

5. Conclusions & Recommendations

On the basis of the discussions on the topic of Cooperative Competitiveness and the Market Economy, the following conclusions and recommendations have been adopted by the Regional Consultation in Kuala Lumpur, for further consideration and endorsement by the Ministers' Conference in Colombo, Sri Lanka :

The Consultation:

5.1 Recognizes that globalization and liberalization of the economy provide opportunities to co-operatives to enter into diversified economic fields, with greater value-added;

5.2 Recognizes the need to develop new patterns of relationship with business partners, including transfer of technology, joint ventures, and strategic alliances, within and outside the respective countries;

5.3 Affirms the need for cooperatives to adopt innovative approaches and to use appropriate technologies with the objective of improving the quality of their products and services and efficiency operations;

5.4 Affirms the need for cooperatives to build intrapreneurial and professional managerial capabilities; as a strategy, assistance from national and international agencies - be they public, parastatal, or private - which have an interest in working with co-operatives, should be tapped;

5.5 Feels that cooperative business interests should be given recognition by the government in their economic policies;

5.6 Upholds the preservation of the distinct identity of cooperative, its values and principles while competing with private business enterprises, be they national or multinational.

5.7 Noting the considerable progress on structural improvements has been achieved in some countries, particularly in Japan, the Consultation recommends that a specific technical assistance be sought to study successful experiences in organizational adjustments and formulate a suitable model for the purpose of improving the structural and organization of co-operatives in the Asia Pacific region.

5.8 To improve capital mobilization and enhance members' confidence in management integrity of finance related activities of cooperatives, the government could consider suitable regulatory and institutional framework to ensure the safety and soundness of cooperatives; in this regard the Consultation recommends that a study be conducted. Where necessary,

financial assistance from bilateral or multilateral aid organizations should be sought to develop the above mentioned regulatory and institutional model.

It is therefore crucial that this distinguished forum in Colombo adopts and ratifies the above recommendations for prompt and effective follow up action.

Recommendations from Consultations in the ASEAN and SAARC Countries

The Asean Sub-Regional Review Seminar held in Solo, Indonesia from 6-9 December, 1993, adopted the following recommendations:

- (a) to request ICA ROAP to explore the possibility of searching and researching cooperative training institutes in Asia towards identifying centres of excellence in existing training institutions (International Coordination).
- (b) to study the practical application of cooperative legislation of countries in Asia and the Pacific Region, and to explore the possibility of creating a check list of references which encompasses the following issues :
 - i) What makes cooperative gainful and sustainable;
 - ii) Pitfalls (fits and misfits) of cooperative legislation for current application in the competitive environment (cooperative friendly environment);
 - iii) Methods of self-regulation and inspection by members on management of their cooperatives (Code of Conduct);
- (c) The Cooperative Movement in the respective countries should have their own national plan of development (Structural transformation).

It is necessary to caution at this point, however, that no single set of structure can be pattern after for each and every country because of differences in the size of the cooperative movement, the diversity of cooperatives, the areas of emphasis, national priorities etc. It is best that each country decides for themselves what form of structural adaptation is required;

The other important recommendations of the Seminar were:

- i) Accessibility to the capital equity market should also be formulated in policies and legislations in order to serve the enhanced capital requirements of cooperatives.
- ii) Liberalisation, deregulation and privatisation are features which are becoming an inevitability in government economic policy even in the non-capitalist economics. Appropriate consideration should therefore be given in national policies and legislations for cooperatives, which should be a tandem with this changing trends and not to exclude the cooperatives from the changes.

National plans should consider appropriate roles for cooperatives as suitable vehicles and institutions in assisting income distribution, checking inflationary trends and as an agent for a caring society. Towards this end a national forum between the movement and government be established to facilitate dialogue (National Coordination).

- iii) In terms of bolstering capital formation, cooperative should form strategic alliances with other cooperatives and appropriate institutions in building an integrated system that will support the principle of cooperation among cooperatives (Internal Strength).
- iv) Cooperatives should look for innovative ways to deal with the dynamics of economic globalisation, the ensuing structural adjustment programme and at the same time retain the characters and basic values of cooperatives.

The National Workshop on “Trends and Opportunities in the Cooperative Structure” held in Colombo (Sri Lanka) from 20-22 December, 1992 made the following observations and suggestions :

- i) The cooperative member should be free to decide on the size, nature and composition of their cooperatives (structural transformation);
- ii) A cooperative should not be compelled to act as an agent of Government and where such agencies function is entrusted to a cooperative appropriate payments should be made by the Government for the performance of this agency function (Viability of the cooperative);
- iii) Cooperatives should be provided with tax and other incentives, as available to big business who are engaged in export oriented activities (Cooperative friendly environment);
- iv) A massive effort has to be made to improve human resource development within the cooperative system (Structural changes);
- v) Cooperative should meet the needs of members adequately, efficiently and courteously (Goodwill);
- vi) Cooperative should be left free to formulate the strategies necessary for their development ensuring, of course, that this does not go counter to government policy (Autonomy);
- vii) There should be free environment for cooperatives. (Cooperative friendly environment);
- viii) Cooperative leaders must themselves be users of cooperative (Genuine leadership);

- ix) Professional management must give major priority to quality, efficiency and economy in the performance of various functions (Competitiveness);
- x) As in the case of primary societies responding to members needs the secondary apexes in their turn must be responsive to needs and directions to their membership (Structural Changes);
- xi) Cooperative should use technology to ensure improvement in efficiency and reduction in cost (Innovative approach);
- xii) The rules and regulations, departmental or otherwise, which obstruct the cooperative working need to be removed (Legal environment);
- xiii) Each cooperative should formulate its own plan on the basis of members need (Structural transformation);
- xiv) Cooperative should welcome the free economy as a wonderful opportunity to extend their activities and increase their turnover (competitiveness);
- xv) There should be clear declaration of policy by the Government in regard to status and the role of cooperatives (Cooperative friendly environment);
- xvi) There should be Government support without government interference (Cooperative friendly environment);

The SAARC Cooperative Forum held in Colombo, Sri Lanka, from March 3 to 5, 1994, and attended by movement and government delegates from five SAARC member countries (Bangladesh, India, Pakistan, Nepal, and Sri Lanka) came up with the following recommendations:

1. It was the considered opinion of all participating members that the respective Governments and Movements of the member countries will have to get the Draft Constitution accepted before final ratification; hopefully the MOU signed by delegates of the respective members, implied acquired service in the need for a SAARC Cooperative Forum and also to enable the delegates to perform the required formalities in their respective countries before final ratification of a SAARCCO Constitution.
2. Since the SAARCCO would take time to be established, it was agreed that the short term recommendations of the SAARC Cooperative Leaders Consultation could be implemented whenever possible.
3. That all delegates unanimously agreed on the need for exchange of views in the region and thus Forum would fulfil this need.
4. The SAARC Leaders Consultation would form part of the SAARC Forum recommendations. The recommendations stemming from the SAARC Leaders' Consultation are as follows:

- i) To lobby with governments in the region to provide greater support to co-operative movement in the areas of education, training, trade and joint ventures, and treat the co-operatives on an equal footing with the private sector in this regard;
- ii) To play an active role in transforming the government's role vis-a-viz co-operatives from one of regulation to one of facilitation and enabling;
- iii) To consider the need for enhancing co-operative image and develop a common logo or symbol to strengthen the solidarity, unity and common purpose of the co-operative movement;
- iv) To undertake a study on why parallel structures have come into being, which while functioning in accordance with the co-operative principles are hesitant to be identified with the traditional co-operatives. Steps to integrate them and the traditional co-operatives into one unified co-operative movement needs to be formulated;
- v) To address the issue of vertical and horizontal collaboration among co-operatives, which is conducive to co-operative development in the region. As a follow up it is recommended that a study be undertaken on this issue;
- vi) To review the conventional federal system prevalent to South Asian countries, taking advantages of the experiences in other countries, with a view to ensuring that member influence is reflected at various decision making levels;
- vii) to establish a Task-Force to formulate a strategic action plan with the following priorities :
 - globalization, market economy, and the impact on co-operatives;
 - leadership and professional management training;
 - trade and joint ventures
 - information exchanges with regard to innovations on cooperative laws, structure, management technique and membership participation methodologies.

BACKGROUND PAPER - III

Regional Coordination

Regular Forum for Cooperative Ministers' Conference of Asia & the Pacific Region

1. The Jakarta Conference in 1992 recognised the importance of the Ministers' Conference because its recommendations helped greatly the governments and the national cooperative organizations in building a more conducive environment for the development of cooperatives.
2. The Conference felt the need to hold periodical meetings of the Ministers for the review of the development of cooperatives.
3. The Conferences accepted the need to build financial resources to follow-up and continue Conference activities. It recommended that the governments and cooperatives in the region should contribute to meet the required finance. The ICA ROAP was asked to work out modalities of the Fund.
4. The Conference further clarified that such contributions will be on a voluntary basis.
5. 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.
6. Globalisation implies and calls for greater working coordination among cooperatives in the region and outside it. This may promote international economic collaboration and better international trade relations. Regional policies may be formulated in such a manner that while safeguarding the national interests of each country in the region, countries may also mutually help each other. Technology transfer within the region be encouraged. To achieve this end, the Ministers' Conference could be made a regular forum with its own Secretariat, so that the Ministers of Cooperation and cooperative leaders may meet periodically to discuss common problems and evolve measures for strengthening cooperatives, both nationally and internationally.
7. It may be mentioned that at present there is no international forum where Ministers, incharge of Cooperatives and leaders of Cooperative Movements can meet together to discuss issues relating to cooperatives at an international level except at the Ministers' Conference being convened by the ICA ROAP. ICA itself is an international non-government

body and only national level co-operatives can become its members. The International Labour Organization (ILO), which is a tripartite organization consisting of trade unions, employers and Governments, is basically concerned with the trade union affairs and Food and Agriculture Organization (FAO) is concerned with Agriculture.

8. The Consultation held in Kuala Lumpur considered the subject and made following recommendations:

“It is the view of the Asia Pacific Consultation that a regular government-cooperative consultation is needed. For this purpose, it is necessary to set-up a proper secretariat facility to support the preparation, and follow up activities, of the Regional Consultation. It has been expressed that the Secretariat should be housed at the International Cooperative Alliance, Regional Office for Asia and the Pacific. The Consultation recommends that this proposal be considered by the national co-operative organizations and be taken up with their respective governments to enable the Ministers’ Conference to take the appropriate decision”.

9. The Conference may decide on the question of making the Ministers’ Conference a regular forum, creation of its own Secretariat and resources needed for Secretariat to follow up the recommendations of the Conference.

10. In view of the fact that the Secretariat should be responsible and accountable to a more regular institution other than ICA, the Ministers’ Conference may also consider adopting the enclosed ‘Resolution’, which may be characterised as “Colombo Declaration” and draft Constitution.

COLOMBO DECLARATION

1. The Third Conference of Ministers In-charge of Cooperation and Cooperative leaders in the Asia and the Pacific Region, held at Colombo in July 1994, adopted the following resolutions which would be known as Colombo Declaration by Cooperative Minister Conference.

Recognising that the Governments in the developing countries

- 1.1 accept cooperatives as an effective and potential instrument of economic development and alleviation of poverty;
- 1.2 have conviction in democratic values/democracy;
- 1.3 increasingly adopt market oriented economy;
- 1.4 want preservation, promotion and protection of domestic and inter-national peace; and
- 1.5 appreciate the development of cooperatives and support them.

2. *Recognising further* that the aims and objectives of cooperatives and policies of the government being similar, development of cooperatives is in the mutual interest of both cooperatives and the Governments and

that cooperatives need continuing Government support.

3. *Believing That*

- 3.1 the implementation of the recommendations of the two Conferences of Ministers In-Charge of Cooperation, held at Sydney and Jakarta, has given a positive and harmonious orientation to Government-cooperative relationship, resulting a new environment for cooperative action;
- 3.2 continuing support of the Government to the cooperatives is imperative;
- 3.3 in the context of globalisation of economics, cooperatives will continue to play a crucial role for protecting the interests of producers, consumers and weaker sections of the community; and
- 3.4 a periodical dialogue between the Governments and cooperatives at regional and international levels is needed.
- 3.5 The Colombo Conference resolves to set up a permanent institution within the ICA framework to be known as Regional Cooperative Council (RECCO) and adopts the enclosed Constitution of RECCO.

DRAFT CONSTITUTION

1. Name

The name of the permanent organisation shall be the Regional Cooperative Council, shortly named as RECCO.

2. Objectives

The objectives of RECCO shall be :

- 2.1 to uphold and nourish the internationally accepted principles of cooperation as formulated and adopted by the ICA;
- 2.2 to serve as an international forum for discussions on matters relating to cooperative movement;
- 2.3 to review the progress and trends of development of cooperatives in the region/world;
- 2.4 to evolve strategy/strategies for strengthening cooperatives;
- 2.5 to observe and keep in close touch with the developments affecting the world situation to collect and disseminate authentic and timely statistical and other information relating to world cooperative movement;
- 2.6 to suggest to the Governments/cooperative movements representatives on the RECCO measures for the furtherance of International collaboration;

- 2.7 to strengthen cooperative development in the respective countries;
- 2.8 to promote cooperation among cooperatives for cooperative to cooperative joint ventures, economic collaboration and trade.
- 2.9 to identify areas of transfer of technology/experiences for mutual benefit;
- 2.10 to support international efforts for lasting international peace.

3. Membership

Membership of the RECCO shall be open to the Governments (Ministers/Depts. In-charge of Cooperation), Government organizations set up for the promotion and assistance of cooperatives and national level cooperative organizations.

4. Meetings

To achieve the objectives defined above, the RECCO shall convene meeting of its members on regular intervals at a place to be decided by the Conference itself during its meetings.

5. Secretariat

The Regional Director of the ICA ROAP or any other person approved by the Council shall be the *ex-officio* Secretary General of the RECCO. He may be assisted by an Assistant Secretary General and/or other officials.

The RECCO shall have its own Secretariat at the ICA Regional Office at 43, Friends Colony, New Delhi, to start with.

6. Finances

- 6.1 Members subscription;
- 6.2 Contributions
- 6.3 Donations
- 6.4 International Donors Assistance

7. The RECCO shall have a Governing Council consisting of one representative each from the concerned Ministry and National Cooperative Organization from each member country.

8. Detailed Rules may be framed to regulate the working of the Council and shall be operative from the date they are approved by the RECCO.

BACKGROUND PAPER - IV

Support from the Asia Pacific Region on the United Nations Secretary General's Report in the U.N. General Assembly in 1994

1. The Secretary General of the United Nations in the meeting of the Economic and Social Council of the United Nations (ECOSOC) held in July 1992 presented his report on the "Status and Role of Cooperatives in the light of new economic and Social Trends". Based on this report, the Economic and Social Council unanimously approved a Resolution in favour of Cooperatives. A copy of the Resolution passed in 1992 is enclosed hereto.
2. The forthcoming meeting of the ECOSOC will be held during the later part of 1994, in which another report of the Secretary General on the present status of co-operatives will be presented. Based on this report, a Resolution is expected to be again considered by the ECOSOC.
3. In the last session, out of 19 countries sponsoring the Resolution, only two countries were from Asia, namely the Philippines and Vietnam. It would be desirable to have a maximum number of countries from Asia and the Pacific during the forthcoming session to propose and support the Resolution.
4. This subject was considered in the Kuala Lumpur Consultation which made the following recommendation:

"In an attempt to gain full support from the Asia-Pacific Region on the Secretary General's Report to the United Nations General Assembly in 1994 on the "Status and Role of Cooperatives in the light of new economic and social trends", the Consultation recommends that governments from the Asia-Pacific Region sponsor and support the UN Resolution on the 'above' at their forthcoming Economic and Social Council meeting in the later part of 1994".
5. The Conference may review the progress made in this regard by the member-countries.

Statement of Mr. Bruce Thordarson on Background Paper IV

As Mr. Chairman mentioned earlier one of the important tasks of ICA is to work with the United Nations System in order to provide greater publicity and support to Cooperative Organizations around the world. During the next 12 months there will be two major initiatives coming out of the UN System, which have important implications for Cooperatives that is why background paper No.4 is on your agenda. The first issue is the report by the Secretary General on Cooperatives which will be considered and finalised next month and submitted to the General Assembly for September 1994 Session in New York. The second issue will be the United Nations Social Summit which will be held in Copenhagen in March 1995 and which will be the major UN event for 1995. Let me say a brief few words about each:

It has become the established pattern now for the UN Secretary General to prepare every two years a report on the global state of the Cooperative movements. This has come about largely because of the influence of an Organisation called (COPAC) the Committee for the Promotion and Advancement of Cooperatives which is the foremost of UN agencies such as ILO, FAO and Non-Governmental Organisations such as the ICA. In 1992 the Secretary General prepared what is widely agreed to be the most positive report ever to come from the United Nations about the Cooperative Movement. It led to a resolution, a copy of which is in your papers, that proposed, among other things, a one time United Nations Day for Cooperatives in 1995 to coincide with the ICA centenary plus a number of other positive recommendations.

The draft report which will be submitted by the Secretary-General this year will go even further. It provides and recommends more support from National Governments and development agencies to Cooperatives and recommends also that the United Nations institutionalise a permanent UN Day for Cooperatives which will be an occasion for Cooperative Movements and their supporters to generate on-going publicity and support further activity. In 1992, the resolution before the General Assembly was introduced by 19 countries but, as your back-ground note points out here, only two of those countries came from Asia. The consultation meeting in Kuala-Lumpur came to the conclusion that in 1994 it would be appropriate for Asia to take the leadership in both introducing and supporting the resolution of the General Assembly to support the Secretary General's report and this, therefore, is what is being proposed to the Ministers for their consideration since of course this is primarily an area for government it would require agreement on part of the Cooperative Ministers to raise this matter with their foreign

ministries which, in turn, present the matter to their UN Missions for support and if you and your government colleagues were prepared to do this there is no doubt that there could be a strong development of support combined with support from other regions on behalf of the UN Secretary General report at United Nations this autumn.

The second issue is the Social Summit. This will undoubtedly be in 1995 as visible and an important global issue as was the Rio Summit on the Environment in 1992. The United Nations has chosen three important themes for the Social Summit they are Poverty Alleviation, Productive Employment, and Social Integration obviously three themes of relevance to Cooperatives and areas where Cooperatives can make an important contribution. The ICA and the other members of COPAC have already lobbied the United Nations to ensure that there are many references to Cooperatives in the preliminary documentation which has been prepared for this meeting and today we are very happy about the references which have been made about the positive role Cooperatives can play. However, as with all UN events things can change in the preparatory process and the key events in terms of influencing what will take place in Copenhagen next March and the second preparatory committee which will take place during the last two weeks of August in New York where Government Leaders from around the world will come together to finalise the documentation and the agenda for the Social Summit. We think it would be a very good idea if this meeting of Ministers went on record in saying that they believe that the Social Summit will support the role of Cooperatives in promoting alleviation of unemployment, poverty alleviation and social integration and thereby giving both confidence to the documentation which now exists and ensuring that those people who are not in much favour of Cooperatives and of course there are some everywhere in not changing the positive recommendations which exist at this present time.

So Mr. Chairman those are the two major UN initiatives taking place in the near future. We think both of them are at present extremely supportive of Cooperatives and with the right kind of resolution and formal support from this ministerial conference could become even more effective in promoting the cause of Cooperatives with governments with public opinion, and with Cooperative movements themselves.

Thank you.

Resolution Unanimously Approved by ECOSOC on 28 July 1992

The Role of Cooperatives in the Light of New Economic and Social Trends

The ECOSOC Resolution whose text is given below was co-sponsored by the representatives of the following member States :

Benin, Bolivia, Canada, Chile, Costa Rica, Cote d'Ivoire, Ecuador, Guinea Bissau, Honduras, Lebanon, Lesotho, Malawi, Morocco, Nicaragua, Philippines, Poland, Togo, U.S.A. and Vietnam.

The Economic and Social Council :

Recalling General Assembly resolution 44/58 of 8 December 1989, particularly paragraph 4, in which the Secretary-General was requested, in consultation with Member States and relevant organizations of the United Nations system, to prepare a report on the status and role of cooperatives in the light of new economic and social trends,

Welcoming the report of the Secretary-General on the status and role of cooperatives in the light of new economic and social trends,

Recognizing the importance of the policy-oriented research being undertaken by the United Nations Centre for Social Development and Humanitarian Affairs concerning the relevance of cooperatives to the achievement of the social policy objectives set forth in the *Guiding Principles for Developmental Social Welfare Policies and Programmes in the Near Future*, in the execution of which it acts as focal point within the United Nations system,

Bearing in mind the 1995 will mark the centenary of the establishment of the International Cooperative Alliance,

Noting with satisfaction the important recommendations contained in the report of the Secretary-General directed towards ensuring the best possible means of dealing with the issue of cooperatives in the light of their broad significance in contributing to the solution of major economic and social problems,

Welcoming the recommendation contained in paragraph 4 (a) of the report of the Secretary-General, and bearing in mind the substantial support shown by Governments and by the international cooperative movement for the idea of observing an international day of cooperatives,

Indicating its appreciation to government agencies, national organizations representing cooperatives, United Nations specialized agencies and other organizations, especially the Committee for the

Promotion and Advancement of Cooperatives, for their valuable contribution.

1. *Notes with appreciation* the report of the Secretary-General on the status and role of cooperatives in the light of new economic and social trends;
2. *Recommends* the General Assembly proclaim an international day of cooperatives to be observed on the first Saturday in July 1995, marking the centenary of the International Cooperative Alliance, and that it consider the possibility of observing an international day in future years;
3. *Encourages* Governments to consider fully the potential of cooperatives for contributing to the solution of economic, social and environmental problems in formulating national development strategies;
4. *Encourages* the United Nations Centre for Social development and Humanitarian Affairs to redouble its efforts of support and coordination in order to achieve the social policy objectives set forth in the Guiding Principles for Developmental Social Welfare Policies and Programmes in the Near Future;
5. *Invites* government agencies, national organizations representing cooperatives, United Nations specialised agencies and other organizations, especially the Committee for the Promotion and Advancement of Cooperatives, to maintain and increase their programmes of the support to the international cooperative movement, to the extent possible within existing resources;
6. *Also invites*, as the Economic and Social Council has already done in its resolution 1668(LII) of 1 June 1972, the United Nations specialized agencies that have a substantial interest in cooperatives, especially the United Nations Industrial Development Organization, as well as other organizations, especially the World Bank, the International Fund for Agricultural Development, and other concerned international organizations of cooperatives that are not yet members of the Committee for the Promotion and Advancement of Cooperatives, to become members at an early date in order to ensure its effectiveness by their contribution of appropriate resources;
7. *Recommends* that the General Assembly, to the extent possible within existing resources, request the Secretary-General, to maintain and increase the support provided by the United Nations to the programmes and objectives of the international cooperative movement and, in his next report on the status and role of cooperatives in the light of new economic and social trends, to indicate the progress made towards that goal.

'Global Cooperative Trends, Basic Values and Principles'

by Mr. Lars Marcus

Global Trends and Global Cooperative Trends Overlap

Let me first speak a few minutes on the environment of ours - not only that of Co-operators but also that of Ministers.

The huge experiment that started in Russia in 1917 came to a collapse a few years ago and with it the dream of many.

It is still difficult to tell what future generations will say but to me the simple explanation was a combination of two factors. USSR and the area it influenced lacked such democratic elements which bring about change and public control.

More than before the world has now the experience of capitalism, built on liberal ideas including human rights, as dominating economic theory. At the same time we find our world in grave disorder. The gap between those who have and those who have not is again widening. Migration waves leading to brain drain are getting wilder and higher even in the OECD area. We pay a tribute to the system by unemployment, pollution and increase in drug abuse among other things. Terrible things are not only told from Rwanda but also from Bosnia.

More than half of the global population lives in poverty. The message of socialism is not heard any more. Islam is sometimes mentioned as an alternative, but its role is unclear to me. Desperation among the poor is increasing.

Is capitalism then a guarantee for a good society? We know it isn't. Only the most greedy people would lie and say yes.

To accept that the search for profit should guide all our actions is absurd. It doesn't in the family, why should it then in society? Temporarily there is something desparate in the behaviour also of nations. Market economy is proclaimed as the sole formula. Media more and more are in control of our thinking and behaviour, because they are in the hands of commercial interests. Public service by radio and TV seem for the time being to fade away. So far you might think I will arrive at a tempting conclusion for Cooperatives. That is, all problems could be solved by self-reliance and self-aid. I will not. But the sad state of the world constitute needs to be solved both by ministers and cooperators. That's my point. Capitalism has (as we must be aware of) some advantages at the price it brings on the available resources. There are many good profit oriented enterprises. We don't talk much about them. There are also bad Cooperatives. We don't talk so much about them.

The most grave accusation against capitalism in my opinion is its obvious and blind cruelty. The cost to control it by legislation are enormous but rarely taken into consideration. It is in a longer perspective much too primitive as a formula to prosperity. Human being need care.

Do I have a recipe? May be not because I do not believe in one single solution in one formula. With the rights of a fairly longlife in Cooperatives I do not believe in any ideology of any kind. They only widen your understanding and make you understand the complexity of the world. I believe in people. Yes they cause you problems. Sometimes they deceive you but that is much better than being deceived by yourself and your ideas.

Waiting for solutions of the people and the leaders they have democratically elected. I look upon the future of Cooperatives in the way that will follow.

Cooperatives are to be formed by people with needs but without good solutions for them. So they always started and so they will start in the future.

Let me then put two simple questions. How shall we know that our Cooperative serves the members well? Do members need their Cooperative if the market has better offers?

I believe in people and their Cooperatives as well as in the market economy and therefore also in competition from capitalist enterprises. Our duty is normally not primarily towards the Movement but towards our members.

I say again what some of you know that I have said before. Could we by serving the needs of our members achieve success. That is a deciding asset for Cooperative longevity.

Now to the actual situation of the International Cooperative Alliance and its membership.

The World Movement is gaining in strength. It is true that some old Movements seem to fade away but the growth of Cooperatives in areas catching up with OECD is very strong.

Nearly all farmers world wide defend their economic interest through their self-aid Organisations. Also an increasing number of fishermen. a meeting of CICOPA recently commenced a 100 million membership. Partly it could be a result of the intensive efforts of its Chairman present here, Yves Regis, but mainly is a response to needs caused by unemployment.

On the other side can basic jobs to be created also in rural areas for those who otherwise will be desperate from poverty and victims of social unrest.

Cooperatives have to help governments. But governments will have to help Cooperatives, by legislation, by education and by credit on reasonable terms.

I expect a renewed attempt from outside Africa to help our sisters and brothers to take advantage of Cooperative solutions. Where poverty is almost absolute, where illiteracy and health are missing, those who have failed to assist have evidently failed not in good will but it know how. This is a government issue but we shall offer some of the know-how needed.

We have to succeed and ICA, at least Europe with its colonial guilt, has to try and try again. While Asia is moving forward, we cannot let Africa lag behind. How would otherwise the world look in 20-30 years?

I expect one more thing. The uncontrolled consequences of the economic reforms that have been the service sector. Governments are finding it more and more difficult to pay for national welfare systems through taxes. People will have to find more efficient services by themselves. In this category you also find Energy, Cooperatives and others.

I expect fast growth and success for consumer-owned Cooperatives for retail services in the big cities where they are missing. Once they were created in Europe to bring better prices, better quality through better efficiency. Many will copied in years to come in cities like Colombo, Delhi, Karachchi, Shanghai and Beijing as well as in Mexico City, Rio Nairobi, Casablanca and Lagos. Some already exist. I have seen them successful in Sao Paulo with 17 million people. What is still lacking are the pioneers, the leaders to mobilise the unity of consumers. They will come from churches, from governments or almost out of nowhere.

I expect a new major and difficult role for Cooperatives in the rural areas. The majority of the world population still depend on their land and what is given. Already you see an unfortunate migration to the cities, already is land to scarce in many countries. On one side structural changes must take place. They have to give farmers a share of higher living standards. In the former USSR, an interdependent economic system was dissolved and factories in a huge area lost their markets. Without convertibility of the currencies, nothing functions. This was only one side of the problem for their Cooperatives with market shares of 50%. Even worse was the fact that their Cooperative character had to high extent been lost. Members participation became weak, little public support was given when reform took place.

Today the situation in the former Soviet Union is not transparent to any one, at least outside. In Central Europe, however, Cooperatives seem to recover and develop step by step.

Now we learn how our colleagues in PR of China and Vietnam have

experienced a period of economic reform. We understand that both government and movement are aware of the dynamic in changes, and that similarities to what was lost in the USSR are somewhat limited.

If extremely planned economics undertake reforms for fast expansion, then the need for Cooperative elements are perhaps stronger than elsewhere. Nowhere seems capitalism more present today than in Russia, just out of yesterdays collective planning.

Here the ICA has the task to assist, but not least by bi-lateral contacts - movements to movement - and by attracting capital from sources like the European Development Bank, World Bank and the Program of the European Union.

Do you remember that I have been given the subject "Int. Coop. Trends, basic values and principles"?

Will you feel cheated if I say that I will not speak on values and principles specifically?

I hope, and I believe, you have found that my whole approach is based on the idea and practice of our movements, you know them well probably.

If in your ranks there should be a minister new to the subject I can only tell him that a contact with the movement would pay off.

Really it is not too complicated. Cooperatives are built on practical advice and some ethical behaviour. They make it possible for a group of consumers or producers to work together as we all do within our families. Let me only underline one more thing. See to it that your Cooperatives, its leaders and its members operate as you do at home - with honesty, openness and full transparency for the members.

Strengthening Genuine Cooperatives, Role of ICA and its Collaboration with International Organisations and Development Partners

by Mr. Bruce Thordarson

It is a pleasure for me to say a few words to this important gathering, which marks another major milestone in the development of cooperatives in the Asia-Pacific region.

My task today is to put your work into a slightly larger perspective –to describe how this conference fits into the global development strategy of the International Cooperative Alliance, and why it, therefore, has a significance beyond this region alone.

It is not necessary to spend much time talking about the world-wide changes which have greatly affected the economic, political, and social environment in which cooperatives operate today. The background papers prepared for this conference describe correctly and succinctly the major global trends of structural adjustment, deregulation, liberalisation of markets, and so on. The major implication of cooperatives is that in the future they can expect to face greater competition and to receive less support from governments. The other side of the coin, of course, is that they may have the freedom to move into new areas of activity from which they were previously excluded.

When we look at the issue of poverty alleviation, however, we do not see such dramatic changes in the global environment. One can even argue that the situation is becoming worse, when the effects of structural adjustment are not accompanied by measures to help the people who will inevitably suffer. If it is true that there are still some 800 million people living in poverty in the Asia-Pacific region - in spite of the impressive economic growth that has been recorded in most countries, then it is obvious that the need for cooperatives remains as high as ever. And that is true in other parts of the world as well.

In many ways, therefore, cooperatives are now at a major turning point. Those which have operated in protected or monopolistic markets will be facing the harsh wind of competition. Those which have neglected their membership base will find it increasingly difficult to find reliable sources of capital. Those which have relied upon the financial support of governments will see their resources diminishing.

This is why the ICA has set such importance on the theme which has guided the work of these Ministerial Conferences ever since 1990 the search for an appropriate partnership between cooperatives and governments, which is suited to the new conditions.

From our point of view, the concept of partnership is very important, because it implies a relationship between autonomous bodies. Of course, everyone recognises the governments' over-riding responsibility for the affairs of their countries. But increasingly it is now recognised that cooperatives should be free to determine the kind of relationship they want with governments, and that this relationship should be designed to be of benefit, above all, to their members.

Around the world there is a great variety in this relationship. Cooperatives in Denmark and Norway are proud of the fact they have no cooperative law, and therefore no cooperative registrar or commissioner. Other cooperative movements are equally proud to see cooperatives explicitly recognised in national constitutions - in this regard I think of the Philippines and some other Asian countries. In Africa the cooperatives are moving into export activities that were previously the monopoly of governments. The ICA's role in this process is therefore not to develop one "system" which can be applied world wide. It is rather to provide a process whereby cooperative and government leaders can learn about other experiences, and then decide what form of relationship makes best sense for their particular country. I have the impression that the Ministerial Conferences in Asia-Pacific have made an important contribution in this direction, and it is therefore especially interesting to see that the recent consultation meeting in Kuala Lumpur has proposed that this process now be transformed into a more regular forum.

In this vitally important area of its work, the ICA has been greatly assisted by its collaboration with international organisations and development partners. In addition to providing much-needed financial support for this process itself, they have also contributed to the evolution of thinking and understanding in this area. The ILO's Recommendation 127 remains a fundamental point of reference, and the on-going work towards its amendment will no doubt lead to an even more useful document in the future. The FAO has helped the ICA ROAP bring together government and cooperative officials responsible for agricultural cooperatives, and has thereby contributed to their mutual understanding. The cooperative organisations with which ICA works most closely and in this region are especially those from Sweden, Japan, and Canada are firm advocates of cooperative autonomy, based on their own national experiences, and this thinking permeates the activities which they support.

Perhaps I should pause here and return to the issue of the review of the cooperative principles, which has already been discussed. As you know, this will be a central theme of the ICA's 1995 Congress in Manchester. The first draft of the proposed revisions has now been prepared, and is being circulated to ICA member organisations for their review and reaction. This first draft might therefore be considerably

changed before it reaches Manchester, but I would like to inform you that it now proposes the addition of a new cooperative principle - a seventh - which would be based on cooperative autonomy - that is, the idea that cooperatives should always be controlled by their members, whether this be in their dealings with governments or in their dealings with capital investors, business partners, etc. If this concept does in fact become a part of the new cooperative principles next year, it will reflect the kind of thinking which lies behind this very conference.

The ICA's efforts to promote a favourable policy environment in which cooperatives can operate is very much assisted by its relationships with the United Nations and its Specialised Agencies. I have already mentioned the important work of ILO and FAO. Increasingly we hope that the UN itself will help to influence governments towards a better understanding of cooperatives.

This is essentially the purpose of the draft resolution, proposed for consideration by the Ministers here, which would support the forthcoming report on cooperatives from the UN Secretary-General. His 1992 report, and the accompanying ECOSOC and General Assembly resolutions, have already assisted in promoting the cooperative cause, and we hope that this year's report and resolution will be even more effective. Already, for example, the UN has agreed to the celebration of an International Cooperative Day in 1995, to mark the ICA's centennial, which can be used around the world to generate publicity and understanding for cooperatives.

In this process of working with the UN, our collaboration with all the other members of COPAC - the Committee for the Promotion and Advancement of Cooperatives has been particularly useful. There is no substitute, however, for strong support from national governments. We hope that this conference, and other activities of the ICA and its international colleagues, will give Ministers the information they need to influence their own governments, and in turn to support the UN in its advocacy work on behalf of cooperatives.

In 1995 the UN will hold two major international conferences of considerable interest to cooperatives - a World Summit for Social Development, in Copenhagen, and the Fourth World Conference on Women, in Beijing. The ICA and its regional offices have been preparing material and attending preparatory meetings in order to ensure that, at both meetings, cooperatives receive the recognition they deserve. Progress has already been made in the draft declaration prepared for the Social Summit, which now includes several references to cooperatives - a result, perhaps of recent high-level meetings held in New York by ICA and the other members of COPAC.

In the new, more competitive environment it will be increasingly

important for cooperatives to work more closely together with each other. This is as true for cooperatives in the North as in the South, and is the basic motivation behind the ICA's new structure which has been in place since the 1992 Tokyo Congress.

Essentially the ICA's main approach is to see itself as network through which its members and partners can work together in pursuit of their common objectives. We believe that this collaboration will be most effective among like-minded bodies, which is why the new structure is based on decentralisation, both regional and sectoral.

The new regional approach is designed to strengthen the ICA Regional Offices as the operational arms of ICA in the regions, and to establish new Regional Assemblies in order to enable members to have a greater influence on policy matters that affect them. Without losing the global perspective of a single world-wide organisation, this new structure should lead to new efficiencies in terms of both resources and activities.

From a sectoral point of view, ICA is supporting and encouraging the work of the Specialised Bodies which operate under its umbrella the ten organisations based on functions, such as consumer, agriculture, banking, etc., and the four functionally oriented committees in the areas of education-training, research, communications, and women. These fourteen bodies operate very much like the specialised Organisations of the UN system - that is, they are essentially independent of the central body and operate with their own budgets based on supplementary financial contributions from their members, who do not necessarily have to be part of the central body. (Even in the UN system, as you know, a few countries are active members of the Specialised Organisations without being part of the UN itself - Switzerland being perhaps the most obvious case.)

But even though these fourteen bodies are essentially independent of the ICA, most have realised that it is in their interest to work closely together. Here in the Asia-Pacific region, the ICA has been successful in developing very good relationships with many of them, and is in fact using their structures to identify programme priorities and to carry out projects. They, in turn, look to the ICA Regional Office to provide secretarial and programme support, for which we are often able to obtain financial assistance from a development partner. Each organisation has its own peculiarities, but in general we can say that the strengthening of this linkage will be an important way in which cooperatives can increasingly work together across national borders.

This leads me to another central theme of the ICA's work, which is Human Resource Development, there is little doubt that HRD in its widest sense - education and training, but also personnel policy management and gender policy - will largely determine the success or

failure of cooperatives in the new environment. This is why the ICA has developed new global policies on both HRD and Gender, and has placed priority on the development of regional programmes in all its Regional Offices.

Here, too, the interest of our partners in working together has been very encouraging. Whether it be INCOTEC in terms of policy guidance, ILO in terms of the new Coop Net projet, FAO in terms of public participation projects, or our cooperative partners in Sweden, Japan, and Canada in terms of programme support, the ICA-ROAP has developed a wide range of joint activities which enable it to play an important role in this vital field. We all recognise, naturally, that much more needs to be done, in this region as in others.

Another global role of ICA is to seek access to greater financial support for cooperative development. Since we believe in the cooperative approach to development, we have no hesitation in saying to the World Bank, to the regional development banks, and to bilateral agencies that they could accomplish much more with their development support if they allocated more to promote cooperatives and cooperative structures. One can even argue that when many of these agencies have supported cooperatives in the past, their support has been counterproductive because it has perpetuated cooperative reliance on government programmes.

In this battle the ICA's most important allies are the national cooperative movements in the developed countries which have made their own commitment to cooperative development. It is they who are increasingly obtaining access to the resources of their national governments for cooperative development in the South, and, above all, are using these resources in direct movement to movement programmes. While in some instances there will remain a need for government - to - government programmes, we are convinced that the most effective form of external support to cooperatives is directly to the cooperative structures themselves, and ideally from cooperative agencies who truly understand the modalities of cooperative development. It is the challenge of the cooperatives, and of ICA, to have the necessary structures and capabilities in place in order to ensure that this assistance is well used.

In this region it is noteworthy that the Asian Development Bank has been - at least to my knowledge - almost completely absent from the field of cooperative development. Here is a role for ICA to play, in collaboration with its national members, and here too is a role for national governments to play in terms of influencing the policy of the Bank. Perhaps this can become another area of partnership between governments and cooperatives in this region in the future.

I should add that, in terms of the new ICA structure, we are

endeavouring to see that the four regions do not become excessively inward-looking, but maintain a global perspective and interest. The new ICA European region, for example, has developed a work programme consisting of ten activities, one of which is to stimulate increased assistance from the European Commission for cooperative development in the South. The first step will be to help them to understand more about cooperatives, and for this we will use the strong network of cooperative development agencies which already exist in most of the western European countries, both inside and outside the European Union.

In order to describe the purpose of our efforts, the ICA is more and more using the terminology of sustainable human development. This concept, increasingly accepted by development agencies around the world, implies that economic growth, while necessary, is not in itself a sufficient condition for development; there must also be recognition of the basic needs of people, in the interests of equity, especially those most likely to be adversely affected by market forces; and the process of development must also respect environmental factors, thereby ensuring sustainability for future generations.

Cooperatives are obviously ideally-suited for this task. "Human development" is what they have always been about-meeting the basic needs of their members. Increasingly they are also at the forefront of efforts to protect the environment. The ICA Regional Office presented, at the 1992 Tokyo Congress, a report outlining the extent of cooperative activity in environment issues in Asia-Pacific, and it is impressive indeed, whether one looks at agricultural and consumer cooperatives in Japan, fertiliser cooperatives in India, recycling cooperatives in China, or many others.

The ICA's efforts to encourage its members in this direction, and to publicise their accomplishments, will continue next year at our Centennial Congress in Manchester, when "sustainable human development" will be a second theme of the Congress, in addition to the discussion on the cooperative principles and charter.

The Manchester Congress leads me to one final point that I would like to make today. Although this conference and others have brought together government and cooperative representatives at a regional level, there has never been an opportunity for such interaction to occur at the global level. It is possible, therefore, that ICA will organise a conference of government officials responsible for cooperatives at the Cooperative College in the U.K. around the time of the 1995 Congress. Such a meeting could build upon the work being done by the ILO, which next year will hold another seminar on the topic of cooperative legislation. It could also provide an opportunity to discuss the implications of the revised cooperative principles.

In any case, although these plans are not yet firmed up, I wanted to mention the idea today in the hope of receiving some feed-back from the various government delegations about whether or not they think such an initiative would be useful. If you would be so kind as to contact either me or Mr. Sharma in due course, it will be very helpful to us in deciding upon future activities.

The distinguished participants, thank you for your patience in allowing me to digress somewhat from purely Asia-Pacific topics. I can assure you that, in this region as in others, the ICA looks forward to its continued collaboration with all of you in pursuit of our common objective of "sustainable human development".

COUNTRY STATEMENTS

COUNTRY STATEMENTS

Bangladesh

**Mohd. Abdus Salam Talukder, M.P.
Minister for Local Government, Rural Development &
Cooperatives, People's Republic of Bangladesh**

It is indeed a great pleasure to be here to participate in a Conference on Cooperative Government collaborative strategies for the development of Cooperatives in the Asia-Pacific region. I would extend my heart-felt thanks to Honourable Minister for Food, Cooperatives and Janasaviya, Government of Sri Lanka for extending the kind invitation to me to take part in the discussion on a vital issue which concerns the welfare of the vast humanity of this region. The endeavour is extremely useful and commendable. I also offer my sincere thanks to the Government of Sri Lanka for making excellent arrangements and facilities for the comfort of the delegates and smooth conduct of the conference.

It is gratifying to note that there has been a great concern on the part of the International Cooperative Alliance (ICA) about distortions of Cooperative Development in the Asia-Pacific region particularly among the less developed countries. The distortions, it is believed, are mainly in respect of legislative and policy measures taken by these governments. This caused erosion of Cooperative principles and basic values, not to speak of democratic management of co-operatives. In the backdrop of this situation the theme chosen by ICA for the present seminar seems to be most appropriate. It is, indeed, indispensable to establish a common platform for dialogue between and among the government and cooperative movements in the Asia Pacific region. A strong consensus is necessary on importance of Government's regulatory and supervisory role along with its pledge to give whole-hearted support to co-operatives as viable and distinct socio-economic institutions. Side by side, the autonomy and independence of co-operatives are of paramount importance to make them more ideal and member-controlled strategic instruments. The co-operatives thus need to be self-managed, self-financed and democratic.

With the introduction of market economy throughout the world specially in the countries of this region the Cooperatives have been facing new challenges to stay as viable institutions, Thoughts and efforts must be directed towards revitalising the movement against these odds so that they can continue to remain viable and sustainable; otherwise movement will lose its strength and relapse into moribund condition.

Here I would like to highlight the issues on co-operatives in Bangladesh. Bangladesh with a population of about 12 million in an area of

1,44,000 sq. km. finds in co-operative movement a wave to tide over the crises of low productivity, subsistence agriculture, high rate of population growth, unemployment and poverty. The Cooperative Societies Act of 1904 was enacted by the then government to facilitate the access of the farmers to institutional credit. Legislations of 1912 and 1940 were passed to further consolidate this governmental support to Cooperatives. The fact that "the Government has always played a dominant role in terms of organizing co-operatives, controlling their structure and function and using co-operative as a strategic instrument for carrying out its policies" is still valid like the past.

Again, recognition of autonomy and independence of Cooperative right from constitution of the country to framing of Cooperative Ordinance and Rules has been well taken care of. Principles of co-operation particularly democratic management by "member-control" mechanism are respected. Final authority of a co-operative is vested in general members in the General Meeting. Transparency, Accountability and Rule of law aspects of a co-operative were well guarded by law. In Bangladesh along with the traditional Cooperative system, a two-tier Cooperative system based on famous Comilla Model, was introduced nation wide in early seventies. These societies are organized, supervised and promoted by the Bangladesh Rural Development Board. The traditional co-operatives are organised, supervised and promoted by the Department of Cooperatives which is also responsible for the registration, audit, inspection, liquidation and regulation of both types of co-operative societies.

Village level societies under the two-tier system consist of farmers' Cooperatives (Krishak Samabaya Samity or KSS), Women's Cooperatives (Mahila Samabaya Samity or MSS), Landless men's and women's Cooperatives (Bittahen Samabaya Samity or BSS & Mahila Bittahen Samabaya Samity or MBSS). The primary societies form Thana (Sub-district) Central Cooperative Associations (TCCAs). The members of these societies receive credit, training on knowledge and skill development and management of co-operatives.

In some of the sectors Cooperative societies of Bangladesh have achieved remarkable success. Women's Cooperative societies spread throughout the country are silently bringing about changes in the socio-economic condition the rural women. Housing Cooperative societies, active in the urban areas, made commendable contributions towards solving the housing problem.

At the national level Bangladesh Cooperative Insurance Society, Bangladesh Samabaya Bank, Milk Producers Cooperative Union Ltd. (Milk Vita) are but a few of the Cooperative institutions which have earned reputation by rendering valuable services to the nation. Milk vita has made successful endeavour to meet substantially the demand of milk

and milk products in the country and at the same time to ensure fair price to milk producers.

Cooperative societies in Bangladesh have so far generated employment opportunities to 0.19 million people. Cooperative Societies in Bangladesh are also engaged in environmental development like the organised tree plantation.

Bangladesh Government under the dynamic leadership of Prime Minister Begum Khaleda Zia has underpinned the importance of eradicating poverty through implementation of many poverty alleviation and rural development programmes. The poverty alleviation projects are being implemented through co-operatives and also informal groups. All these development efforts have resulted in reaching a near self sufficiency in food, providing income generating activities to the rural poor with enhanced employment opportunities and income. Beneficiaries have been able to increase family income appreciably and motivated to adopt small family norms, to send children to primary schools, improve sanitation, health and nutrition. The co-operatives and informal groups have contributed substantially to increased productivity, improvement of welfare and quality of life of the people. Nevertheless there are many co-operatives which have not been able to reach viability and sustainability to be self-reliant in the long term. I hope this conference will discuss this issue and come out with a finding how to make them sustainable and self-reliant on the long term basis.

I would like to mention that the co-operatives in the developing countries have been beset with many problems and weaknesses. These must be looked into so that adequate measures both legislative and administrative can be taken at the Government level to facilitate efficient and effective operations of Cooperative societies. In Bangladesh a Parliamentary Sub-Committee has been working to update the Laws and the Rules on Cooperative keeping in view the changed circumstances. I hope this will help create a dynamic and functional relationship between Government and Cooperative to promote and strengthen socio-economic development of the country.

There will be statutory provisions to regulate and guide the co-operatives, what is needed is the rational application of laws and rules in order to widen the prospect of collaborative approaches between the co-operatives and the Government. Certain areas are definitely there which can promote the collaborative approaches. Government demand on co-operatives should be reasonable. Cooperatives should not be regarded as a solitary island of efficiency. It is a part of the totality of national environment of any country.

It is, however, observed that, Cooperative-Government collaborative approaches are making headway in following aspects which should be rather encouraged without any reservation :

- a) Creation of a favourable environment,
- b) Human resource development,
- c) Finance,
- d) Planning,
- e) Strengthening National Level Cooperatives.

Here consensus is necessary for major contribution by government towards changing co-operative law, development of co-operative policies. Government should give co-operatives an equitable treatment in its economic policy. According to strength of co-operatives, promotional aspects like Planning, Training and Education may be transferred to National Cooperative Organisation; while government may retain the functions of supervision and regulation.

Human resource development may receive the attention of the Government more in matters of Cooperative - Government collaboration. For successful co-operatives, modern personnel policies and effective training programmes are essential. Active participation of members and mobilization of women and youth are also significant in the context.

Financial support of the Government as long-term loans, working capital and investment guarantee may enable co-operatives to undertake capital intensive activities. Encouragement to Cooperative Banks, Thrift and Credit Cooperatives as well as the Insurance Cooperatives may be of great economic significance as they might be able to assume the role of protecting the assets and capital for co-operative development.

A regular dialogue between government and co-operative may be encouraged in matters of national planning strategies. Nevertheless, the co-operative movement should fix up its own goals and priorities and acquire capability to influence government policies.

This may be asserted that ideal situation of leadership, intrinsic worth, economic power, the organizational strength of co-operatives are important to demand say on the autonomy and independence on their part. Besides, the government should play positive role to help attain the objectives of co-operatives. Cooperatives should be considered as participatory force of national development. It should rather be defined and demarcated from time to time to identify the frontier or border line upto which the co-operatives could reach. Here too, collaborative approach between the co-operative and government shall play vital role.

Finally, I thank His Excellency Mr. Weerasinghe Mallimaratchi, Hon'ble Minister for Food, Cooperatives and Janasaviya for inviting me to attend this important gathering and presenting our experiences on Government - Cooperative relationship. I also thank ICA and its regional office for identifying an important theme for the conference. I once again thank you all and like to conclude here wishing the co-operative movement a great success in the years to come.

China, People's Republic of

**Mr. Ma Lisheng, Vice Minister for Internal Trade,
People's Republic of China**

Mr. President, Ladies and Gentlemen, dear Friends,

First of all, allow me to express our heart-felt thanks to our host Hon'ble Weerasinghe Mallimaratchi. Minister of Food, Cooperatives and Janasaviya for inviting us to attend this conference and extending to us the warm, friendly and well-arranged reception.

It is well known to all that the Chinese economy has achieved great development since the policy of reform and opening up to the outside world set in. At present, our society is stable, our economy is smoothly developing, our people's living standard is improving constantly and all people throughout our country are working hard with confidence for developing our socialist market economy.

The Chinese government clearly realizes that in our process of transforming from the original planned economy to market economy, the agricultural production and rural economic development should always be emphasized as the first priority in the development of our national economy. China is an agricultural country. Its national economy can not achieve the stable and constant development without a flourishing agriculture and rural economy. The Chinese government, while offering preferential policy treatment and financial support to the development of agriculture, largely promotes the establishment of rural social service system, develops agricultural produce market and accelerates the reform of the supply and marketing cooperatives with the aim of solving the problem of linking the small scale production in the countryside and the big market in the cities, and helping farmers to overcome difficulties in the production, such as lack of information, fund, smooth circulation system and etc. From the experience of our socialist market economic development, it is realized that farmers must organize themselves for entering the market. The development of farmer's cooperative economic organization on a voluntary basis is vitally important for consolidating the status of the socialist collective ownership as the main form in the countryside and leading all farmers to a well-off life together. The development of rural cooperative economy is conducive for the Government to strengthen its ties with the thousands of millions of farmers and to adjust, control and develop the agricultural economy.

Based on the above point, the Chinese government attaches much importance to the reform and development of the supply and marketing cooperatives. The Chinese supply and marketing cooperatives have experienced 40 years of development since its founding and have formed

a large system with strong economic strength. Upto now, there is a nationwide membership of 160 million households, 32,000 primary societies, 2,300 country-level federations and 30 provincial, autonomous regional and municipal federations across our country. 970,000 cooperative service networks have been established with 5.4 million employees. 75 billion yuan asset, and an overall annual turnover of 450 billion yuan. The cooperatives have also set up 4,500 commodity production bases of certain scale and more than 30,000 agricultural product processing facilities supplying 40 billion yuan worth commodity for exportation. The Chinese government also encourages the supply and marketing cooperatives to make good use of the fact that the cooperative movement is an international movement, in improving its economic and technological cooperation with other countries. Through ten years of efforts. The Chinese supply and marketing cooperatives have established about 3,000 joint-venture and cooperation enterprises with various countries, involving US\$ 2 billion foreign investment. This contributes very much to the improvement of our rural circulation facilities, the processing technology and the product quality. Recently, the Chinese Government has authorized several dozens of cooperative enterprises to do foreign trade business directly with the purpose of encouraging those enterprises to be more open to the world.

Along with the establishment of our socialist market economy, the supply and marketing cooperatives are also confronted with some difficulties. The main problem is that the market competition is very strong while some local primary societies, small and less efficient, incurs serious losses. To tackle this problem, we help them to improve the management and enlarge the business scale on one hand and encourage them to merge into bigger societies on a voluntary basis on the other. It is projected that in the next 5 years, the number of primary societies will be adjusted from the present 32,000 to 20,000 in a bid to achieve the scale management and efficiency.

The Chinese Government recently made the following reiteration :

- (1) It must be well aware that the cooperative issue is actually that of agriculture, rural areas and farmers. While tackling the issue concerning cooperatives, the status and role of cooperatives must be considered in connection with the agriculture, rural areas and farmers which affects the whole situation, and that the nature and objectives of the cooperatives should not be ignored. Especially in developing the socialist market economy, it is even more important now than any other time for the supply and marketing cooperatives as the farmers' own cooperative economic entity to resume its role.
- (2) The collective ownership of supply and marketing cooperatives must be absolutely respected in order to protect the cooperative property and its legitimate business operations and secure the cooperative structure people based and intact. Government

authorities at various levels and their agencies are prohibited from transferring and diverting cooperative property to other purposes, or changing the subordination of cooperative enterprises. (3) Cooperatives must adhere to the principals of voluntary participation, mutual benefit, democracy and equality. Cooperative organizations at various levels should adopt member congress system to democratically elect leaders, discuss important matters and supervise the management operations. It is not allowed to go against farmers' will by administrative interference and commanding orders. I firmly believe that the implementation of the Chinese Government's reform policy for cooperatives will have deep and far impact on the development of cooperatives.

Mr. President, China, a developing country needs a long term peaceful international environment, and support and cooperation from various countries in our modernization drive. Our Asia-Pacific countries are all close neighbours and should work together friendly to develop economic and technological cooperation and exchanges. I hope that all Hon'ble ministers present here from various countries can make your efforts for promoting the economic, business and technical cooperation among cooperatives in our region. The Chinese Government will do its best to support the Chinese supply and marketing cooperatives to make more contribution along with all cooperatives in this region to a prosperous Asia-Pacific economy.

Thank You.

Fiji

Hon. Paul F. Manueli Minister of Finance and Public Enterprises

Mr. Chairman, the ICA President, Honourable Ministers, ICA Member Countries, Representatives of International Organizations, Ladies and Gentlemen.

I am indeed honoured and privileged to be here at this Conference of the Ministers responsible for Cooperative Development in the Asia-Pacific Region.

At the outset, I would like to congratulate the conveners of this Third Ministerial Conference; the International Cooperative Alliance and the host Government of Sri Lanka. I am fully aware of the outcome of the first Ministerial Conference in Sydney in 1990 and the second in Jakarta in 1992 where Fiji was represented.

The Fiji Cooperative Movement is privileged to be associated with the International Cooperative Alliance, the world body of the Cooperative Movement. Fiji is the only member of this august body from the Pacific Region.

The Cooperative Movement in Fiji is affiliated with the International Cooperative Alliance, via its umbrella organisation, the Fiji Cooperative Union Limited. Some 887 Cooperative Societies representing 26,000 families in Fiji are involved in the Cooperative Movement.

The Government of the Republic of Fiji continues to play the role of a facilitator through policy initiatives and creates a favourable environment for Cooperatives to play their role in full as a community-based and people's organisation.

The following important changes/developments have taken place in the Fiji Cooperatives Movement since the Jakarta Conference:

- A comprehensive review of the Cooperative Legislation of 1947 is in progress which was assisted by a Mission from ILO Headquarters. The Bill is now in the final stages of preparation. The legislation, when enacted, will give greater autonomy to co-operatives to run their own affairs as the members deem necessary. The Legislation will incorporate a Code of Conduct for elected bearers and members of the Board.
- The Cooperative Movement has stepped up education, publicity and intensive campaigning to educate the members and general public about the socio-economic objectives of co-operatives.
- International assistance has been given to the Cooperative

Movement in Fiji in the form of workshops, consultations, consultancy missions and visitation programmes.

A ten year Cooperative Development Policy Paper has also been developed by Cooperative movement leaders and Government officials. This policy paper incorporates most of the recommendations of the Jakarta Conference.

The Umbrella organisation of the Cooperative Movement is collaborating very closely with the Government on important issues affecting co-operatives. My Government is fully aware that co-operatives have a vital role to play in the national economy of the country. There is a forum whereby co-operative leaders and Government officials meet and exchange views for mutual benefits. It is planned that the Cooperative Movement in Fiji will achieve greater autonomy and independence by the year 2000.

We in Fiji have made major changes in our approach to economic development in recent years. This has implications for the way in which Government interacts with the Cooperative Movement.

Our vision for Fiji's future centres on an export oriented, private sector led economy. We are convinced that this provides the best prospects for economic growth and improved standards of living for our people.

Further, we want the benefits of development to be shared by all sections of the community. Indigenous Fijians, in particular, are being encouraged to become more involved in the formal sectors of the economy. The Cooperative Movement is an important vehicle in the pursuit of this objective.

We no longer think first in terms of Government intervention when a need arises. We look to the private sector, and Government does what it can to create a healthy environment in which the private sector can operate.

This change in our thinking has influenced our approach to the Cooperative Movement. We view co-operatives as part of the private sector, and we encourage them to operate in an independent and business like manner.

This has not always been the way. Cooperatives have tended to occupy an uncertain ground somewhere between the public and private sectors. They are involved in commercial activities, but are also heavily dependent on the public sector for guidance.

And public sector guidance has not always been sound. The more our co-operatives can link in with the private sector, the better. This is where their future lies.

The Government has emphasized over the years the importance of

developing the co-operative structure and network as an important machinery to facilitate rural development and to involve the rural traditional sector in the mainstream of economic development.

As a matter of policy, emphasis has been placed on the promotion, establishment and operations of rural income generating co-operative societies.

Cooperative development is a rather specialised area of the wider commercial field in the economy. In the Fijian context, it is more than business management and organisation because it involves the traditional rural sector which has little knowledge and experience of commercial practices and is bound by a value system which at times conflicts with the norms of proper business operational rules and procedures.

After the enactment of the co-operative legislation we shall consider the transfer of some of the development functions from the public administration to the national apex of the Cooperatives Movement, the National Cooperative Federation. This could include training for the members within the Cooperative Movement and supervision and control of the operations at the lower level of the structure of the Cooperative Movement.

My Government believes that Cooperative Movements of this Region and respective Governments have common objectives of improving the socio-economic conditions of the people as well as contributing to overall national development. They should support each other to achieve these common objectives on the basis of mutual trust, confidence, respect and social justice. My Government is also aware of the need for an orientation programme for top level policy makers to keep them aware of the changing environment and the needs of the Cooperative Movement.

We are of the view that there is need to deepen regional co-operative collaboration in Asia and the Pacific to enhance regional co-operation among co-operatives. We also believe there is now a need for sub-regional collaboration among Pacific Island Cooperatives where the Fiji Cooperative Movement could play an important role. As a start, a review of the Cooperative Legislation in other Pacific countries can be undertaken similar to that undertaken in Fiji by the International Labour Organisation.

In conclusion, I will follow the proceedings of this conference with great interest. The Fiji delegation is keen to pass on to other delegations the benefits of our experience in developing co-operatives, and equally keen to take back with us to Fiji the benefits of lessons learned in other countries.

India

Hon'ble Dr. Bal Ram Jakhar,
Union Minister of Agriculture, Government of India

First of all, I extend warm greetings to all of you on behalf of Government of India and Indian Cooperative Movement. I greatly value this distinguished assembly of Cooperative Leaders, Planners and Government officials from different countries in Asia and Pacific Region, as a forum to share thoughts and experience. I also express my sincere thanks to the Government and Cooperative Movement of Sri Lanka for extending warm hospitality to us and excellent arrangements for the Conference.

2. Cooperation is a movement based on values. Equality of human beings, democratic functioning, self-dependence and self-reliance are some of the basic cooperative values. These values are ideological, economic and social. There is a desire and demand for social and economic justice by every one in every country. Cooperation can play important role in meeting them. The Cooperative organisation is not merely an economic system, but also practical economic democracy through members' direct participation. Economic gain with social justice is the goal of cooperation.

3. The Cooperative Movement in our country was initially conceived as a credit movement to alleviate the sufferings of poor farmers community by providing needed credit support for improving farm production. After our independence and with the adoption of economic planning, cooperatives were recognised as an important institutional framework to change the economy of country and State partnership and involvement in cooperatives were recognised as crucial means to achieve the national objectives.

4. As a result of Governmental policy and support, the cooperative sector has emerged as an important and powerful sector and has entered almost every conceivable economic activity. In the successive Five Year Plans of the country, cooperatives have been assigned a specific role in socio-economic transformation. Ours is a rural country and its economic development depends to a great extent on the development of agriculture and its allied activities. For our farmers, the rural poor and other weaker section of the society cooperatives are a means of getting credit, inputs and service needs. The Cooperative sector has a wide spread infrastructure with 353 thousand cooperatives ranging from giant institutions to the tiny village level cooperatives with membership of 175 million and a working capital of Rs.7,70,000 million. It is a matter of great satisfaction that the impact of cooperatives can be visualised in all segments of our economy. The important segments of cooperative sector that have emerged

are banking and credit, agro-processing, dairy, fishery, artisans and workers cooperatives, consumer cooperatives, housing cooperatives etc.

5. In the sphere of agricultural credit, the share of cooperatives is more than 43% of the total credit disbursed in the country. The role of cooperatives in agricultural marketing has been expanding. Cooperatives have handled the marketing of agricultural produce worth Rs. 59,290 million in 1991-92 and this is likely to increase to Rs.80,000 million by the end of 1996-97. In the field of agro-processing, Government has been making continued efforts for developing cooperatives with an agro-industrial base, especially in rural areas, so that farmers may get a better return. Further, cooperative sugar factories are a matter of pride as they achieved remarkable success during 1991-92 by producing 62.4% of the total sugar production in the country.

6. In accordance with the national priority of oilseeds development and increasing the role of cooperatives in supporting the farmers, integrated oilseeds complexes have been promoted by organising exclusive oilseed growers' cooperative societies. In the field of fertilisers about 34% of the total fertiliser distributed in the country is by cooperatives. The National Cooperative Development Corporation set up by the Government of India has been implementing a variety of projects in the sphere of processing, storage, marketing of agricultural and the forest produce and other consumer items as also for the development of the backward areas.

7. Government have adopted a very positive and encouraging approach for the overall development of cooperative sector in the country. A new National Policy on Cooperatives is on the anvil as well as a new Model Cooperative Law, which will enable cooperatives to discharge their functions freely and professionally without undue external control and interference. In the new economic policy of the Government, promotion of exports, establishment of agro-processing units and consumer protection are the main thrust areas. Promotion of exports and development of agro-processing industry in the cooperative sector require a great deal of technological upgradation as well as mobilisation of resources. It also requires closer collaboration and coordination among movements of developing countries and developed countries.

8. At the time of last Ministers Conference held in 1992 at Jakarta, new economic policies of the Government of India were in initial stage of their implementation. Now the gains of economic reforms have started flowing in the country. In this context, the Government of India appreciates and supports the recommendations made in the report of the Secretary General, United Nations on the enhanced role of cooperatives in the changed socio-economic scenario. No doubt, in future, there will be gradual reduction in Government assistance on patronage and preferential treatment to cooperatives and they will have to compete in the open market.

9. India is entering into a new economic era which is marked by freedom of enterprise, competition and increased linkage of national economy with the global economy. In such atmosphere cooperatives, which belong to weaker sections of the community, have to face new challenges successfully. Cooperatives will have to develop their own internal resources. To withstand the competition in the markets, cooperatives will have to improve their managerial efficiency. They will have to improve their managerial efficiency. They will also have to be cost-conscious. Cooperatives cannot function in isolation as independent units. They have to strengthen their forward and backward linkages to operate as an integrated structure from village to national and international levels. Building of members loyalty and their sustained interest is another a great challenge. This calls for strengthening of education and training programme and structure.

10. The Government of India has initiated several steps to create favourable atmosphere for functioning of cooperatives in the competitive atmosphere. These steps include formulation and implementation of a Five Point strategy for cooperative development in future comprising of formulation of national cooperative policy, democratic functioning by bringing in Model Cooperative Law, strengthening the cooperative infrastructures to make the primary level cooperatives viable, formation of self-help groups and restructuring of the role of federal cooperatives to make them more responsible towards the needs of primary cooperatives. This strategy is in implementation at different stages in the cooperative sector.

11. The efforts are on to make the cooperatives economically viable enterprises with active members' participation. To achieve this goal a comprehensive programme for revitalisation of cooperatives is being implemented in the country at the grass-root level through Business Development Planning.

12. The National Cooperative Policy, being formulated by the Government, aims at making cooperative movement an autonomous and self-reliant sector and also promoting cooperatives as an instrument to harness and develop people's creative power for decentralised economic development in order to maximise productivity. We have already initiated steps to modify the cooperative legislation. This would help the cooperative movement in preserving its democratic character.

13. I feel that mere law or any other support at the Government level is not enough for strengthening the cooperative structure. What is important is efficient and professionalised human resource base at every level of cooperative set-up. The development of human resources is indeed both a means as well as an end in itself. Knowledge is the key factor behind productivity, change and development. In the economic sector while capital and other resources are passive factors of production,

human resources are the active agents who accumulate capital, exploit natural resources and build social and economic organisations.

14. It is the right time to formulate guidelines for developing international collaboration in the field of trade, training and transfer of technology so that competitive strength of cooperative sector in the third world countries can be built up because the survival of cooperatives would depend solely on their operational strength and efficiency in the market.

15. We are sure that the deliberations and conclusions of this Conference like those of the earlier two Conferences will help us in initiating steps for further strengthening cooperative movement in this region. In fact, such meetings should continue to be held at regular intervals and ways and means should be found to ensure the same. With these words, I once again thank all of you.

India

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

His Excellency, President of Sri Lanka, Hon'ble Ministers of Cooperation from Asia and Pacific Region, Excellencies, Ladies and Gentlemen,

At the outset, may I convey very warm greetings of Indian Cooperative Movement comprising with 160 million cooperators to this august conference. I am grateful to the International Cooperative Alliance for their gesture to invite me to participate in this conference. I also express my gratitude and appreciation to the host government and host cooperative movement of Sri Lanka for their very warm hospitality extended to Indian Delegation. We are happy to be in this great country which has cultural and civilizational links with India since ancient times.

My Hon'ble Minister Dr. Bal Ram Jakhar, who is a very well-known cooperator and leading farmers' leaders of my country has already presented to you the changes that are taking place in Indian Cooperative Movement and the policy of the government in support of cooperatives have already been presented in the Statement of my Minister Dr. Bal Ram Jakhar. I therefore, need not repeat whatever my Hon'ble Minister has said.

As you might be aware that under the dynamic leadership of our Prime Minister are our Hon'ble Minister, Dr. Bal Ram Jakhar, the present process of economic reformation is continuing. Our national economy is being re-structured and reformed so as to make it more competitive, liberal, vibrant and globalised in character and functioning. Government have introduced a package of reforms to achieve these objectives.

Obviously cooperatives have not remained aloof from these changes and they have also initiated, on their own, steps to adapt themselves with the changes. Although cooperative sector, inspite its pivotal role and valuable contribution in a diversified field of economic activity, does not find explicit mention in the economic policy statements, its relevance is recognised beyond any question. Their importance may assume greater significance particularly in the context of socio-economic and living the common man with meagre means.

Over the years, the cooperative sector has grown and diversified itself in almost every sector of Indian economy. In terms of resources, volume of business and coverage, it has no parallel as it involves over 160 million strong membership and a huge investment of Rs. 710 thousand

millions. Further we feel that in spite of changes that are ushered into our national economy through liberalisation, the poverty would continue to be a main threat to mankind both within the national boundaries as well as world over. It is in this context, development of cooperatives assumes a paramount importance. It is our conviction that if we want to set up a new economic order based on the growth with social justice, there is no alternative to strong cooperative sector. However, we can also not be oblivious of the challenges that are likely to be posed to cooperatives in a market oriented economy.

To my mind, there are two points of concern to cooperatives in this context - (a) protection of cooperative values, and (b) protection of cooperative solidarity. I am finding that some of the cooperators who have been dis-encharmed with state sponsored and assisted cooperation are being attracted by the glamour of privatisation and therefore, have started to advocate conversion of cooperative societies into cooperative companies. At present, in my country, a debate is going on whether there should be a distinct legislation for incorporation and functioning of cooperatives or they should be incorporated under the company law as it is in case of private enterprise. Some of the cooperators have expressed the view that cooperatives should be allowed to mobilise resources from the market through floating their shares and debentures and trading them in the stock exchange. These ideas are going to have a very far reaching implications for member owned and member controlled cooperatives and may nibble into basic character of cooperation as a system. This is also likely to affect solidarity of cooperatives as some of them may be attracted towards glamour of privatisation and may delink themselves from the cooperatives fraternity. I am happy that this conference is going to discuss cooperative competitive strength and positioning of cooperatives in the market oriented economy. I hope the problem which I have just indicated would elicit the attention of Hon'ble delegates while deliberating this issue.

Views in the above context I feel that the cooperatives can effectively position themselves in a market oriented economy if they adopt a multi pronged strategy which include sensitization of members of cooperatives, effecting required structural adjustments/reformation, micro level/ enterprise level action plan, orientation of the role of national level cooperative organizations and the government etc. I am happy to inform this august gathering that in India we have initiated steps in this regard. The National Cooperative Bank of India (NCBI) to provide the institutional leadership to the cooperative financial sector comprising with rural and urban credit and banking segments of the cooperative sector has already started functioning. Its banking operations would commence during current year after the issuance of license by the Reserve Bank of India. With a view to provide structural strength to

cooperatives the systematic gaps have been identified and action initiated to create new organisations. In the sphere of Insurance sector, with the efforts of the National Cooperative Union of India, Expert Committee on Reforms of Insurance Sector appointed by Govt. of India has come out with specific recommendations for establishment of insurance cooperatives both in the sphere of general insurance as well as life insurance.

Besides, steps have also been initiated to strengthen the professional and managerial base of cooperatives. In the changed economic scenario, the cooperatives have not only to prove their efficacy as an effective tool of socio-economic development but also have to compete with other sectors especially with the private sector. This calls for strong human resource base in the cooperatives sector at all level. I am sorry to mention that cooperatives have not fully realised the importance of HRD as an essential and vital part of cooperative development strategy. In India we have a very vast net-work of cooperative training institutions within the institutional set up of National Cooperative Union of India. The net-work consists of one National Institute of Cooperative Management for Policy Makers and Senior Level Cooperative Personnel; 19 Institutes of Cooperative Management for Middle Level Executives; 95 Cooperative Training Centres for Junior Cooperative Personnel and One National Centre for Cooperative Education for Leadership Development Programmes. In addition, we have a vast net-work of Cooperative Education Programmes for grass root level cooperatives. These institutions and the programmes conducted by them are being revamped and restructured. Very recently we have restructured our Higher Diploma Course in Cooperative Management and introduced 2 year Post Graduate Diploma in Business Management. With a view to ensure that the training is task based modular approach has been adopted for different functionaries in different sectors of the cooperative movements. We would be happy to extend our training facilities to our fraternal cooperative movements of this region.

In our country organizational structure of cooperatives is federal consisting of primary, secondary, state and national level cooperative institutions. However, the growth of the federal cooperative organizational structure has been lopsided. While the federal cooperatives at state and national level have grown in their size and operations, the primary cooperatives at the village level continue to remain weak. Another dimension of the problem is that the institutions within the federal organizational structure do not work in close coordination and with effective inter-cooperative operational linkage. In view of this, a comprehensive plan for business development of primary agricultural cooperatives to be integrated with the working of federal cooperative organisations has been initiated. It is proposed that in coming five years nearly 70,000 primary agricultural cooperatives would have implemented

a comprehensive business development plan based on members needs with active support to their federal cooperatives. This would help in making cooperatives at grass root level effective business enterprises oriented to the needs of their members and will also promote cooperation among cooperatives.

To conclude may I mention that with the implementation of new economic policy, the national economy would be more market oriented and globalised in its nature and functioning. The cooperatives, therefore, have to re-orient and readjust their functioning to face the competition with private sector and to meet challenges of new economic reforms. The important components of action programme adopted by cooperatives should include development of professionalism and efficiency, induction of modern technology, development of cooperatives to cooperative business relationships internationally; building up intra and inter-cooperative relationships; increased participation of constituent members in the decision making process and mobilisation of internal resources with a view to ultimately delink cooperatives from the Government and reshape them into member owned independent entrepreneurial units in open market.

Indonesia, Republic of
H.E. Subiakto Tjakrawerdaja,
Minister for Cooperatives and Small Enterprises

Mr. Chairman, Excellencies, Mr. Lars Marcus, President of ICA, Mr. Sharma, Director of ICA-ROAP, Distinguished Delegates, Ladies and Gentlemen,

It gives me great pleasure to be here to attend the Third Regional Conference of Ministers in charge of Cooperative Development in Asia and the Pacific. May I express my gratitude to the Minister of Food, Cooperative and Janasaviya of Sri Lanka and the International Cooperative Alliance for inviting me to participate in this conference. Allow me to extend my warmest congratulations to the organizing committee for an excellent arrangement of the conference.

On behalf of the Indonesian Government and Cooperative Movement, may I express my warm greetings to all of you. I would also like to express my sincere appreciation to the Government and Cooperative Movement of Sri Lanka for the warmest hospitality extended to us during our stay in Colombo.

Indonesia was indeed very privileged and proud to host the Second Cooperatives Ministers' Conference in February, 1992. At that conference, Ministers in the region noted the result of the intensive follow-up actions undertaken by ICA, including its constant contacts with governments and cooperative movements in the region. They also observed that conference recommendations had positively influenced the cooperative development policies in the region. Perhaps it is in our common interest that at this Conference we keep up the momentum achieved in the Sydney and Jakarta conferences, and to further improve and develop all the agreed upon recommendations.

The Sydney, Jakarta and Colombo conferences are based on the assumption that we are looking for a means to harness the available resources to promote the role of cooperatives in our respective economics, without eroding the cooperative ideology. The cooperatives should be developed as autonomous, self-reliant and resilient business oriented entities, capable of meeting the challenges of the future.

On this occasion, allow me to recall a number of recommendations highlighted in the Jakarta Conference in 1992 as follows:

- i) Greater diversification of cooperatives to various fields of economic activities, especially towards poverty alleviation in the rural and urban areas and promotion of consumers welfare.

- ii) Greater attention to production of value added goods to ensure better prices for farmers through adoption of new technology.
- iii) Promotion of international trade on cooperative to cooperative basis within as well as outside the region.
- iv) Adoption of various models of collaboration between cooperatives and private sector with the view of maintaining the cooperative basic values. For instance, the cooperative's stock ownership program aimed at improving competitive strength and better services to the members.
- v) Strengthening capital formation in cooperatives through various schemes and investments.

Since the 1992 Jakarta Conference, Indonesia has made some fundamental efforts in developing cooperatives in response to the recent development in the economy, such as:

- i) Promulgation of Cooperative Law No. 25 of 1992 that improves the previous Law No. 12 of 1967. Basically, the new law provides better opportunities for cooperatives to overcome their problems and to organize and manage themselves. Government may intervene only upon the request of cooperatives. The new law also emphasizes that cooperatives are a business entity which calls for professionalism and efficiency in management without eroding its cooperative character.
- ii) The 1993 Main Guidelines of the State Policy provides directives for the implementation of cooperative development in Pelita VI (the Sixth Five Year Development Plan, 1994-1999). The goal is to enable cooperatives to become solid, efficient and self-reliant business entities capable of enhancing economic welfare of their members. Simultaneously, cooperatives shall be fostered to become strong economic entities, well rooted in the community.
- iii) Under the new policy, the mandate of the Ministry of Cooperatives is expanded to include the development of small enterprises. Given the new role, the Ministry is adopting a coordinated strategy of cooperation among the several ministries relevant to the development of small enterprises. Thus, the ministries are pursuing an integrated development policy to enhance small business, assist them financially, strengthen their managerial skill as well as promote them through cooperatives.
- iv) The general policy of cooperative development in Pelita VI is directed towards encouraging initiative and increasing competence and participation of cooperative movement and small entrepreneurs through human resource development. To this end, the operational strategy for the development of cooperatives in Pelita VI focuses on five major areas as follows:

- Enhancing market access and expanding market share of cooperatives;
- Improving cooperative access to financial sources and capital formation;
- Improving cooperative capability in utilizing appropriate technology;
- Improving cooperative organization and management; and
- Improving cooperative business network through partnership among cooperatives and between cooperatives and private enterprises.

Allow me on this occasion to briefly mention the salient points of cooperative development in Indonesia. Through a systematic and consistent effort, the growth and role of Indonesian cooperative has experienced significant progress. Today, at the end of the fifth five year development plan, there are 42,061 cooperatives with 22,4 million members, compared to 13,949 cooperatives with 2,7 million members at the beginning of the first five year plan, in 1969. This progress is indeed significant as cooperatives and their values reflect the philosophy of the Indonesian people.

Since the majority of the people live in rural areas, the main thrust of cooperative development, in the first long term (25 years) plan was directed toward the development of rural based cooperatives, referred to as KUDs or Village Unit Cooperatives.

The first stages of cooperative development were strongly government directed. This was done in order to enhance cooperative progress and because cooperatives, as an economic organization, were new to most of the people. The policy was to allow the people to experience, and learn by doing, the cooperative activities. We realize that development of cooperatives in rural areas encompasses a change in the way people perform their economic activities.

However, the basic idea of cooperatives as a grassroot economic organization controlled by the members was always kept in mind. Thus step by step the concept of self reliant cooperatives was introduced. At the beginning of the fifth five year development plan, 1989, the government launched the self-reliant KUD program. The purpose was to stress the autonomous and self-reliant aspect of cooperatives in rural areas. Today, five years after the launching of the program 4,934 out of 8,873 KUDs are certified as self-reliant.

We realize this is not at all the end of the development process. Thus with the inception of the sixth five year development plan this year we have broadened the scope of the cooperative development to include the urban, consumer based, cooperatives, and thus strengthening the bases of the people's economy in its entirety.

We can now observe the fruits of development in terms of a better cooperative image among the people. The role of cooperatives in Indonesia is now strongly entrenched in the economy. Further development will be directed towards the strengthening of human resources, the professional and entrepreneurial skills necessary to manage and enhance the competitive advantage of cooperatives in the face of new dynamics of the economy. The strategy adopted to develop human resources is mainly through the approach of learning by doing.

The government commitment and support for cooperatives is a reflection of the strong commitment of our President, H.E. Suharto, to the role and development of cooperatives. For Instance, in a recent state address, he appealed to big private enterprises to sell up to 25% of each company's shares to cooperatives. The purpose is to strengthen the inter linkage among the various sectors of the economy, big and small, to form an integrated whole, operating with the spirit of brotherhood as mandated by our constitution.

The result of this appeal is not only the physical transfer of shares, but more importantly the revelation it brought to both big companies and cooperatives, as to the potential mutually beneficial cooperation between the parties.

Furthermore, the government has also issued a ruling, that between 1 to 5% of every state enterprise profit should be allocated for the purpose of developing cooperatives and small enterprises.

These aspects are presented here to illustrate the dimensions and extent of government commitment to develop cooperatives. We not only look at the issue of the development from the micro-business aspect but also the macro-economic side of the role of the various economic units in the society.

From this view point we realize that the development of cooperatives could not only be centred on the development of the capabilities of the people within the cooperatives, but should also encompass the development of a conducive business environment. In this respect, the focus of the government policy initiative is to empower cooperatives through a conducive legislative framework that will address issue not only pertaining to cooperatives, but also all economic activities of the national economy.

Within this context, partnership between cooperatives, and among cooperatives and private as well as state enterprises should be strengthened. Through the partnership program, two basic goals are intended, namely, the structural and the cultural.

Structurally, it is intended that partnership between the economic entities, big and small, based on mutual benefit, will strengthen the economy as whole, by increasing added value, efficiency as well as productivity of the participating parties.

Culturally, the strengthening of business participation among the various big and small, urban and rural economic entities, will also facilitate the transfer of skill, attitude and technology that will strengthen the overall national economic structure. This in turn will strengthen the overall economic resilience of the nation.

With respect to the issues to be discussed in this conference, especially amid the recent development in world economy, discussions have been conducted to review the issues and develop relevant strategies to strengthen cooperatives in Indonesia. In view of globalisation, and the trend toward deregulation and less protective policies, some conclusions can be reiterated here.

(i) In facing the economic globalization the role of governments in cooperative development is considered indispensable. However the promotion policies should be directed toward self-reliance.

(ii) Deregulation and privatization are features which are becoming an inevitability in government economic policy even in the non-capitalist economies. Appropriate consideration should therefore be given in national policies and legislations for cooperatives. The policies and legislations should be in tandem with the changing trends and the cooperatives should be included in the consideration of policy changes. National plans should consider appropriate role for cooperatives as suitable vehicles and institutions in assisting income distribution, checking inflationary trends and as an agent for a caring society. Toward this end a forum to facilitate dialogue and coordination between the movement and the government should be established.

(iii) Cooperatives should look for innovative ways to deal with the dynamics of economic globalization, the ensuing structural adjustment program, and at the same time retain the basic values of cooperatives.

(iv) In terms of bolstering capital formation, cooperative should form strategic alliances with other cooperatives and appropriate institutions in building an integrated system that will support the development of a strong network of cooperation among cooperatives.

Permit me on this occasion to elaborate a little on the aspect of small enterprises and their relevance to cooperative development. We believe that the development of small enterprises has a high relevance with the development of cooperatives. Strengthening small enterprises is essentially developing a stronger base for cooperatives since in many respects small entrepreneurs are the members of cooperatives. On the one hand, strengthening the members businesswise would definitely strengthen cooperatives and their role in the economy. On the other hand, it is my view that cooperatives can play a significant role in the development of small entrepreneurs, through their facilitating capability in business.

We define small enterprise in a broad sense to include the independent

farmers. To illustrate the magnitude of the problem in our country, statistics indicate that there are 33,4 million small entrepreneurs out of a working force of approximately 78 million people. This then becomes the scope of my responsibility.

The effort to develop small enterprise is not new. However, for a long time efforts have been made by a number of government bodies and ministries, each looking at the issue from their own point of view. It was only since last year, with the new cabinet, that a Ministry has been appointed to be responsible for the promotion of small enterprises, i.e. the Ministry of Cooperatives and Small Enterprises. Understandably, in view of the existing small enterprise development effort by a number of institutions, my task is how to provide the added value of development through an integrated development policy.

At this point permit me to note some recent development in economic cooperation in the Asia Pacific region, namely the establishment of APEC (Asia Pacific Economic Cooperation). The Seattle 1993 Asia Pacific Leaders Economic Meeting (ALEM), indicated among others the need to assist the development of SMEs (Small and Medium Enterprises) in the region, namely, (i) to strengthen APEC policy dialogue on SMEs; (ii) to include SME participants in the Pacific Business Forum; (iii) to examine the APEC environment for SMEs and possible means to enhance their trade and investment in the region.

These developments need our attention and consideration on how we can relate to APEC, to complement our efforts and enlarge our networking activities to strengthen the development of cooperatives in the region.

The Indonesian delegation is of the opinion that our two previous conferences, held in Sydney and Jakarta, had provided us with a more conducive environment to enhance government-cooperative relationship. This would in turn result in a supportive climate for cooperative action. For that reason I believe that consultative conferences such as the one we are having now are important. I would suggest that we conduct the conference periodically, although the time interval may be stretched to perhaps every three or four years. Of course, I will leave it to you to decide.

I also note in the background paper of our conference, that the issue of establishing a Regional Cooperative Council (Recco) was raised. The purpose of RECCO, as I see it, is primarily to follow up on the implementation of recommendations agreed upon in our conferences. This is certainly commendable. However, I personally feel that an institution for such purpose already exist in the form of ICA-ROAP. Perhaps some adjustment could be made to strengthen its secretariat. Within this framework I would recommend the strengthening of ICA-ROAP Secretariat to accommodate future developments and link it up

with the national apex organizations for eventual actions. By doing so we do not have to create a new institution which may have certain budgetary consequences.

To conclude this country statement, permit me to convey the Indonesian delegation thanks to the government and people of Sri Lanka, the Sri Lanka Cooperative Movement and ICA for the excellent organizing of the conference.

I am confident that our deliberations in this prestigious conference and the potential networking that may emerged, will benefit the development and promotion of cooperatives in our region and that we are headed towards a brighter future through cooperation.

Indonesia, Republic of
Dr. Sri-Edi Swasono,
President, Indonesia Cooperative Council
(DEKOPIN)

Mr. Chairman, Honourable Ministers, Distinguished Guests, Ladies and Gentlemen,

The honour is indeed mine to share my brief presentation at this grand and auspicious Ministers' Conference. Let me first of all, on behalf of the Indonesian Cooperative Council, congratulate the organizers and sponsors of this Third Asia Pacific Cooperative Ministers' Conference, chief of which is the International Cooperative Alliance in close collaboration with the Government of Sri Lanka. I also wish to express my appreciation to all International Organizations - particularly the Canadian Cooperative Association and the Desjardins Cooperative Society - who have provided co-financing through the ICA ROAP in order to make this Conference a successful reality.

This Conference happens to take place at a time when we in Indonesia celebrated its 47th Cooperative Day just a couple of weeks ago. In a mass gathering organised by the movement and three Ministries, namely the Cooperative & Small Business Enterprises, Agriculture, and Population, the growing awareness for the need to empower rural co-operative members in a changing economic environment was keenly felt and expressed by both President Soeharto himself and by the Minister of Cooperatives and Small Business Enterprises who is present among us here today.

The thematic issues and concerns raised during our national celebrated event in a remote village in Indonesia were similar to those being addressed by this Third Ministers' Conference. The DEKOPIN, in particular, is unhappily concerned of the fact that large business enterprises are becoming more aggressive in their surge to capture business opportunities which arose from the fast growing global market economy. As a result thereof, poor co-operative members are subdued and become providers of primary goods and services to large business conglomerates, dwarfing and disempowering the poor on the one hand, and fortifying the powers of the wealthy conglomerates on the other. Is a system of economic subordination being reborn into its new form? Is it? To make thing worst, the advancement of technology, information and communication has broken borders of countries and cultures to spread new waves of liberal capitalism that is more readily captured by large companies than by democratic structures such as co-operatives. Our ideal to conduct development in a more and more participatory and emancipatory passage is now facing serious countervailing waves. The

open economic system, while instrumental in adjusting economic structures is indeed harmful to the co-operative system and spirit if policies are not formulated in favour of helping the organized poor and the disadvantage.

The new Indonesian Cooperative Law of 1992, particularly Article 63, has provided "protection" to our Cooperatives. My interpretation of the word "protection" in this article is to give the right opportunities of the weak to become strong, to win access to meaningful development experience, to gain socio-economic participation and emancipation, to reshape their performance and to resettle their position as equal partners in the global economic progress. We have to remember that these are the socio-political and socio-economic rights of the poor people of the past colonial countries that have to be recognised. They are entitled to have a much better distribution of economic value-added in refusal of a direct or indirect exploitation in its most sophisticated form, and at the same time cultural value - added as well in the form of emancipation and dignity. The poor in the South should not pay the heavy costs of global economic progress under the label of global efficiency.

Allow me to disclose a fact that have since decades ago shaped our world economic behaviour, that the economists of the world speaks the same language, i.e. the language of an American textbook. All of them were since long time ago the students of Paul A. Samuelson. Mind us, Paul Samuelson never teaches the economists about co-operatives. He teaches them about competition not co-operation.

The teaching of economics, in any university, in all parts of the world, cannot escape from Samuelsonism. As we all know Paul Samuelson is one of the most accomplished world economist, he received his Nobel Prize more than two decades ago! He is not to be blamed. He has done his duty to rightfully articulate the Western capitalistic basic values into solid economic principles and theory.

Our world has become a competitive world, not a co-operative world. Co-operation has become more and more of a lip-service, or a slogan. In short, co-operation has been overshadowed by competition, both in ideas and in practice. And yet everyone has to confess that when competition becomes a free fight liberalism, destroying each other to ruins and helplessness, the world finally has to be saved by co-operation.

We have witnessed that the end of keen competitions brought forth the most destructive wars. The world has moved again from destruction and stagnation through the power of co-operation. Co-operation and competition are living realities. One thing for sure is that we refuse competition which in the end will deprive the weak and disrespecting the right of economic democracy of the people.

Our duty then is to influence the world's way of thinking and

provide a more solid proof, that co-operation is indeed a world power. It is our noble job to introduce co-operation as a world economic paradigm for the survival in the twenty first century. The world can only survive if we overcome the world common challenges, be it world environment, pollution, over-exploitation of natural resources, hunger and poverty and human rights protection. How do we overcome these? Not by competition or liberalization - but definitely by co-operation. Co-operation has a better chance to become a world power in the future! Competition too would be a world power to move the global economy as long as it is fair one and is managed through proper rules and regulations. Free fight competition will crown the market to be sovereign. We do not believe in this. We do believe that if the people which is sovereign, not the market.

Such empowerment will set rules of the game which create market friendly environment for co-operatives to become more competitive. Indeed, a fair and just competition which do not "kill" but promote people-based economies. This is the virtue of economic democracy.

Why are we gathering here? We will discuss and finally come to identify strategic points regarding the government role to protect our co-operatives. Also for the government to promote, provide support, and help consolidate the world wide co-operative movements. Our governments have to protect the people, the poor and the weak, from the dangerous current which takes the form of an escalating free market economy and a free fight liberalism. Our governments have to eliminate the system of economic subordination which propells economic exploitation, encourages trickle-up process of economic value-added to the top, at the expense of the weak.

There are questions that we have to urgently answer. Why are we not keenly involved in the Uruguay Round consultation. In spite of our cooperative world wide network, with about 500 million individual members in the Asia. Pacific Region alone, why are we not seen as being so influential in the world resource allocation? Why are we not adequately represented in the IFI's (the World Bank, the IMF, the ADB etc)? I do consider that it is very strategical for our ICA to pursue a bigger role to play in the global decision making processes. Why are we so reactionary to the progress of the world as we were to the Industrial Revolution of the past? Why are we so defensive when we have to be pro-active? It took almost one hundred years for ICA to acquire recognition from the UN which is only less than fifty years old. At any rate it is quite a considerable achievement. This is the beginning of a start.

I think this Conference needs to address this important issue because everywhere in Asia and the Pacific we are witnessing a process of economic domination over the weak, by the strong.

Having read the conclusions of the Regional Consultation in Kuala

Lumpur, I am quite relieved to see that all Permanent Secretaries and Chief Executives from all over Asia and the Pacific did address the issue succinctly and came up with the recommendations which we are about to review and ultimately endorse.

I also noted from the Background Papers that some in-depth analyses have been made to chalk out the inherent weaknesses in co-operatives to face competition from the dominant transnational companies, be it legislative, organizational, as well as educational weaknesses. It confirms what most of us believe in; co-operatives have yet to wake up from their slumber since they have been too dependent on government support for so many decades and are now unable to rise on their own feet to face downright competition from their competitors next door.

In Indonesia, the momentum to embark on more self-reliant co-operative development has been supported by the State Policy Guidelines of 1993, and contained in the Sixth Five Year Development Plan (PELITA VI) of Indonesia. The directives are clearly stated in that Cooperatives should become more autonomous organizations and be able to enhance businesses enterprises by and within the local communities. Such a strong political will should now be further augmented by a political courage to produce and implement policies which are conducive in making co-operatives the right agents for people-based economies.

Speaking about the philosophy of co-operative development, our belief and action in co-operatives should not be limited to fostering the spirit of brotherhood, mutuality social justice, and other social virtues alone such as we have seen in the past. While the latter is crucial and important, we must first and foremost believe in co-operatives because we are convinced of the economic strength that co-operatives can generate through empowering people-based economies, especially for those engaged in the informal sector. It is exactly by strengthening such an economic base among the poor members that we will eventually provide the practical means and understanding for members, especially among the poor and disadvantaged, to believe in the spirit of mutuality, democracy and social justice. It is in this philosophic framework that we do indeed need government support insofar as their role is one that creates a conducive climate for people-based economies to grow.

Governments need to rigorously assist in the economic upliftment process by creating the right legislative framework and appropriate policies in favour of people's economic interest and sovereignty, with faithful adherence to co-operative values and principles.

That being said, I strongly urge that from now on we don't waste time to continue discussing the issues but to go right down to understanding action-oriented programs. Background paper no. II has identified some clear action-oriented programs which we can all work towards.

Recommendation no. 5.2 in Background Paper II advocates the urgency to develop new patterns of relationship with business partners within and outside the respective countries. We must capitalize on such a concerted action program.

We have here among us international co-operative organizations from various continents worldwide. We should take this opportunity, therefore, to start discussing ways and means as to how joint ventures and strategic alliances can be built with co-operatives from Canada, Europe, the U.S., and Australia who are present among us here. DEKOPIN which I represent, for example, has embarked on business ventures with Japan that seems set to escalate in the near future. UN organizations are also present among us, and if they are willing to support our co-operative cause, they can be extremely helpful in facilitating the process in forging meaningful business linkages. Recommendation no. 5.7 is a clear advocacy for this Conference to endorse in that a thorough study on successful experiences in organizational renewal be undertaken. I would add that this be done by way of three case studies : one successful and one not-so-successful experiences in Asia, and another one in a developed country such as Canada who has just completed the CCA Second Triennial Congress with the same theme on "Organizational Renewal".

Similarly meaningful are those recommendations presented in Background Paper no. I where government support in creating appropriate policies (recommendation No. 2) to allow greater freedom for co-operatives in decision making. Also for governments to formulate policies to enhance the public image of co-operatives, thereby restoring members' faith in, and loyalty to, co-operatives (recommendation No. 4 & 6). In relation to forming the "NEW" image, recommendation no. 12 in identifying and studying the potential Centres of Excellence. Subsequently we should endorse those recommendations dealing with HRD and training since they are most critical in empowering co-operatives members. Finally, vertical and horizontal integration of co-operatives should also be strengthened to foster greater cohesion of the co-operative movement (Recommendation 7). I strongly suggest that this Conference come up with the "modus operandi" so these recommendations can be followed up in a practical and action-oriented manner.

In the final analysis, the action-oriented programs, I am recommending, ought to be financed accordingly, I wish to emphasize what has been written in Background Paper II, as well as those alluded in earlier speeches by ICA leaders, that we need to seek the right financial assistance to support the cause for co-operative development.

I think that a resolution to that effect should be made by this Conference, and that we need to build in such resolution our intent to seek a policy dialogue with the Asian Development Bank for their keen

support. Such a significant resolution will also mirror the soundness of Government Cooperative Collaborative Strategies in a very pragmatic way.

We saw the successful outcome of the Jakarta Conference in 1992. We saw the changes which came forth from that Second Conference. It is incumbent upon us that we make the Third one a greater success, not only in taking issues further into pragmatic decision making processes, but also in mapping out strategies that will make this forum a sustainable one as contained in Background Paper III. Our stance is to prefer to set up a proper secretariat facility to support the preparation and follow-up activities of the regional consultation. We consider that it is not yet necessary to set up a separate independent secretariat to avoid duplication and its funding consequences.

On November, 1994 the APEC Conference will be held in Jakarta. APEC is an economic cooperation forum, not an economic competition forum. I like to appeal to the Excellencies, the Honourable Ministers of countries of the Asia Pacific Region, to be pro-active and to influentially partake in the decision making in APEC.

We thank you for your patience, but particularly for your support in making practical and pragmatic decisions which will make the Cooperative System a genuine and workable model for socio-economic development in the Asia Pacific region as well as worldwide.

Let us change our attitude, from too much reactionary and defensive toward a more rigorous pro-active one. Let us consolidate ourselves through stronger and solid networking.

Islamic Republic of Iran

Statement by Mr. Gholam Reza Shafei, Minister of Cooperatives

Mr. Chairman, Hon'ble Ministers, Distinguished Participants, Ladies and Gentlemen,

Having the Pleasure to attend the ICA Third Cooperative Ministers Conference in Colombo, I take this opportunity on behalf of I.R. of Iran government and the Iranian delegation to extend my congratulations to you, Mr. Chairman, on your election, and my sincere thanks to hon'ble D.B. Wijetunga, President of Sri Lanka, Hon'ble Weerasinghe Mallimaratchi, Minister of Food, Cooperatives and Janasaviya and the host movement-president, National Cooperative Council of Sri Lanka, for their kind and warm hospitality, as well as, for their bringing about a cooperative friendly environment with the collaboration of Hon'ble ICA President & Hono'ble Regional Director and my dear fellow Cooperators.

In 1925, the first Cooperative in Iran was inaugurated by the Agricultural Office in Iran. In 1941, Iran had only 3 rural cooperatives with 1050 members. In 1961, 1178 cooperatives with 459007 members, and in February 1979, there were 5951 cooperatives with 4236935 members.

After the Islamic Revolution, especially during the imposed war against Iran, the cooperative numbers and activities were enhanced.

In December 1991, Ministry of Cooperatives was established by the first Iran Cooperative Minister.

From 1992 till now, 2694 new cooperatives with 184973 members and 7543466 dollar asset were established. In March 1994, the total number of Iran Cooperatives reached 26107 with 8174140 members and 148255778 dollar total asset (286511557000 Rials).

Financial Supports

Enhancing the Cooperative-Government Collaboration, ensuring conditions and opportunities of employment in the form of cooperatives for everyone who is able to work but lacks the means, the I.R. of Iran government allocated 34 million dollars (67.5 billion Rials) low-interest loans credited through Note 3 of Iran Budget Law to the cooperatives under the auspices of Iran Cooperative Ministry in 1991. This amount increased to 111 million dollars (221.5 billion Rials) in 1992 and augmented to 175 million dollars (350 billion Rials) in 1993.

ISLAMIC REPUBLIC OF IRAN COOPERATIVE SITUATION

From March 1992 till March 1994

Asset Figures : in 1000 Rials
\$ 1 = 2000 Rials

Kind of Cooperative	Agricultural	Development	Mineral	Handicraft/ Carpet	Industrial	Housing	Producers	Consumers	Credit	Transportation	Service	Total
Cooperatives Established	190	15	76	29	243	443	26	123	43	11	55	1254
From March 1992	1645	1820	582	5592	2081	53922	1194	45905	7364	1108	683	121896
Till March 1993	431686	161350	428535	351152	1751308	2834627	89640	1218893	159897	64000	236610	7727698
Cooperatives Established	462	24	85	32	285	257	29	61	54	19	132	1440
From March 1993	4522	277	1434	2010	5901	23263	1381	13524	7515	962	2288	63077
Till March 1994	1261221	92870	370768	97384	1568303	1013267	237870	1452046	166456	71380	1027550	7359115
Total	2617	1633	766	168	2269	6572	1692	7513	469	509	459	24667
Cooperatives	24467	17386	10189	164948	36688	1348321	283100	5880443	172957	166792	5772	8111063
In March 1993	7385874	2349909	5364075	4768849	13393342	27965659	65744768	121922809	14715355	13145103	2396699	279152442
Total	3079	1657	851	200	2554	6829	1721	7574	523	528	591	1454
Cooperatives	28989	17663	11623	166958	42589	1371584	284481	5893967	180472	167754	8060	8174140
In March 1994	8647095	2442779	5734843	4866233	14961645	28978926	65983638	122374855	14881811	13216483	3424249	286511557

About 14 million dollars (28306 million Rials) credited through Note 52 of Iran Budget Law, was allotted to 32 cooperative programs to be finished to start production in 1993.

In 1993, 7.3 million dollars (14.6 billion Rials) credited through Note 4 of Iran Budget Law, was dispensed to 469 cooperative production programs of agriculture, fishery, rural industries, handicrafts, carpet industry, agricultural machinery & equipment.

Another financial support channel is the Cooperative Fund, as the Cooperative Sector Credit Institution (CSCI) which was established according to Note 12 of I.R. of Iran Budget Law with an asset of 2.5 million dollars (5 billion Rials), in 1989 which increased to 4 million dollars (8 billion Rials) with the objective of removing short term cooperative financial obstacles.

In 1992, about 2 million dollars (3727 million Rials) was allocated to 57 programs by CSCI. In 1993, the Cooperative Fund granted 8.6 million dollars to the Cooperative Unions and Societies as the following:

Million dollars

1. Agriculture	.7
2. Industry & Mines	3.8
3. Commerce & Services	3.6
4. Housing & Development	.5

Research & Educational Supports

Advancing the Cooperative science in the nation, persuading the voluntary joining of the people to the cooperatives, enhancing the awareness, productivity and skills of the cooperative members and managers, Ministry of Cooperatives held 72 educational courses with 578 participants for 1160 hours in Tehran Center of Education and Extension of Cooperative Culture (TCEECC) and 725 educational courses with 21981 participants for 10761 hours in the Cooperative General Offices of 25 Iran provinces in 1993.

Cooperative programs on T.V., Monthly Cooperative Magazine issues, equipment of the Cooperative Ministry Central Library and the libraries of the General Offices in the provinces, Collaboration with the University Scientific and Educational Centers, are examples of the Cooperative Ministry expansion activities for the enlightenment of the people, especially the Cooperative Sector.

Cooperative research activities with the Cooperation of Tehran University, Institution of Economic Researches; studies on the increasing possibilities of women employment in the Cooperative Sector; a Research

on the Cooperative Educational Needs with the Emphasis on Vocational and Technical Education; Establishment of the Study & Research Committee to supervise and guide the research program performances, are samples of the Cooperative-Government Collaboration in the research and educational section.

Iran Central Cooperative Chamber (ICCC)

Having the Cooperative societies and the cooperative Unions as its members, Iran Central Cooperative Chamber (ICCC) in Tehran, as a non-governmental entity and a national-level Cooperative organisation with branches in the other cities and provinces, was established in 1993 to secure the following objectives:

1. Performing the duties and authorities of the Industry, Trade and Mines Chamber (ITMC) relevant to the Cooperative Sector.
2. Collaboration among the trade, mineral, industrial, agricultural, housing and consumers' Unions and cooperatives.
3. Trying to establish bilateral relationship with chambers in the other countries to enhance trade and to form common chambers.
4. Delivering Services of consulting, accounting, publication, etc. to the members.
5. Giving Parliamentary proposals and views related to the cooperatives.
6. Resolving the discrepancy, and judgement within the limits of affairs related to the cooperatives by arbitration and reconciliation between the members and Unions as well as between the Cooperative and Unions.

Each Cooperative Chamber has an independent, legal Character and is not dependent on government financially and administratively.

To keep pace with the world-wide adoption of liberalization and deregulation measures, our Cooperative Sector as one of Iran economy tirad, with the conviction in cooperative and democratic values, is being supported by the Islamic Republic of Iran Cooperative Law, especially by the newly approved issues of the Islamic Consultative Assembly that has considered priorities, facilities and special privileges for assigning the public factories and firms to the cooperative Sector which is harmonious with the process of the country economy privatization.

Following the policy of decreasing public sector burden of activities, I.R. of Iran and the country High Administrative Council, with the program priority in the execution of the plan, have sanctioned to assign part of the government activities to the cooperatives.

As the economic social justice is the main issue of the Islamic

Revolution and I.R. of Iran System, the best form of people participation in the economic affairs, based on our revolutionary and Islamic Values, is through the cooperative sector.

According to the Government and Islamic Consultative Assembly, financial credits and facilities are allocated especially to the employment increasing production and service cooperatives every year.

Besides trying to gain the competitive strength in the market with better equality and productivity, we should also continue to work closely together in the cooperative spirit to secure peace, justice, better environment and life conditions.

Israel

Mr. Uri Seligmann, Registrar of Cooperative Societies

The economic growth of the Israeli market is an established fact, for which various factors are responsible, among them, the peace agreements, and the willingness of many countries to buy merchandise, expertise and agricultural products from Israel.

Israel has developed commercial economic ties with many countries. The most important of these are the trade agreements with the European Common Market, the trade agreements with the U.S.A. and agreements with other countries involving primarily mutual purchasing.

Israel possesses no natural resources, and has no advantage for agriculture.

Insofar as agriculture is concerned, due to the lack of water and the high cost of water supply, produce is expensive and it is difficult to compete with other countries.

Israel therefore has utilized computerized irrigation methods, choosing special, sophisticated kinds of crops, which are successfully grown and even exported.

Local agriculture has also run into many difficulties. The recent peace agreements - while bringing the obvious advantages of peace between Israel and the Palestinians - has exposed the Israeli market to stiff competition from Palestinian farmers.

The Palestinian farmers have, over the years, learned from their Israeli counterparts modern agricultural methods. The cost of labour is cheap in the Palestinian sector and there is no lack of workers. Therefore, a significant quantity of Israeli agricultural needs are met by Palestinian farmers from the West Bank and the Gaza Strip. This has resulted in a drop in the number of Israeli farmers.

Those farmers who remained involved in agriculture are primarily engaged in the exporting of crops such as flowers and organic fruits and vegetables.

Insofar as livestock is concerned Israel is basically self-sufficient. Subsidies are provided for milk products, eggs, and the raising of chickens. However, the importation of beef from abroad has been permitted.

It is therefore evident that in the existing economic situation the agricultural cooperative in Israel is faced with many difficulties, particu-

larly competition on the free market.

The government of Israel observes the situation of cooperatives with due consideration and normally supports them in many areas.

For example in the Income Tax Law there are many concessions for cooperatives which are concerned with agriculture. These cooperatives enjoy substantial income tax reductions on profits which are reinvested in the concerns.

Transport cooperatives enjoy a partial exemption on payment of Capital Gains Tax.

Recently certain agricultural cooperatives, moshavim, collective villages, kibbutzim etc., have been in deep financial difficulties as a result of the low profitability of agriculture and problems of water.

The government defined the problem as acute and the matter is now known as "the economic collapse of the moshavim and kibbutzim".

The Knesset—the parliament—passed the "Agriculture Family Arrangement Law of 1992" on March 12, 1992 and this law was amended on August 13, 1993. Its intention is to solve the problem of the debts of the agricultural collective sector (on the order of NIS 5 billion).

Special judges (called "rebuilders") have been appointed. The authority of judicial authorities has been transferred to them, including the authority to reduce the debts by up to 30% (in special cases up to 100%) and renegotiates the remainder over a 17 year period.

A special "rebuilders" directorate has been established, which serves as the venue for discussions on this subject. The object is to create a special speedy system to solve the problems of this sector.

Another special directorate has been established to deal with the arrangements for kibbutzim. The government has budgeted substantial sums to help the kibbutzim. Here also the debt mentioned is on the order of NIS 12 billion. Massive immigration from the Eastern European countries and Russia has created problems of unemployment and given rise to number of new unions, specifically free-trade unions such as the Musician's Union, the Gardener's Union, and the building Contractors Union. Some new immigrants joined already existing unions.

Cooperatives in Israel

<i>Type of Society</i>	<i>Number of Societies</i>
Kibbutz	284
Moshav Ovdim	351
Moshav Shitufi	44
Kfar Shitufi	75

General Agricultural Society	302
Agricultural Marketing and Supply	60
Water Supply	264
<i>Type of Society</i>	<i>Number of Societies</i>
Agricultural Insurance	6
Producers	48
Services	60
Transport	20
Housing	180
Housing Services	8
Credit	17
Mutual Aid	20
School Saving	2
Rural Community Settlements	144
Provident and Pension Funds	37
Consumers	18
Audit Unions	9
Assistance Unions	16
Miscellaneous	5
<i>Total</i>	<i>1970</i>
Societies in process of liquidation	121
<i>Total</i>	<i>2091</i>

The kibbutzim arrangement has been in operation for about two years. So far material has been prepared to assist most of the kibbutzim. In some cases a special advisor, usually an economist or a management expert, has been appointed, whose function is to manage the kibbutz in a profitable manner.

The unique feature in the kibbutz arrangement is the reference to the kibbutz not only from the agricultural point of view, but also to consider the social infrastructure which has been established and the human viewpoint of the kibbutz members, some of whom have reached an advanced age.

Another solution is found in Decision number 611 of Israel Lands Authority, which is responsible for state lands and leases them to kibbutzim and moshavim. In order to ease the situation it has been agreed that any kibbutz or moshav which gives up its land for building or industry, will have the right to compensation or will itself initiate the development of the lot.

A special bill on the subject of kibbutzim was passed on June 20, 1994 which included a provision which states, among others, that even in the case of bankruptcy of a kibbutz, agricultural assets which are employed to provide a living, or the land itself cannot be attached. It is also prohibited to expel a kibbutz member from his dwelling place, because of debt.

This is a special guarantee which was not available in the past to the Kibbutz or to the kibbutz member.

After solving the problem of outstanding debts and developing agricultural planning, the farmers will be able to recover from this period. Seventy-five percent of Israeli's farmers belong to agricultural cooperatives, and they grow eighty percent of Israel's agricultural produce.

Another law passed is the Mergers and Disbandments Act of 1994. The purpose of this law is to promote the merger or disbandment of companies in order to better compete in a free market economy, with the advantage of removing taxes on company mergers and disbandments when such moves encourage economic growth.

This law, passed to assist companies, was also applied to the cooperatives in order to enable them to compete in a free market economy.

In spite of the many difficulties that the Israeli cooperatives face within a free market economy, there has been no decrease in the number of cooperatives in Israel but in fact an increase.

Japan

Statement by Yoshio Yatsu, Parliamentary Vice Minister, Ministry of Agriculture, Forestry and Fisheries, Government of 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, forest owner's and fisheries cooperatives in Japan.

At the same time, it is also my pleasure to exchange views and opinions with you all as a member of the Asia and the Pacific region.

I would like to offer my warmest congratulations to you that you have been unanimously elected as chairman. I am fully convinced that this conference will produce a fruitful result under your skilful chairmanship.

I would, moreover, like to express my heart-felt appreciation to the Sri Lanka Government and the National Cooperative Council of Sri Lanka 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 their untiring efforts in preparing for this session.

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

The cooperative movements in Asia and the Pacific countries had been established one after the other in the latter half of the 19th century. The movements have developed to such an extent that now more than 50 percent of members who constitute the ICA belong to this region. I deem it extremely significant that both leaders of the governments and the cooperatives report on their experiences and the situation of cooperatives activities in their countries, as well as deliberate upon common issues, such as the basic values of the cooperative movement and the strengthening of cooperatives for the enhancement of the socio-economic status of the people concerned with the cooperative movement.

In this context, it is my pleasure to introduce the Japanese experiences on the agricultural cooperatives to you which played an important role in the democratization of rural communities, making increased productivity of agriculture, and the upliftment of the socio-economic status of Japanese farmers.

Japanese farmers experienced a great turning point in the year

1945. Before 1945, most of the farmers had been landless tenant farmers, however, in the following year, the agrarian reform was put into effect and thus tenant farmers came to possess their own farmland. Also, coupled with the agrarian reform, the Agriculture Cooperative Law, which positions autonomy and mutual help as its bases, was enacted in 1947.

Soon after that, many agricultural cooperatives were established in every corner of Japan. However, these new-born agricultural cooperatives shortly went into collapse due chiefly to the rapid decline of the nation's economy by the deflationary policy measures which was taken to stop the inflation during the post-war period and also by the poor management on the part of agricultural cooperatives.

To tide over such situations, the Government of Japan took strong measures to help support the agricultural cooperative movement for its reconstruction. Through such experiences, the government acknowledged the need for the reinforcement of bases of the organization and the business activities of agricultural cooperatives by promoting the amalgamation of primary cooperatives.

For this purpose, the government made a sizable contribution for promoting the amalgamation of agricultural cooperatives by providing subsidies necessary for investment of facilities of amalgamated cooperatives as well as giving preferential tax measures through the enactment of the special law in 1961. At present, only preferential measures in taxation are being taken to amalgamated cooperatives and amalgamation programme is still making its headway. As a result, the number of primary cooperatives have been reduced from 12,000 in 1950 to less than 2,800 in April 1994 while at the same time the management scale of these cooperatives have been expanded with the total number of members reaching 8.8 million.

In addition to these policies, the government has directly and positively evolved various policies such as the price stabilization measures for agricultural products, the improvement of agricultural structure, and providing long term institutional loans at low interest for the modernization of agriculture 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 organizations. However, agricultural cooperatives in Japan are undertaking credit and mutual insurance businesses which have a public character. Therefore, for ensuring the sound operation of business in agricultural cooperatives, the government is exercising its supervision and guidance over agricultural cooperatives in accordance with the law and the ordinances within the limit of necessity.

Agriculture cooperatives in Japan provide a wide range of services to their members such as guidance for agricultural techniques and farm management, supply of agricultural inputs and consumer goods, marketing of agricultural products, receive savings and advance loans, joint operation and management of agricultural production, mutual insurance and medical care activities to protect the health of farmers. In this way, the 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 made their rapid progress. While, on the other hand, consumption of rice has decreased due mainly to the change of dietary habits of the Japanese people. In addition, Japanese farmers are being faced with problems such as the small management scale which makes it difficult to increase agricultural incomes and to reduce production costs.

Moreover, honestly speaking, it is the fact that in the midst of increasing roles of Japan in international arena, Japan is being strongly called for to cope with the new aspects in the emerging international environment, now that the consensus in the GATT Uruguay Round Agricultural Trade Talks has finally been reached. Both agricultural cooperatives and farmers in Japan are thus confronted with unprecedented tribulations.

On the basic recognition that the roles and missions of the agricultural cooperatives are increasingly gaining their importance, the government of Japan should like to continue to provide necessary supports for the consolidation of the cooperative organization. But since 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 organizations.

Japan's International Cooperation

Given 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 help assist developing countries in boosting their socio-economic development, and it has been expanding ODA in a planned manner over the years. As a result, the 5th Medium-Term Target of the Official Development Assistance Plan, aimed at increasing over 70~75 billion dollars in the performed total amount of ODA during the five years from 1993 to 1997, is currently being projected to be achieved. Under such a background, the agriculture, forestry and fisheries sector constitutes a key industry which promotes 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. And thus we have been attaching particular importance to Asian and the Pacific region for its implementation.

It is a matter of immense pleasure that although Asia and the Pacific region was once considered as the centre focus of the world food issues, but recently the self-sufficiency of the major grains and cereals has been attained in many countries due to the governmental supports for the development projects of rural infrastructure in the sphere of large scale irrigation, rural community revitalization, research and extension.

Although the remarkable development has been made in the field of food and agriculture in this region, there still remains a number of the problems such as unemployment, poverty and various other problems related to development and the environment which need to be addressed. In a bid to solve these problems and to improve nutritional standard of the people at large, it is considered important to promote the solidarity among farmers and diversifying agriculture and to provide small farmers effective guidance on and supports for the formulation of farm management plans, provision of loan fund for better farming, joint purchasing of production inputs as well as the joint marketing of agricultural products in order for farmers to carry on assured agricultural management.

In this context, I firmly believe that the cooperatives, as the mutual aid entity based on the cooperative spirits of member farmers, are the most relevant institution for the implementation of the above-mentioned tasks.

In view 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 management of agricultural cooperatives, the training course for fostering fisheries cooperatives and the training course for fostering women leaders in rural community development, but also provides technical assistance for other training programmes fostering personnel involved in cooperative development efforts.

On 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 back up cooperative movement in this region by furthering bilateral and multilateral cooperation through utilization of expertise and technology by international organization.

Conclusion

I fully recognize that the success and development of ICA, the world largest non-governmental organization today, largely rests upon the fact that it has evolved a number of activities as a grass-root level organization in pursuit of establishing a just socio-economic order based upon the self-help and the cooperative spirits despite vast differences in geographical, historical and socio-economic conditions among ICA member countries.

In order to make further sustained development of cooperatives in Asia and the Pacific region. I deem it necessary that each and every government of the region continuously provide relevant policies and financial supports to them. In doing so, it would be quite important to foster cooperatives with respect to the self-help and the cooperative spirits.

I earnestly expect 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 with which the cooperatives in this region are confronted.

Now I would like to conclude my statement wishing further success of ICA.

Present Situation and Tasks of Japanese Consumers' Cooperatives

Yasunobu Takayama

Director, Community Welfare Services and Coop Division
Social Welfare and War Victims' Relief Bureau
Ministry of Health and Welfare

1. Present Situation of Co-ops

The Consumers' Livelihood Cooperative Society Law (Consumers' Co-op Law) was enacted in 1948 to promote the growth of consumers' co-operatives, separate from other co-operative laws such as the Agricultural Cooperative Law (established in 1947) targeting agricultural producers. Japan was then still in the midst of post-WW II confusion and suffering from food shortages. Consumers' co-operatives were set up as voluntary, mutual-help organizations for consumers, and have developed mainly as an organization to supply foods.

- i) The number of co-ops at present (as of the end of fiscal 1992) is 1,227, of which 583 are citizen co-ops (made up of inhabitants living within a prefectural area) and 566 are institutional co-ops (made up of people working in the same workplace such as companies and universities). Membership totals 40,367,000 people, broken down into 32,108,000 in citizen co-ops and 8,259,000 in institutional co-ops. Some people belong to more than one co-op, and we estimate that about one in four people are co-op members.
- ii) Co-op's business operations can be categorized into the following three areas:
 - Supplying daily goods (retail operations),
 - Providing services (service operations), and
 - Mutual aid operations.

The annual turnover of co-op businesses in the three areas are (as of the end of fiscal 1992):

- Retail operations, 2,986.2 billion yen,
- Service, 366.0 billion yen of which 215.8 billion was for medical services and
- Mutual aid

Insurance contract total	595,688.4 billion yen
Income on premiums	587.9 billion yen
Mutual insurance benefits	230.1 billion yen

As for co-op's share by industrial sector, they accounted for about 1.88 percent in retailing in fiscal 1990, but 4.25 percent in foods, showing that foods are the main product supplied by co-ops. The figures also indicate that the bulk of daily necessities are purchased at retailers other than co-ops, even by co-op member households.

It is worthy of note that co-op turnovers have been increasing slightly, while sales of department stores, supermarkets, and other retailers have all declined due to the recession in the Japanese economy these past few years.

2. The Structure of the Consumers' Co-op Law

The following are the basic principles stipulated in the Consumers' Co-op Law, by which coops are operated.

- 1) Co-ops are managed by members who hold equal voting rights. Co-ops with more than 1,000 members adopt a representative system i.e. general meeting of representatives taking the place of a general assembly.
- 2) Members may join or withdraw from co-ops at their own volition. Members are to pay a predetermined share capital before joining.
- 3) The objective of a co-op is to provide services to its members, and it cannot pursue profits (interest on share capital must be under 10 percent a year). Co-ops must be politically neutral.
- 4) As a principle, co-ops cannot make their services available to non-members (family members are considered co-op members). However, non-members can use a co-op's services with the permission of the proper authorities (the governor if within the prefecture, or otherwise the Minister of Health and Welfare), of which a typical example would be medical co-ops. Consumers' co-ops are also granted special tax privileges as well as other co-operatives. For instance, while the corporate tax rate is 37.5 percent for profit-making corporations, it is 27 percent for co-ops.

3. The Role Co-ops Have Played

1) Pursuing product safety

The function of co-ops is to supply products and provide services based on the needs of their members who are also consumers. Japan enjoyed high economic growth in the 1960s and entered the age of mass consumption combined with mass production and a variety of new products became available to consumers. Under such circumstances, co-ops have endeavoured to respond to their members' demands for safe products, especially foods.

In regard to processed food, co-ops have requested producers to use

fewer additives and have developed their own products. Co-op brands now number about 15,500 items. For fresh foods, co-ops have entered into contracts with producers to supply products grown with a minimum of agricultural chemicals. Co-ops also run thirty-four laboratories to check their products' safety.

These efforts by coops have promoted consumer education and the activities of consumer organisations in Japan, greatly affected the way products are supplied, and contributed to ensuring product safety.

The long-awaited PL Act (product liability act) was established on June 22, 1994, for the first time in Japanese history, which can be considered as the result of coop's steady efforts.

2) *Environmental issues*

Problems of pollution became an issue of concern in the 1970s. Co-ops have campaigned against pollutants in foods and the deterioration of the living environment due to pollutants. In addition to that, co-ops have developed environment-friendly products (such as detergents that are less likely to pollute rivers) and have worked to promote their wide use, aware that consumer behaviour itself was destructive to the environment. Recently, co-ops have been promoting the recycling of milk cartons, plastic trays, and other containers as well as calling on their members to participate in activities to monitor acid rain, air pollution, and water quality of rivers, lakes and swamps.

3) *Simplified distribution systems and the lowering of prices*

Most retail co-ops that developed in urban districts in the 1960s grew on joint-purchase, a unique system for buying products. Joint-purchase is a system in which orders for goods are placed through Han groups made up of a several members. Members choose the goods they want from a list of products distributed in advance. The ordered goods are delivered to the respective Han at regular intervals. This simplified distribution system makes it possible to cut costs and keep prices low, in addition to providing an opportunity to develop original coop products. The HAN system has also contributed to : interchange among the members, consumer education, and member participation in the management of coops, thus promoting the democratic development of the coop organisation.

4. Coop's Role in the Market Economy and the Administration's Involvement

As seen above, coops have played a significant role in the Japanese economy, especially in the distribution of foods.

Article 1 of the Consumers' Co-op Law emphasizes the voluntary

nature of co-ops. Government agencies have respected the spirit of the law - their involvement is only to ensure that co-ops are managed in accordance with the law. In recent years, inspections of co-ops have been made to ensure that they are following the provisions of the Consumers' Co-op Law. Financially, co-ops do not receive any subsidies from the government, other than in the form of favourable tax treatment.

5. Expectations for Co-ops in an Aging Society

Japanese society is aging at a speed unprecedented in world history. Although the people's burden will become heavier in order to provide sources of income and medical security for elderly people, we can rely on the Social Insurance System. The chief problem will lie in taking care of the aged, and the physical and mental health of old people who are apt to become socially isolated. In 1989, the government launched the "Gold Plan", a ten year plan until the year 2000 to provide adequate facilities for the aged and establish a system of providing care workers. The people as well as specialists have come to admit that public measures are not enough to provide a supportive environment. Mutual help in communities is needed. For example, having young people look after older people or having healthy old people care for the infirm ones. Supporting day-to-day living from various aspects is required, such as providing meal services and assisting in housework.

Some coops have been engaged in mutual help activities since ten years ago, and these volunteer member activities are steadily increasing. Some coops have also started services to deliver foods and keep contact with elderly people living alone. Expectations are high for coops to support old people who need help, since they are a mutual help organization based on links among people.

The basic issues facing Japan are a) to construct a society where individuals can really feel that they are benefiting from Japan's overall affluence as a nation, and b) to build a creative and vital economy in preparation for an aged society. To achieve these goals, the government needs to take measures that improve the quality of life by placing importance on consumers and reduce government involvement in economic activities.

The Ministry of Health and Welfare, therefore, while maintaining its basic stance with respect to the independence and autonomy of co-ops, will strengthen our efforts to coordinate its policies with co-ops so that they, as a consumer organization, can play a significant role in improving the quality of life and preparing for an aged society.

Statement by JA-ZENCHU

Mr. Tadashi Tori-i, Executive Director of JA-ZENCHU,
the Central Union of Agricultural Cooperatives

Honourable Ministers, dear Cooperators, Ladies and Gentlemen,

Japan, as other countries, needs at this time to make up a new frame of agricultural policies for the post-Uruguay Round era, for which a critically important Parliamentary deliberation is scheduled this Autumn. My President, Mr. Toyoda of JA-Zenchu, is busily engaged preparing for it by convening discussion meetings within our JA-group. That is how he had to decide not to come here, only several days ago. He feels very unfortunate not being able to come, and asked me to convey his regret and very best wishes.

I would, on his behalf, therefore, like to present before this fora some of the challenges our JA-group faces. Let me try that in such a way as to avoid duplication with my previous speaker.

As said by Vice-minister Yatsu early on, JA agricultural co-operatives of Japan are multi-business co-operatives, through which Japanese farm families have been attempting to fulfil their needs they have for both farming and better living. As such, JAs are an indispensable being for farm families and rural communities in Japan. For details, I am grateful if you could spare your time turning pages of the pamphlet titled 'Sowing the seeds of the future - Japan's Agricultural Cooperatives'. You may kindly care to obtain copies at the distribution desk.

Yet, despite being essential, JAs are faced with challenges; in fact, many major challenges are upon us including drastic changes in the international environment surrounding agriculture and stiffer competitive business environment for JAs in facing with private businesses brought about by deregulations of economic activities in general.

JA-group plans to convene a national convention of all JAs in September, when targets in facing with the challenges and in paving the way for 21st Century will be adopted for implementation during the years ahead. The targets of our strategy could be expressed in the following 3 items :

1. To rebuild Japan's agriculture and to vitalize rural communities, keep in mind the roles expected of them in stable supply of foods and in preserving land and environment;
2. To strengthen co-operative activities and to promote community building, based on bondage with members and collaboration with consumers;
3. To reform JA business and organizations and to change their

management constitution stronger so as to better meet expectations and trust of members.

As said, JAs are not free from challenges of the time. Nevertheless, Japanese farm families have always united around JAs to improve and to enhance their farming and living through mutual help and co-operative activities in the days past, wish and determined to do so in the future as well.

By the way, JA-Zenchu has long endeavoured to partake such activities of Japanese agricultural co-operatives and experience of farm families with people of agricultural co-operatives in Asia and Pacific Region. As one of the ways to do it, we established and has been operating the Institute for the Development of Agricultural Co-operation in Asia for 30 years, which now has over three thousand alumni. Its work programs have been consulted with co-operators in the region, and I am happy to say that IDACA Board of Advisors included Mr. Devenayagam, who later became the Minister of Justice of Sri Lanka.

JA-Zenchu intends to continue experience sharing and mutual learning through activities of ICA ROAP and IDACA etc. Incidentally, commitment of JA-group on this front enjoys good understanding and support of the Ministry of Agriculture, Forestry and Fisheries of Japan. With many thanks to them, I am happy to report this as another encouraging example of the 'government co-operative relationship'. I shall not miss this opportunity also to ask, on behalf of ICA member organizations in the Asia and Pacific Region, that support of the Ministry will continue and develop into future years.

Let me conclude by saying that I will report back to our President Toyoda, that this conference has been very lively and successful.

Statement by JCCU

Masao Ohya, Executive Director,
Japanese Consumer Cooperative Union

The Development of Consumer Cooperatives in Asia and the Pacific and JCCU's Co-operation

1. The rapid economic growth and the subsequent urbanization in Asian countries have accompanied a variety of the consumer and environmental problems. Under such circumstances, the development of consumer co-ops is absolutely needed but generally speaking their influence is so far very limited. So, I do hope the Government in each country should establish the policy to promote the viable consumer co-ops and actively implement it.

2. Japanese consumer co-ops make efforts to collaborate with the Asian people aiming at the development of the healthy and autonomous consumer co-ops in each country. To this end, JCCU has contributed to the ICA Consumer Cooperative Development Project and Gender Integration Project through seminars, conferences, consultation and exchange visits. We are happy to continue our efforts to assist co-operative movement in Asia and the Pacific.

3. As far as the Japan's ODA is concerned, I believe that more emphasis should be placed on the development of distributive trade and consumer co-ops. In this regard, I'd like to ask you to place the priority to these areas when applying for the Japan's ODA. The Japanese co-ops are ready to co-operate in planning and implementing such ODA projects if they are to be realized.

4. Japanese co-ops have also conducted the fund raising campaign for UNICEF since 1984 and donated the fund exceeding 200 million yen every year. These money has been collected by members and their children voluntarily. Now we seek to link the support to children with co-operative development through addressing the specific projects. In this regard, I'd like to ask your co-operation in identifying the appropriate projects in your country.

Jordan, Hashemite Kingdom of

Statement by Hon. Tawfiq Krayshan Minister of Municipal and Rural Affairs & Environment

Hon. Chairman, Hon. Ministers and Delegates, Ladies and Gentlemen,

It gives me great pleasure to be here with you this morning and to convey the greetings of His Majesty King Hussein and his wishes for you to succeed in your deliberations during this conference aiming at reaching the Cooperative Movement and enhancing its ever increasing positive role in the economic and social development and further to strengthen the joint work at International level for the betterment of the future which stands as a prerequisite for ensuring Human integrity, social justice and Human Rights.

At the outset, I would like to convey my deepest regards for the friendly Government of Sri Lanka for hosting this conference. I like to convey my best wishes also to the elected President of this conference Hon. Weerasinghe Mallimaratchi, Minister of Food, Cooperatives and Janasaviya of Sri Lanka. We are confident of his wisdom, and experience which will no doubt enrich the Cooperative issues. I wish him all success in carrying out his duties at this conference.

The Hashemite Kingdom of Jordan is showing a special concern in the field of cooperation in order to set a good example as this is emphasized in Quran "Cooperate with good and Piety but not with sin and animosity"

Jordan has witnessed many developments in the field of cooperation since its inception aiming at comprehensive development and in particular development of rural areas and raising the living standards of people, thus enabling them to cooperate through their self efforts. This is expected to reduce migration from rural areas to urban areas and at a later stage reverse the process.

I like to confirm at this point the importance of participation by the citizens in the local society in the decision making process. This has become an important feature enhancing the success of development. For this, capable local administration with good understanding of environmental and demographic changes are needed.

The population of Jordan has reached the 4 million mark whereas the population density stands at 47% per One sq.km. nearly 60% of the population are living in the urban areas while the balance live in rural areas. The geographic distribution of population is linked with rain fall and agricultural pattern due to the fact that 87% of the area of the kingdom is desert.

Jordan witnessed in the recent past 3 waves of migration in years 1948, 1967 and 1990 arising from the political circumstances that marked the region and the absence of people distribution of the population in addition to the shortage of resources and high birth rate.

In fact, people are considered the means to effect development and at the same time they are considered as an aim of development. In the past, Jordan was able to achieve developments in many aspects although it faced a number of hardships. Jordan has received appreciation locally and internationally. It is of importance to say that Jordan encourages cooperative movement which occupies a very important place in the Jordanian society. For your information, the Cooperative Movement in Jordan consist of 651 cooperative societies with 60,000 members. There are 214 Agricultural Cooperative Societies, 132 multi purpose cooperative Societies, 114 Housing Societies and 87 mutual benefit societies. Further, there are 44 Cooperative Societies for professional women and 50 more for other services.

Cooperative Societies in Jordan work under the supervision of the Jordanian Cooperative organisation. The project of these cooperatives cover the Agricultural, Industrial and the services fields. Jordan also emphasises training aspects and for this a Special Institution was established in 1963 aiming at spreading the idea of cooperation and educating those involved in the movement.

We also emphasise in Jordan on the production side specially on the production of the Basic Food and other Agricultural Produce and we encourage self reliance and coordination among the different cooperative societies in the kingdom and encourage increasing the role of women in this field. We pay special attention to the marketing aspects to help these societies in succeeding. All these activities aim at improving the economy of the country and we hope to change our society from being a consuming one to a producing one.

In fact, the Alliance in the field of international cooperation carries the message of hope that cooperative societies are capable of solving major problems and further to contribute towards human security in day to day life.

What is required at this stage is more positive cooperation among the people of this globe in order to encourage social alliance. It is true that the human race has reached a tremendous development during this century, but there are many shortcomings surfacing on human civilization. We witnessed many worrying contradictions as we find one fifth of the population in developing countries foodless, one fourth of them unable to find the basics of life while one third live below the poverty line. The matter is not easy, but one can still hope to realise the dreams which are envisaged in the human message we all believe in.

Once again, I thank all of you for giving me this opportunity to speak and may Allah help us all towards achieving good ties and strengthening our cooperation to face efficiently and bravely the challenges of future.

Korea, S.

**Statement by Yong-Jin Kim
Director General, International Cooperation Department
National Agricultural Cooperative Federation**

Introduction

Within a short time span of less than one generation, Korea successfully transformed itself from a typical rural-agrarian society to an urban-industrial one.

It is widely known that such a rapid transformation of the Korean economy was engineered by the astute planning and management of the government. With a poor resource base and virtually no capital accumulation to start with, coupled with a massive and redundant population, the government came into the scene and initiated the first thrust of labour-intensive and export-oriented industrialization in the early 1960s.

The nationwide multipurpose agricultural cooperative system we have today was a product of the early government effort to build agrarian institutions for agricultural and rural development. The essential ideas and principles of modern cooperation were borrowed from other countries, but the Korean government adapted them to meet the local needs and to make the best use of the cooperative institution as an engine of economic growth.

Thus, over the last three decades, the government and the agricultural cooperatives worked closely together as good partners for facilitating the process of rapid socio-economic transformation.

The purpose of this paper is threefold: first, to broadly describe the historical development of our multi-purpose agricultural cooperative system; second, to review the past relationships and interactions between the government and the agricultural cooperatives; and lastly, to present future prospects for the organizational reform of the cooperative institution in response of the increasing trend toward political democratization, open and competitive economic environments, and the structural changes in the nation's economy.

Multi-Purpose Cooperative System: A Historical Review

As in other countries, Korea has a long and cherished tradition of mutual help and cooperation among farmers. They join together, for example, to transplant rice seedlings, weed paddy fields, improve farm roads, build reservoirs, and provide relief to fellow neighbours in need.

However, it was only in quite recent years that we were able to institutionalize such voluntary practices of cooperation to meet the need of modern times.

In 1956, the Agricultural Cooperatives and the Agriculture Banks were inaugurated as separate institutions in the rural areas. But they failed to have good working relationships to effectively serve our mostly small-scale farmers.

Therefore, the rural sector of Korea felt an urgent need for a viable cooperative movement to help develop agriculture and increase farmers' income. In 1961, a nationwide multi-purpose cooperative system was born by merging the former Agricultural Cooperatives and the Agriculture Banks. The major reasons for the integration were:

- 1) In a small-scale subsistence agriculture, farmers would benefit most from the integrated services provided by their cooperative, including farm credit, farm input supply, product marketing, extension and education, etc.
- 2) Because of the poor working relationships between the cooperatives and the banks, the farmer could not have an easy and adequate access to operational funds.
- 3) For the explicit purpose of rural development, the government was quite impatient to promote viable and self-reliant cooperatives by incorporating the remunerative banking and credit sector under the same roof.

At the beginning, the multi-purpose cooperatives had a three-tier system: the primary coops at village level, the secondary coops at county level, and the national federation at apex level. A limited number of special-purpose cooperatives organized by livestock and horticultural farmers also became members of the federation.

The early primary cooperatives, being organized on the village basis, were too small in size to effectively serve their member farmers. So, we began to work on a nationwide merger program, successfully consolidating all the small-scale cooperatives into operationally viable units of township-level cooperatives by the mid-1970s.

With active participation of farmers and expanded business turnovers, the primary cooperatives assumed a more active role in serving their farmer members and in carrying out a variety of government projects. The three-tier cooperative system became increasingly untenable with its prohibitive operating costs. The county-level cooperatives were looked upon as a heavy burden or a hindrance for efficient operation of the overall cooperative system. Therefore, in the early 1980s, we abolished the county cooperatives and made them branch offices of the national federation.

Today, the nationwide cooperative organization has a two-tier system. At the primary level, we have two types of cooperatives: multi-purpose coops organized by general crop farmers, and special-purpose coops set up by horticultural farmers. These two types of cooperatives are federated into the National Agricultural Cooperative Federation (NACF) at the central level.

Government-Cooperative Relationships

We may well describe the past relationships between the government and the agricultural cooperatives over the last three decades as a "marriage of convenience". The government badly wanted the cooperatives as a rural institutional base for its development purposes; the cooperatives sought much needed help from the government for their viable operation in the early stage of development.

I would like to conclude that this marriage of convenience, despite a certain amount of disputes and conflicts over the years, has been so far so good. The government has made the best use of the agricultural cooperatives as agents for implementing its development policies and programmes. The cooperatives in turn have reaped a host of substantial economic benefits in terms of tax privileges, monopolized business ventures, cheap financial resources, and other supports. In fact, without the generous support and promotion from the government, the agricultural cooperatives could not have established such a solid foundation in such a short period of time.

The Republic of Korea Constitution, in its article 124 provides:

- 1) that the State should formulate plans necessary for rural development based on the self-help efforts of farmers, and should strive for balanced regional development;
- 2) that the State should protect and promote the business activities of small and medium industries; and
- 3) that the State should foster the self-help organizations of farmers, fishermen, and small/medium industries, and should assure their political neutrality.

As stated explicitly in the Constitution, the government is obliged to promote the cooperative organizations of farmers, which is clearly manifested in the following three major categories of government supports.

First, from the very beginning of the multi-purpose cooperative system in 1961, also the beginning year of the First Five-Year Economic Development Plan, the agricultural cooperatives were accorded monopolies or exclusive handling rights for a few strategic farm inputs and commodities under the government control.

Chemical fertilizer, the most vital farm input for increased foodgrains (rice and barley) production, was under the complete control of the government because its domestic production could not meet the domestic requirements. It was rationed to individual farmers according to planted acreage, and the prices to farmers were fixed by the government at the same level throughout the nation. The agricultural cooperatives acted as handling agents and were given handling commissions, a major source of income for the early cooperatives. The government also extended concessional loans to the cooperatives for building fertilizer storage facilities. Farm chemicals, another scarce farm input at the time, were handled in the same way.

Another important area of monopolized business was the handling of the government grains, mainly rice and barley, which are staple foodgrains of the Korean people. The agricultural cooperatives worked as agents for the government in purchasing and releasing the foodgrains. The handling commissions made a good source of income for the cooperatives.

In addition, the agricultural cooperatives functioned as a single most important bank serving the agricultural and rural sector. Apart from a variety of commercial banking services, they handled exclusively the government policy loans for agriculture.

Second, the government provided to the agricultural cooperatives special tax privileges for the benefit of both farmers and urban consumers.

The agricultural cooperatives were classified into public corporations. They have long been exempted from corporate taxes. Presently, lower rates of corporate tax are imposed on the agricultural cooperatives: 10% for member coops and 18-25% for the national federation, while 18-32% corporate tax is applied to the profit-oriented private corporations. Another important privilege is the exemption from taxation for all the expenses on cooperative farm extension services.

The agricultural cooperatives are also exempt from value-added tax, currently 10% for all other business enterprise. This has enabled the agricultural cooperatives to reduce the prices of farm inputs and consumers goods, and allowed them to enjoy a competitive edge vis-a-vis private commercial agents.

The third and last category of government supports includes some special considerations and treatments in favour of the agricultural cooperatives.

The exclusive handling of the Ministry of Education treasury and the partial handling of the central and local governments treasury by the cooperatives help not only to add to the financial resources for agricultural and rural development, but also to support viable operation of individual cooperatives.

Another advantage accorded to the agricultural cooperatives may well be a relatively easy entry into new business ventures. For example, when it comes to the conversion of farmland into other non-farm uses, the agricultural cooperatives are given special considerations as long as the farmland to be converted is intended for use to build public facilities for farmers, such as farm machinery service shops, food processing plants, and agricultural marketing facilities.

In summary, there have been some inevitable conflicts arising from the heavy-handed government intervention in and supervision of the agricultural cooperatives due to the exclusive handling of the government-entrusted business. Moreover, the agricultural cooperatives have been severely limited in their political and legislative activities to represent farmers' voice and safeguard their interests. However, close working relationships between the government and the cooperatives over the last three decades, along with the favourable support policies for the cooperative sector, have contributed greatly to the development of a viable agricultural cooperative institution as well as to the rapid transformation of agriculture and the rural economy of Korea.

Toward Democratic and Competitive Cooperatives

Beginning in the late 1980s the Korean political atmosphere took a significant turn toward democratic reform. After two decades of authoritarian rule, the growing number of middle-income people began to make a stronger voice in the political process of the nation, leading finally to the amendment of the Constitution. The indirect presidential election system, which remained intact for the last 20 years, was replaced by a direct presidential election system through popular vote.

Such a political development made its impact on the agricultural cooperatives. With the revision of the Agricultural Cooperative Law in 1989, a direct election system was also adopted for the presidents of the national federation and its member cooperatives. Formally, the president of the NACF had been virtually appointed by the President of the Republic upon recommendation of the Minister of Agriculture and Fisheries, and the President of a member cooperative in turn had been nominated by the president of the NACF upon recommendation of two candidates elected by farmer representatives.

The direct election system for the presidents of the NACF and member cooperatives constitutes a big important step toward the cooperative principle of "democratic control by members". In fact, the farmer members began to increasingly identify themselves with their cooperative as owner-investors, and involved themselves more actively in their cooperative. Member cooperatives also exhibited the same enthusiasm and involvement in the operation of their federation.

In addition to the democratic political reform, the nation's economy and the rural/agricultural sector underwent a series of significant structural changes. Both the number of farm population and the contribution of agriculture to gross national product continued to decline at a rapid rate.

The agricultural sector was exposed to increasing foreign competition because of the market liberalization policies of the government. The recent conclusion of the GATT/Uruguay Round of multilateral trade negotiations added to a rising sense of crisis among the farm people.

Under the new economic environments surrounding agriculture and the agricultural cooperatives, there emerged in the last several years a spurt of heated discussions on the organizational reform of agricultural cooperatives.

The government and a growing number of concerned people began to question whether we should continue to preserve the present system of multi-purpose cooperatives which has served so far so well. Some people insist upon separating the NACF banking sector to establish an independent agriculture bank or a cooperative bank. They argue that such a specialization will help improve the competitive strength of both the bank and the agricultural cooperative. The opposing camp, including the NACF, counters that the separation of the NACF banking sector will have a negative impact upon the viability and business operations of member cooperatives.

The most recent consensus on this issue seems to be that even under the same umbrella (the NACF), a more distinct accounting system and a more strict accountability should be rigorously applied to the banking and other cooperative business sectors.

In order to cope with the structural changes of agriculture, we at NACF are trying to promote the national associations of farm producers specialized in certain cash crops like oranges, onions, garlic, red pepper, etc. Such an effort is intended specifically to improve farm productivity and the quality of the product, and stabilize prices to both producers and consumers through cooperative actions.

Another important effort to cope with increasing competition is concerned with the consolidation of primary member cooperatives. Most primary cooperatives, being organized on the basis of township are too small in size to compete effectively with private commercial enterprises. The present consolidation plan calls for a drastic reduction of about 1,400 primary cooperatives in 1994 to nearly half that number by the year 2000.

In future, Korean agricultural cooperatives will continue to address the issue of their own organizational reform to keep up with the times.

Most apparently, the future prospects will be more democratic control by members on the one hand, and the improvement of competitive strength on the other.

As the government is now preparing to focus on the structural reform of agriculture over the next decade, the agricultural cooperatives will carry on their legitimate and proper role in the field as they have done so well over the years.

Malaysia

**Hon'ble Dato' Haji Mohd. Khalid Yunus,
Deputy Minister of Land and Cooperative Development**

Mr. Chairman, Honourable Ministers, Deputy Ministers of Cooperatives from Asia and the Pacific Region, Invited Guests, Observers, Ladies and Gentlemen,

Before proceeding with this brief presentation of the Country Statement from Malaysia, I would like to take this opportunity to express our heartiest congratulations to the Government of Sri Lanka and the International Cooperative Alliance for organising this conference.

In the light of the changing global trends towards privatisation and marketisation, as expressed in the various background papers tabled at the ICA Regional Consultation in Kuala Lumpur in April 1994, a preparatory meeting of officials and the movement to this Conference, I wish to reassure this Conference that cooperatives need not worry that they will become obsolete or redundant, for the more complicated society becomes, the more important it is for us to preserve human values.

As to our experience in cooperative development since the Sydney and Jakarta Conferences, an outline of this is contained in my country paper attached to this statement.

Even strong advocates of privatisation and marketisation such as John Naisbitt & Patricia Aburdene in "Megatrends 2000: Ten New Directions for the 1990's" have nevertheless given regard to the great potentials in human development in the next millennium in noting that:

"The most exciting breakthroughs of the twenty-first century will occur not because of technology but because of an expanding concept of what it means to be human".

If we were to accept this trend of thoughts, then the national development of a country is essentially contributed to by three components, namely:

The Public Sector,

The Private Sector, and

The Third Sector.

We in Malaysia believe that the third sector is equally important in its contribution to the social well being of the people, especially in the light of the traumatic changes being from privatisation, marketisation and liberalisation, since the third sector is basically the empowerment of the people.

In recognising the complementarity of these three sectors, one cannot say therefore, that these changes mentioned above will render cooperatives redundant, because there are certain things that each sector can do better than the other sector. There is an increasing awareness today that neither governments nor business can do everything for the people. On the contrary, there is a growing awareness on the need for governments to steer rather than to administer and to manage their people as good citizens rather than clients. Good clients are bad citizens as they breed a culture of dependency. It is good citizens that make strong communities. Cooperatives are probably the most organised amongst the various third sector bodies either in terms of philosophy, organisation or management and therefore can play a significant role in the contribution of the third sector.

The Malaysian Government, in recognising the importance of the third sector, has continued in its support and recognition of cooperatives as an important institution in the third sector and acknowledges the role it can play in achieving the noble objectives of the National Development Plan, especially in the context of creating a caring society.

In view of the above, the Malaysian Government is by and large in accord with the various resolution of the Ministers Conferences in Sydney and Jakarta and also the various recommendations of the Regional Consultation held in Kuala Lumpur in April 1994, the preparatory meeting to this conference, namely:

- a) "To seek technical assistance to study organisational adjustments and formulate models to improve the structure and organisation of cooperatives in the Asia Pacific region".

I am glad to inform that Malaysia supports this proposal with the view to seek technical assistance in efforts to improve and strengthen the structure and organisation of cooperatives in the Region. The Malaysian government will support efforts for any representation by this conference to any potential donor country or international organisation which will support any serious study on developing models of vertical and horizontal integration in the efforts towards structural improvements of the cooperative movement.

- b) "To seek, where necessary, bilateral or multilateral financial assistance for a study to develop a suitable regulatory and institutional framework to improve capital mobilization and enhance members' confidence in finance-related activities of cooperatives".

In regard to this proposal, I am also glad to state the affirmation of my Government on efforts to improve capital mobilisation and the financial integrity of cooperatives as useful financial institutions in support of the poor and the disadvantaged.

- c) "Governments to consider financial assistance in strengthening the management capacities of cooperatives in audit, education and training."

The Malaysian Government support this recommendation to provide assistance in the form of guidance in audit matters, management courses and other forms of related training. The government in fact has already made allocations for 'extension services' in developing cooperatives' management capabilities. Furthermore, following the formulation of the Cooperative Societies Act 1993, the Government has already approved a new development programme framework for the Department of Cooperative Development.

- d) "to seek technical assistance to study and strengthen potential centres of excellence in existing cooperative education and training institutions in the Asia Pacific region."

I would like to inform the Conference that Malaysia strongly supports this recommendation as this can contribute towards enhancing excellence in certain fields of studies being undertaken in the established Cooperative Training Institutions in the Asia Pacific Region. This proposal can definitely contribute towards cooperation in cooperative management education in all the Asia Pacific countries through the exchange of students and expertise in certain fields.

- e) "The government and the cooperative movement jointly undertake a strategy formulation for the year 2000 in view of the significant contributions that cooperatives can provide to the caring society."

This recommendation basically supports the point that cooperatives can increase their efforts as a non-governmental and non-private sector institution to develop a society that is more concerned with social problems and issues and thereby able to balance the needs of development and distribution. Towards this end, I am glad to state that my Government support this recommendation since the government has already launched a policy towards promoting and developing a "caring society".

- f) "Governments from the Asia Pacific Region to sponsor and support the United Nations Resolution on the "Status and Role of Cooperatives in the Light of New Economic and Social Trends" at the forthcoming general assembly in 1994.

In regard to this recommendation, I would like to state that Malaysia acknowledges that the ICA Consultation in Kuala Lumpur recommended that the Asia Pacific countries support and sponsor the United Nations resolutions in the next General Assembly in 1994. We acknowledge that this resolution has already been supported by 19 member

nations of the United Nations. We support the importance of this resolution in enhancing member nations awareness on the important role of cooperatives in development.

- g) "To set up a proper secretariat facility to support the preparation and follow up activities for a regular government cooperatives consultation".

I would like to state here that Malaysia acknowledges the necessity of strengthening the administrative machinery of the ICA to facilitate the follow up actions on the recommendations and resolutions of the Ministers Conferences. We also recognise the significance of this matter to preserve the continued success of this forum of consultations between the Cooperative Ministers and the movement. We feel that with such a strengthening of the ICA administrative machinery, it is not necessary for us to create a new institution to sustain this forum of consultations between the government and the cooperative movement.

We should therefore continue to make the cooperatives efficient as an institution that may fit into its appropriate role as one of the important sectors of the economy. A balanced macro-economic management in placing all sectors towards higher productivity in the economy would provide a more effective approach in providing a stable and sustainable growth. Effective factor management and pragmatic policies, must be the cornerstone of our policy formulations to ensure the continued success of this collaboration effort.

Myanmar, Union of

Statement by H. E. U Than Aung, Minister for Cooperatives

Mr. Chairman, Honourable Guests, Fellow Delegates, Ladies and Gentlemen,

It is indeed a great honour and privilege for me to represent my Government and the Cooperative Movement of Myanmar and to have the opportunity to make an address at this Third Cooperative Ministers' Conference.

To begin with, may I take this opportunity to extend my heartfelt congratulations to the conveners of this Conference – The International Cooperative Alliance, Regional Office for Asia and the Pacific, the Government of Sri Lanka and National Cooperative Council of Sri Lanka.

The Myanmar Cooperative Movement which consists of over twenty thousand societies is proud to be affiliated with ICA through its national apex, the Central Cooperative Society, which for the last two years after joining the international organisation has actively participated in various operations. Myanmar Cooperative history goes back to last 90 years, where our first cooperative society was formed in 1905. It was introduced at the time when farmers were faced with short-coming in credit facilities and with growing problems of living together became more complex and challenging. From that very beginning the cooperative societies of Myanmar had played a vital role in contributing socio-economic development and stabilization of national life in the country. During these years the cooperatives encountered numerous difficulties but as a movement it withstood the winds and able to make commendable headway. But in the wake of market oriented economy, like many other cooperatives in the region, the Myanmar cooperatives do have some setbacks. They do need to consolidate internally, both as a cooperative movement and as a business enterprise so as to increase their competitive strength.

The present government which came to power in the late eighties, reviewed the then cooperative law with the aim of liberalising it and to make it more democratic, autonomous and to be in line with the basic principles of cooperatives. As a result new Cooperative Society Law was enacted on 22nd December 1992. In addition, the State Law and Order Restoration Council in its declaration states that it will strive for better condition of food, clothing and shelter of the people and render necessary assistance to the private sector and the cooperatives, in doing so. This

shows that Myanmar government actively supports the cooperative movement because of their noble cause and public interest, and accept cooperatives as an effective and potential instrument for economic development and alleviation of poverty.

The new Cooperative Law which was adopted in Myanmar recognises cooperatives as democratic, autonomous and self-reliant organisations. Myanmar Government believes that cooperation encourages individual initiative, believes in equality, equity and non-exploitation and playing a distinctive role in balancing the public and private sectors. Moreover, the cooperatives in Myanmar are constitutionally recognised.

The number of cooperative society in Myanmar totalled 23,430 societies. In all, the performance of the cooperative in general is very encouraging. In the face of numerous difficulties encountered, the movement as a whole has been able to with-stand the winds of market economy. Not with-standing this situation, there were a few cooperatives that had made commendable headway in new venture, making full use of the opportunities provided by the market oriented economy. Increasingly cooperative are finding their competitive positions being eroded. The larger societies now accept the need to increase their size, skill and products, so as to be competitive on a national stage. At present the Myanmar cooperatives at the primary level are merging into syndicate of secondary level and these syndicates will merge into national level. These union will be financially strong and in better footing for competitive strength.

However, the cooperatives are socially fruitful only after they have achieved success in the economic sphere. The success of a cooperative society strongly depends on the quality of management. It is imperative that the cooperative plan out its future with realistic understanding of current situation, with clear awareness of challenges, opportunities and prospects emerging from the new socio-economic order.

Central Cooperative Society which is our apex organisation and a member of ICA has actively participated in regional activities. Myanmar cooperative movement regards friendly environment as an important requirement for cooperative development. Recently the Central Cooperative Society in collaboration with the ICA Regional Office for Asia and Pacific had conducted a Workshop on Cooperative Leadership Development in Yangon from June 16-18. A similar workshop on consumer cooperatives in collaboration with ICA Regional office for Asia and Pacific will be held in near future. And in future we will be holding more seminars and workshops for the development of cooperatives. Central Cooperative Society in its capacity as the apex body, has assisted in financial assistance to cooperatives in addition to government assistance. Adequate collateral security against Bank loans is needed by the borrowing societies. The new Cooperative Colleges and the Training Centres

are all funded by the Central Cooperative Society. The society in future will seek bilateral or multilateral funding from legitimate and reliable sources.

The Myanmar Cooperative Movement supports in building an environment which contributes to the growth of cooperatives. Greater freedom for cooperatives in decision making and reforms in economic sector have already been practised. The Government continues to extend assistance for audit, education and training. In an effort to improve cooperative education technical assistance will be sought from potential centres of excellence.

As I have stated earlier the cooperatives have stood by all the challenges and have moved into the future. But like other cooperatives in the Region, Myanmar Cooperatives needs genuine leadership, structural changes, competitiveness and innovative approach so as to organize themselves collectively and build their own protective strategies to avoid exploitation. The Myanmar Cooperative Movement will muster all their strength to enhance their competitive strength, and to work together with ICA and its Regional Office for Asia and Pacific, so as to overcome all challenges in the move towards the future.

The Government of Myanmar fully supports the cooperative movement. It also recognises that a Regional Cooperative Council within the ICA framework should be set-up. And fully supports the UN Resolution on the "Status and Role of Cooperatives in the lights of new economic and social trends". The Government and the Movement also recommends in proclaiming an international day of cooperatives to be observed on the first Saturday in July in 1995, in commemoration of ICA centenary and observing it as an international day in future years.

Myanmar cooperative movement fully recognises the resolutions that will be adopted and ratified by this distinguish forum and for effective follow-up action. In conclusion I extend my sincere gratitude to all of you who have help to open this splendid Ministerial Conference and in the deliberations of concrete resolutions for the long term development of cooperative movement. My earnest respect to the people who has endeavoured to develop the International Cooperative Alliance and who have worked for its success. Also my profound thanks to His Excellency Mr. W. Mallimaratchi, Minister of Food, Cooperatives and Janasaviya for his invitation and for the welcome accorded to our delegation in Colombo. I look forward for continued harmonious cooperation among cooperatives and for the development of future cooperative activities throughout our Region.

May this conference be a success for all of us.

Philippines

Statement by Mrs. Edna E. Aberilla, Chairman, Cooperative Federation Ltd.

Hon. Chairman, Officials of the ICA, Hon'ble Ministers, Fellow Cooperators, Ladies and Gentlemen,

On behalf of the Philippines Delegation I would like to convey to all of you our best wishes to continue the development of the Cooperative Movement.

Cooperatives in the Philippines continue to be regarded as effective instruments in bringing about equity, social justice and empowerment of the population's marginalized sectors, both socially and economically.

The Philippine government, and specially the Cooperative Development Authority, has always believed in this and has continually sought to explore ways by which it can better help promote cooperative development. The cooperative movement, itself, has been steadfast in its efforts at establishing, improving and strengthening its capacities and capabilities towards making their sector – the cooperative sector – more dynamic and progressive.

The process of bringing about this vibrant cooperative sector is not without its attendant difficulties and even tensions. Notwithstanding, with dialogues and consultations, efforts bind together resulting in a steadily growing cooperative sector.

Following the Sydney and Jakarta Conference, the following major developments highlight the Philippines' moves toward establishing a stronger, more competitive and more democratically-managed and controlled cooperatives.

Passage of New Cooperative Laws

The Sydney Conference enjoined the participating countries in Asia and the Pacific to review their coop legislations in order to make the laws more democratic and the cooperatives in particular, more member driven.

Just a month after the Sydney Conference, two new laws on cooperatives – Republic Act (RA) 6938 entitled The cooperative Code of the Philippines and RA 6939 entitled The Cooperative Development Authority – were passed on March 10, 1990. Discussions on these laws started three years ago or immediately after the installation to power of the ex-Philippine President Corazon Aquino through what has come to be known as People Power Revolution. The two new cooperative laws

generally carried the same fervour of the People Power. In particular, the laws declaration of policy is unequivocal in protecting the cooperatives' autonomy while at the same time allowing for government assistance where necessary. The RA 6938 provision goes:

“It is the declared policy of the State to foster the creation and growth of cooperatives as a practical vehicle for ... harnessing people power towards the attainment of economic development and social justice....

Towards this end, the Government ... 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 organizational integrity of cooperatives.”

RA 6939 declaration of policy further holds:

“The State recognizes the cooperative sector as primarily responsible for the institutional development of cooperatives. Accordingly, the State recognizes the rights of the cooperative sector to initiate and foster within its own ranks cooperative promotion, organization, training, information gathering, audit and support services, with government assistance where necessary.

Government assistance to cooperatives shall be free from any restriction and conditionality that may in any manner infringe upon the objectives and character of cooperatives.... The state shall, except as provided for in this Act, maintain the policy of non-interference in the management and operation of cooperatives.”

The new coop laws were also liberal in providing tax incentives for cooperatives. Per provision, the cooperatives in the country are exempted from the payment of taxes, “of whatever name and nature,” for a period of at least ten years.

The laws, though acknowledged still with loopholes, are well received by the cooperative movement. The new laws are far more liberal than the previous cooperative law that was passed when the Philippines was under Martial Law.

One evidence of the laws acceptability is the sixth fold increase in the number of registered cooperatives from 1987 (less than 5,000) to 1994 (close to 29,000).

CDA as Lead Government Agency for Cooperative Development

Brought about by the renewed interest in the formation of cooperatives as well as good results of operations of many existing cooperatives, around twenty government agencies started their own programs/projects

for cooperatives. There was hardly coordination, however, such that there were even violations of the provisions of the Cooperative Code. CDA was then called upon by the Office of the President of the Philippines to play the lead role in the government's cooperative development. Presently, CDA is playing its coordinative role among various government agencies and has signed memorandum of understanding (MOU) with various agencies, e.g., with the Department of Education, Culture and Sports (DECS) for the inclusion of the teaching of cooperatives in the formal educational system.

A Medium-Term Cooperative Development Plan has also been incorporated in the country's Medium-Term Philippine Development Plan.

Growth in Resources and Services of Existing Cooperatives

A good seventy-five to eighty-five percent (75-85%) of the 29,000 cooperatives registered as of midyear 1994 are young. Another group of cooperatives, however, which started their operations in the 1960's-1970's have registered tremendous growth. It is not uncommon to find cooperatives in this group with asset size of P30 million and above (around US \$1.2 million and above). These cooperatives usually started with a few hundred pesos capitalization. They have clearly shown how the cooperative model can indeed work and produce results.

These group of cooperatives have generally diversified their operations. From mainly savings and credit operations, many have now expanded to merchandising or marketing business.

The present challenge, however, is in these cooperatives taking a bolder step towards bigger, more value added and more widely - based (provincial, regional or national in scope) projects. The idea is to consolidate the resources of the cooperatives and establish the cooperative niche in the Philippine economy. This move is also in keeping with the present liberalization moves in the Philippine economy which offers both opportunities and threats to the cooperatives.

Horizontal/Vertical Integration of Cooperatives

Whereas cooperatives in the Philippines have established vertical structures, there is now a more deliberate effort toward arriving at an agreed upon horizontal structure. The CDA and the national level federations and unions have agreed to form a convenors' group which shall initially discuss the manner and the process by which an acknowledged horizontal structure shall eventually be formed.

There is agreement among the different national level federations and union that the horizontal structure should be allowed to evolve rather than be hastened by mandate of law.

More Active Advocacy Role for Cooperatives

Recently, cooperatives have gone to appreciate the value of advocating for positions, policies or issues that they believe in. A few years ago, the principle of political neutrality, was interpreted to mean not only non-partisan politics but also avoiding to take positions on politics but also avoiding to take positions on controversial issues be it political, economic or social - that tend to divide the Filipino society, or even the world, in general. There is also growing recognition among cooperatives that their operations are affected not just directly by coop legislations but also by the various issues in its socio-economic-political and cultural environment. In the end, the cooperatives are part of a bigger community.

Singapore

Statement by Mr Lim Ho Seng Chairman, SNCF

Introduction to Singapore

Singapore is a unique nation in many ways. Some of its unique characteristics can be listed as follows:

1. It is a small island nation-state covering an area of 641 sq. km. and populated by a multi-racial people numbering 2.8 million.
2. It has a well-developed modern economy and an open well-governed society. It is an independent sovereign, formerly a British colony, and its government is democratically elected by its people.
3. It is not richly endowed with natural resources and has to import nearly all the products and goods for its consumption. Even water is imported from its neighbouring country, Malaysia.
4. The country has enjoyed full employment for more than 10 years with the current unemployment rate fluctuating between one and two per cent. There is a tight labour market and the demand for labour exceed supply in many sectors.
5. It is an international centre for communications, commerce and finance.
6. At various occasions, it has been ranked top for the quality of its workforce, its airport and seaport, its taxi service, etc. Surprisingly, its people have also been rated as one of the happiest people in the world in an authoritative international survey.

Outline of Cooperative Development in Singapore

1. The cooperative movement began in 1925 with the introduction of the Straits Settlements Cooperative Societies Ordinance by the British Council Government.
2. The first cooperative in Singapore were the thrift and loan, or the credit societies. They were established mainly to help the "colonial masters" and the European commercial houses to solve the growing problem of indebtedness of their employees which had affected staff morale and efficiency.

Some of these cooperatives are still in existence today with membership drawn mainly from their respective workplaces. These cooperatives were run on a self-help basis with membership participation in the day-to-day management and operations of the cooperative.

3. The development of the cooperative movement was interrupted by the 2nd World War. Several cooperatives survived the war but were very much weakened after that.

4. In the late 1960s and the 1970s, there was rapid economic growth in Singapore and a revival in cooperative development. The labour movement under the leadership of the National Trades Union Congress (NTUC), played an important role in the revival. The labour movement saw cooperatives as a useful means to meet some of the more dominant social and economic needs of the workers and the population at large.

5. New cooperative enterprises were set up by the NTUC. These were run professionally on sound management principles with minimal membership involvement in the day-to-day operations.

Examples of these cooperatives are NTUC Fair Price (in the supermarket business); NTUC Income (in the insurance business); NTUC Comfort (until recently, a cooperative in the taxi/transportation business and was now corporatised to become a public-listed company); NTUC Childcare (in the pre-school childcare business); NTUC Denticare (in the dental care business); NTUC Healthcare (in the pharmaceutical supplies business); and NTUC Voice (in the broadcasting business).

The bigger NTUC cooperatives, such as Fair Price, Income and until recently, Comfort, have all emerged to be the leaders in their respective industries or businesses and are now household names in Singapore.

6. Representing the cooperative movement at the apex is the Singapore National Cooperative Federation (SNCF) which was founded in 1980.

Governed by the Cooperative Societies Act (Cap 62) and its by-laws, the principal activities of SNCF are the promotion of cooperative education and training of members of its affiliates, the provision of management services to its affiliates and the organising of social, cultural and recreational activities for the members or its affiliates.

Cooperatives in Singapore Today

1. Today, there is a total of 800,000 individual members in the cooperatives movement in Singapore. There are total 70 cooperatives in the movement, of which 64 (more than 90%) are affiliated to SNCF.

2. The total paid up capital of these cooperatives exceeds S\$ 200 million. Their total assets amounts to S\$ 1.6 billion.

3. The Singapore cooperatives are engaged in a variety of enterprises such as insurance, supermarket, retail, childcare, medical and financial services, etc. They address various important social and economic needs of their members and the public that they serve, and have enabled their members to share the fruits of Singapore's rapid economic growth and enjoy a wide range of services at a reasonable cost.

4. However, the business environment in Singapore is becoming more and more competitive and complex. Increasingly, cooperatives in Singapore are now facing greater competition and the less efficiently managed will be marginalised or squeezed out. Even those cooperatives which operate in niche areas, serving a specific membership, are facing the pressures of competition, as alternative sectors are seeking to attract their members.

5. At the same time, life-styles and social structures in Singapore are also undergoing changes and these create new challenges for the people. New needs are being felt, especially in areas such as child-care, aged-care, home services and education. Consumers at large, including cooperative members, are constantly looking at more effective ways and means to improve their standard of living.

6. The changing environment poses considerable challenges to the cooperative movement. Recognising the rapid changes, the SNCF set up a committee in July last year to conduct a strategic review for the cooperative movement in Singapore, to take stock of the current situation and to set new directions for the cooperative movement.

The Cooperative Strategic Review

1. The Strategic Review Committee started the review in October last year and completed the project in May this year. During the period of review, numerous consultations and discussions were held with leaders of the various sectors of the cooperative movement and the NTUC, and with government officials. Two conferences of cooperative leaders were held to discuss the findings and recommendations of the review, at the end of which the cooperative leaders concluded that cooperatives in Singapore should meet the challenges of the changing environment and play a role in catering to new areas of need.

2. The leaders agreed that:

- a) Individual cooperatives should review their operations, upgrade and improve their efficiency, expand their scale of operations and provide new services to meet newly emerging needs;
- b) The existing cooperatives in the movement should also come together to develop new cooperatives to provide solutions to new social and economic needs, and
- c) The application of cooperative principles and methods should be strengthened in their operations so as to make their cooperative identity a distinctive competitive advantage.

3. The cooperative leaders also agreed to embark on a programme to educate the public about the role of cooperatives and the application of mutual and self-help.

4. As recommended by the Review Committee, the leaders adopted the vision that:

“The cooperative movement in Singapore, through the application of cooperative, mutual and self-help principles, plays an important role in meeting the needs of individuals and groups in our society and participates actively in the enormous national efforts to take Singapore into the Next Lap”.

5. Also adopted were the following objectives recommended by the Review Committee for the movement:

- a) To expand the membership of the cooperative movement to 1,000,000 members by the year 2000.
- b) To strengthen the role of cooperatives in existing areas of activities, and to develop new activities that will meet the need of the people.
- c) To improve the awareness of members of the social and economic purposes of cooperatives and increase their level of involvement in a wider range of activities of the cooperatives.

6. To achieve the recommended objectives, the cooperative leaders agreed on adopting the following strategies:

- a) To reorganise the Singapore National Cooperative Federation to enable it to play a more effective role in representing the movement, to articulate cooperative values, to assist member cooperatives to be more successful and to sponsor new cooperatives.
- b) To direct the resources of the Central Cooperative Fund, which is contributed by a levy on the surplus of cooperative societies, more effectively towards the development of the cooperative movement.
- c) To seek amendments of the Cooperative Societies Act so as to update provisions that have outlived their original purposes.
- d) To work with Government leaders to articulate a policy that recognises the positive roles played by cooperatives in the society.
- e) To encourage cooperatives to set objectives and commit a budget for the education and training of their members and employees.
- f) To adopt a new strategy for the development of new cooperatives, with the leadership to be provided by the Singapore National Cooperative Federation.
- g) To embark on a programme to educate the public, members and employees so as to enhance their understanding and knowledge of the cooperative movement.

h) To improve networking among cooperative societies and their leaders and employees, to allow knowledge and experiences to be shared for their mutual benefits.

7. The cooperative leaders also agreed on the action plan mapped out for the four cooperative sectors, namely the NTUC cooperatives, the credit and multi-purpose cooperatives, the campus cooperatives and the services cooperatives.

8. The recommendations of the strategic review have given the basis for a positive action programme to be carried out by the Singapore Cooperative Movement for up to the year 2000 and beyond.

Conclusion

The government and commercial sectors in Singapore have catered efficiently to most of the existing needs of the people. But as Singapore progresses, needs change and new needs emerge. Not all the new needs can be fully catered for by the government or the commercial sectors. This then presents new opportunities for development in the cooperative movement.

Fully aware of this and as a result of the strategic review, cooperatives in Singapore are now even more committed to the encouragement of group initiatives based on mutual and self-help, the creation of social wealth, and the demonstration that cooperatives can be a viable way of business, a satisfactory way of life.

Sri Lanka

Statement by Weerasinghe Mallimaratchi, Minister of Food Cooperatives & Janasaviya

First and foremost, I would like to congratulate Hon'ble Ministers and the distinguished delegates for attending this conference. I have no doubt that all of you are looking forward to continue the good work so far accomplished through government cooperative collaborative mechanism commenced since the holding of the 1st ministers in conference in Sydney. As you are aware, the second conference had generated further impetus in improving these relations and have accelerated the pace of Cooperative-Government relations. I am aware, that the regional consultation held in Kuala Lumpur, Malaysia, in April 1994 had summarised measures taken by the countries of our region in implementing recommendation of previous conferences and put up an agenda for further deliberation at this conference. Therefore, I consider it advisable and meaningful to indicate the support of the Sri Lankan Government and the movement towards implementing those recommendations for the betterment of our cooperative movement.

1. Cooperative Government Relations

1.1 *Legislative Reforms:*

The Cooperative Act No. 5 of 1972 was amended in 1992 and an amendment Act No. 11 of 1992 was enacted in Parliament. This amended law had drastically reduce the powers of Registrar and vested them on General Membership. Political intervention has been eliminated by introducing provisions restraining Members of Parliament and other local bodies from being elected to or to continue as committee members. Measures have also been taken for greater involvement of youth in cooperatives, making it compulsory for registered cooperatives to have at least two youth represented in the Boards of Management.

1.2 Recommendation has been made to the Government to reduce business turnover tax in a bid to create a favourable tax treatment of cooperatives.

1.3 Tremendous headway has already been made to involve cooperatives in Poverty Alleviation Programme (PAP) to support the weaker sections and other disadvantage groups. Cooperatives have been assigned an important role in implementing the state sponsored "Janasaviya" Programme which is meant to redress a set of fundamental problems afflicting the weaker communities of our society.

The implementation of the entire commodity distribution programme and the savings component of the PAP has been entrusted with the multi-purpose cooperative societies.

- 1.4 A Cooperative Policy had been drafted, but unfortunately, this policy draft is yet to be presented in Parliament.
- 1.5 A greater autonomy has been assured to the cooperatives in carrying out their affairs. The Government is firmly committed to the creation of a genuine cooperative movement in our country. It is only in respect of multi-purpose cooperative societies where Government involvement is persistently felt. This is also due, mainly in relation to their involvement in the implementation of state sponsored welfare schemes. However, Government still continue to support cooperatives, which are in need of funds. A Cooperative Development Fund was established in 1990 and nearly 190 multi-purpose cooperative societies have been granted a sum of Rs. 130 million to consolidate their working capital base. Agricultural Cooperatives have been granted adequate funds for marketing activities through a recently established "Agro-Marketing Fund."

2. Cooperative Business Relations

The Government fully recognises the importance of cooperatives entering into diversified economic fields, in order to successfully face challenges and opportunities emerging from the market economy.

- 2.1 More particularly, the Apex Cooperative Unions have been directed towards entering into import and export markets.
- 2.2 Action has been initiated to diversify the activities of MPCSSs, Dairy and Fisheries Cooperatives. Some of the examples are mention below:

- a) Rice processing project

This project was started in 1991 by the Cooperative Sector under the guidance of the Department of Cooperative Development for the benefit of specially the low income groups and the unemployed, including the "Janasaviya" beneficiaries. By now, 5260 beneficiaries from 662 projects representing 62 MPCSSs are actively involved in this project. So far, 5.47 m.kg have been processed and a sum of Rs. 76m has been distributed among the member beneficiaries, which otherwise would have found its way into the pockets of private millers.

- b) Tripoli Cooperative Marketing Complex

With a view to accelerating the agro-marketing activities of MPCSSs and the Agricultural Cooperatives in areas with a surplus agro products two markets i.e. Co-market and Tripoli

Cooperative Market (COOP CITY) were opened 1992 and 1993 respectively by the Department with assistance from the Provincial Council. At the Coop City, each Provincial cooperative organisation had been allotted a trade stall to facilitate marketing of quality nutritious locally grown vegetables, fruit and pulses with a variety of other food items to the city consumers. The Coop City has gained momentum, withstanding all types of competition from the private markets adjacent to the complex.

c. District Cooperative Rural Bank Union (DRBU)

In order to prevent the spill over surplus from the financial resources of the Coop Sector to other areas, a programme to reorganise the DRBU was commenced in 1993. Up to now, 3 such unions have established. The formation of these financial institutions was the first-step towards achieving the cherished goal of the cooperators over the years, "Bank for the Cooperative Sector". While the achievements of these banker in assisting the MPCs were well beyond expectations, it must be mentioned that, it has helped paving the way for the establishment of a Cooperative Bank, eventually.

The Presidential Commission of Banking and finance has identified the need for a separate bank for the cooperative sector obviously due to our efforts in organising DRBU, which have proved useful.

2.3 With regard to the need for cooperatives to build professional and managerial capabilities, I must say, that a lot of improvement is needed in this field in the context of Sri Lankan situation.

An important input necessary to make such a professional approach to the management of cooperatives a reality is training. Training is required for both the elected Board as well as the employees. Arrangements are being made to have regular seminars, workshops at an appropriate level to give the Board members the correct perspective regarding their role and give whatever technical input as may be necessary for them to perform such role effectively. But more important is the training of managers. Cooperative are, as mentioned earlier, called upon to function in an increasingly complex and dynamic environment. In Sri Lanka, for example, there are the pressures exerted by an economy that is opening up where members loyalty can be held only by price and quality competitiveness. Therefore, the managers need to be highly skilled especially in business management.

3. Cooperative Member Relations

3.1 We acknowledge the need to promote the members faith and confi-

dence in the cooperative philosophy, ideals and capacities to meet their needs. In this regard, I must say, that the need for an enlightened and dynamic leadership has been felt emphatically now, than any period of the movement earlier. In view of the emerging trends, in the socio-economic development in the country, the type of leadership required depends on those who have the capacity to promote development for the benefit of members. In the context of Sri Lankan situation, some of the characteristics that should cultivate and foster are:

- loyalty and commitment to cooperative development based on upholding cooperative values.
- Combining visions, strategic thinking with entrepreneurial abilities.
- Keeping abreast with latest management systems and their relevant application.
- Team leadership rich in initiatives.

A massive effort has to be made to improve Human Resources Development (HRD) within the cooperative system in respect of all persons concerned with the development and growth of cooperatives. In view of this, there would be an urgent need to upgrade and expand the capacities of institutions involved and also to develop additional facilities at Provincial and District Levels. Some provinces; - North East, Central and Uva have already established training centres with support from the Provincial Councils.

Following areas need to be emphasised :

- (a) Translation of tradition approach to training into an action oriented-participatory programme leading to a demonstrative effect.
- (b) Increasing awareness about cooperation and practice through school cooperatives.

Conclusion

In conclusion, I must stress the need to continue this ongoing process through Government-Movement collaboration. To do so I strongly recommend to made this forum a regular one under the guidance of the ICA. I am sure, such a move will help build a strong and genuine movement in this region. I have been informed that Indonesia and Malaysia have generously contributed funds towards making this Conference a regular forum. It is with pleasure that I announce while being host to the 3rd Asia-Pacific Ministers' Conference, our commitment to contribute US\$ 20,000 towards the formation of a regular forum.

Thailand

**Mr. Kriengkrai Surakkhaka,
Royal Thai Embassy**

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

Hon'ble Mr. Tawil Chanprasong, Deputy Minister of Agriculture and Cooperative is very sorry that he cannot participate in this Conference due to urgent unexpected political circumstances. Therefore, he assigns me to deliver his speech on behalf of the Thai delegates.

On behalf of the Thai delegates, I wish to thank the host, the Ministry of Food, Co-operatives and Janasaviya, for the warm hospitality extended to all of us and excellent arrangements made for the Conference. I would also like to congratulate the International Co-operative Alliance on their success in holding this Ministers' Conference with the full cooperation of the Ministry of Food, Co-operatives and Janasaviya.

It is my great pleasure to inform you that the Royal Thai Government has recognised the vital roles of the cooperatives in socio-economic development of the country as stated in the policy for cooperative development since the First National Economic and Social Development Plan up to the present Seventh Plan of 1992-1996. The ultimate goal is to strengthen the cooperatives to be autonomous and viable economic self-help organizations which can efficiently render services to their members. The government by the Cooperative Promotion Department, Ministry of Agriculture and Cooperatives takes supporting roles in formulating model by-laws and rules, inspection, supervision, building infrastructure, and giving technical assistance and financial assistance (where needed). The government has also initiated many development projects and activities to improve the management efficiency so as to sustain their viability.

At present, the cooperatives in Thailand are categorized into six types, namely agricultural, land settlement, fisheries, thrift and credit, consumers and services cooperatives. As of January 1, 1994 there were 3,744 primary cooperatives with a total membership of 5,843,961 families/persons.

I would like to inform you that the results of the Sydney and Jakarta Conferences have been of significant effect to foster greater collaboration between the cooperatives and the government in Thailand. One crucial effort is the amendment of the Cooperative Act promulgated in 1968 with the main objectives to facilitate the operations of the cooperatives and to establish the National Committee for Cooperative Development, compris-

ing the representatives of the cooperative movement and the government, to coordinate and formulate policies and plans for cooperative development. Being the majority in this national body, the cooperative movement can expose their interest and need to be implemented. Several attempts have been made by the Cooperative Promotion Department and the cooperative movement to propose the draft amendment to the parliaments. Unfortunately, they were not successful due to unfavourable political situations causing the changing of governments. But now, I am very pleased to inform you that the proposed drafts have been approved for the first reading. The Extraordinary Commission on the Cooperative Act Amendment has been appointed having me as the chairman. It will take some time for the new law to be effective : pass all the necessary procedure, but the cooperative movement in Thailand can be assured that the amended law will be more democratic with favourable conditions for the progress of cooperatives.

As you are all aware that cooperatives in this region are facing the common problem of lack of fund. In Thailand, the Bank for Agriculture and Agricultural Cooperative is the source of fund for agricultural cooperatives only, not for non-agricultural cooperatives. It is not yet agreed to set up the Cooperative Bank. Therefore, the cooperative movement and the Cooperative Promotion Department have been trying to set up an insurance company owned by the cooperative movement. This insurance company will be the source for fund mobilization in urban and rural areas and will help build up security in the members' families and improve their quality of life which will finally strengthen the operations of the cooperatives. After the long endeavour, it is very pleased that the proposal to set up the insurance company owned by the cooperative movement has been approved by the cabinet, and with the strong cooperation from the cooperatives, the initial paid-up shares of 200 million Baths or equivalent to eight million US dollars can be achieved. On this July 28, 1994 there will be a meeting of shareholders to elect the board of directors. Hopefully, this insurance company, called Saha Life Insurance Company Ltd., will start the operation by the end of this year. We are certain that the financial strength in the cooperative movement will be achieved through this Company.

Another change that should be mentioned here is in the field of cooperative auditing. It has been the duty of the Cooperative Auditing Department (CAD) to do the annual cooperative auditing. Now, the CAD is facing the problem of insufficient cooperative auditing officials because of the high rate of expansion of cooperatives and farmer groups. It cannot render the services at the time needed. With the government policy to phase out of government involvement in the cooperative auditing, the CAD has launched the project with the purpose to transfer the task of auditing from government to private sector. The large and

sound financial status non-agricultural cooperatives can hire professional private auditors to audit their accounts. These private auditors must possess the auditing license, be approved by the general meeting and meet other qualifications. The CAD will closely inspect and audit the weak financial and managerial cooperatives. When any cooperatives are strengthened, the auditing function of CAD will be transferred completely to professional private auditors.

In the context of globalization and market-oriented economies, the agricultural cooperatives are strengthened in all aspects to improve their managerial capabilities. Moreover, the agricultural products have been improved and upgraded to meet the need of consumers both domestic and abroad. It is very delighted to know that some agricultural cooperatives export fruits to the cooperative and company in Japan and Hong Kong. Their members fully participate in maintaining the high quality of their products in order to receive the most favourable prices. The government and the apex cooperative organizations jointly promote and explore the potential international markets for the products. Potential cooperatives are educated by the government agencies concerned in improving the quality, grading and packing to meet the international requirements.

In conclusion, I am confident that the prospect of the cooperatives in Thailand is very promising. I hope that the deliberation and discussions during this Conference will develop useful recommendations and initiate ways and means which will benefit directly to the cooperative movement in this region.

Uzbekistan

Statement by Mr. Abduganiev, Chairman - Uzbekbillashuv

Mr. Chairman, Ladies and Gentlemen,

First of all let me express our gratitude for the invitation extended on behalf of the International Cooperative Alliance led by Mr. Marcus and also to the Regional Cooperative Alliance of Asia and Pacific Region headed by Mr. Sharma. And also we are very grateful to you for the very great welcome given to us on the part of the government of the Republic of Sri Lanka and also I am very grateful to the Cooperators and leaders of Cooperative Movements of Sri Lanka.

I have a few words to say about Uzbekistan, our country. Uzbekistan is a country in central Asia. It's the western border of China and we have the borders with Iran and Afghanistan and of course we have the borders with our former Soviet Republics Kyrgistan, Thagu....Tukmania and Kssastan.... I would like to say a few words about the situation which was before the distintegration of the former Soviet Union and after the distintegration the processes that had taken after the disintegration. The population of Uzbekistan is 22 million. We gained independence on 31st of August 1991 and this is the day which is proclaimed as the Independence day of Uzbekistan and of course you know that we were developing on the way of planning economy before the socialist way of economy and nowadays we also in our country have conceived a process of liberalization of the economy and we are transmitting successfully to a market economy. The day Uzbekistan became a member of the world community and we have long term economic agreements with many countries in Asia and Europe and I should say that we are going on the way we are transmitting to a market economy in our own say of transition. May be its a little different way from what happened in the other countries of the world and the main principles of this transition are worked out by the President of the Republic. The first among these principles is that the economy should be deidologised that is there should be the preference of economy before its policy. Economy should have priority over politics and it was agreed that the only way we have today is to pass over to a market economy and one of the main principles on the way of transition is that the main organ which is carrying out these reforms is the government. This is done in a very complicated way due to the political situation that is happening in our country today. The next principle is Social Insurance of the population that is very important in a country like Uzbekistan having some 50% of the population under the age of 18 and we have chosen the way of transition stage by

stage not by revolutionary means and what we have for today we can see public and social stability in our Republic. And we cannot speak about any conflicts on the ethnical base in the country. It is important for us as we have some 100 or more nationalities living in our country and we have all the possibilities and opportunities to transit successfully to the market economy system.

Uzbekistan is very rich in minerals including gold, copper, precious metals, ferrous metals and non-ferrous metals and favourable climatic conditions for agricultural production. One of the main products of agriculture is cotton. We have a very much developed transportation system. We have developed air-links with London, Frankfurt, Kuala Lumpur, Beijing, and other cities which are important for our economic relations. We have introduced our own currency and from the 1st of August it is expected to be convertible which gives the opportunity of broadening economic relations with other countries. We have more than 1000 joint ventures with foreign partners including Japanese, Chinese, German, Indian and some other countries. I think it is very important that the United Nations is paying great attention to the development of Cooperative Movements and we also greatly support the report which is going to be prepared for the Social questions Summit of the United Nations General Assembly. We have already founded the Legal Foundation for the economic development of our country.

We have a special law to protect foreign investments. We have some tax exemptions for several branches of foreign economic relations. For e.g. Consumer goods. Suppliers are tax exempted and we have tax exemptions for the share-holders having more than 50% shares in joint ventures with Uzbek partners.

I am speaking about that because it is important for us to have business relations with all the countries of the world including Cooperators and Cooperative Organisations. We think it is one of the principles of Cooperators Solidarity that we are inviting you to have an economic cooperation with our Republic. These things are very important for us because while we were a part of the Soviet Union the economy was working so that some 60% of the goods were supplied by different parts of the Soviet Union and now we don't have these Suppliers any longer because we have lost many ties which existed before.

After we gained Independence great reforms are taking place in our country in the economic sphere. We are founding new Cooperative Societies in agriculture specially in the sector of farming and also in industry. Some parts of the trade industry are going to be privatised in the coming years but we cannot say that these are very strong Cooperatives. If we speak about strong well founded Cooperatives in Uzbekistan these are mainly consumer cooperatives which were founded mainly in

1920. These are multi-purpose Cooperatives dealing with the questions of trade, manufacturing and different services. Nowadays we have around 1500 small and big Cooperatives. There is a body regulating this work on the national level in provinces, districts and even in the villages. The work of these 1500 Cooperatives are very important because they supply some 70% of the all goods to the village areas of the Republic and a lot of consumer goods are manufactured and supplied by these Cooperatives. Also it is very important to the state programme in supplying goods to the population of the Republic. It is important for the social Insurance of the people with low income. It is very significant because 60% of the population of the Republic live in rural areas and we also have limited land resources. The activity of Cooperatives is important in job finding activities. Consumer Cooperatives of Uzbekistan have great potentiality in export activities estimates of 40 million Dollars for this year. We have our own educational establishments to prepare the personnel of Cooperatives our own Institute and 13 colleges and Technicals.

The third day here in Colombo participating in this Conference I have enriched my understanding of Cooperative Movement. I have learned a lot from the speeches made by the earlier speakers including my colleagues the ministers of Cooperatives of different countries and I believe that you are right that this conference would be a step forward towards strengthening our relations and developing a Cooperative Movement. Maybe in the very near future when we shall have a chance to invite the leaders of International Cooperative Alliance Mr. Marcus and Mr. Sharma so that this kind of conference could be held in the capital of Uzbekistan. So far we have a chance to invite Mr. Mark Johnson to come to Tushgan to examine the opportunities of arranging such a conference and to hold a seminar with Central Asia Republic Cooperatives in Tushgan.

Vietnam

Statement By Dr. Hoang Minh Thang, President, Central Council of Vietnam Cooperative Unions

Mr. Chairman, Mr. Lars Marcus, President of ICA, Mr. G.K. Sharma, Regional Director, Hon'ble Ministers, Deputy Ministers of Cooperatives from Asia-Pacific Regions, invited guests, observers,

I am very pleased to be here today to present on behalf of Central Council of Vietnam Cooperative Union.

First of all I would like to take this opportunity to express my best wishes to you, distinguished participants in this significant occasion of the Third Asia Pacific Regional Conference of Cooperative Ministers, held in the capital city of Colombo, invigorated with full of hope for the future.

Let me take this opportunity to highlight briefly current developments in Vietnam and cooperative activities in the country. More information is given in the statement.

The Government is committed to the objective of doubling GDP by the year 2000 and has, as you know on its own initiative launched a series of far-reaching reforms and policies including policies for cooperatives in order to achieve this goal and to transform the country into a more outward looking, market oriented economic, with good reason, Vietnam has chosen to start the reform process by focusing first on the economic.

The continuing commitment to economic reform is reflected in the new constitution, passed by the National Assembly in April 1992, which recognizes the rights of the State Cooperatives and Private Sector to engage in economic activities and to own and transfer property including rights to land.

Like in many other countries in the world, cooperatives in Vietnam have an important role to play in the national economic growth as well as the improvement of the people's living standards and maintenance of social stability, for the past few years, in order to implement the policy of developing a multi-sectoral commodity economy operating under a market mechanism, cooperatives in Vietnam have renovated their organization and operation to consolidate the democratic and voluntary principles, to seek new forms and measures to create direct links with domestic and foreign partners with emphasis laid on international relations as an effective form of cooperation to fully exploit the country's

potential resources, to turn out products for domestic consumption and for export, creating jobs for the working people, mobilizing invested capital from the people, aiming at a powerful country of prosperous people, a society of equality and civilization.

As we have seen in other countries, thanks to the emphasis on the development of cooperatives many countries especially countries in Asia-Pacific Region have achieved a remarkable economic growth as newly industrialized countries. Vietnam also has bright future with it abundant natural and human resources.

In order to promote and foster cooperatives, it is important for the Government to create appropriate business environment. The Government should positively support cooperatives with legal, social, economic and institutional backup so that they may cope with various difficulties such as lack of capital out-of-date technology, shortage of skill manpower, inexperienced management etc. But I think more important is the cooperative resolution and creativity.

The world has become truly one and what happens in one part of the globe has an impact on the other parts of the world. ICA as an international non-government organization maintaining close ties with International Organizations has an important role to play in increasing awareness of the problems among cooperatives and to assist them by undertaking suitable measures which conserve the scarce resources of the earth. Through these activities, we can advance toward the realization of mankind's coexistence and co-prosperity which will contribute to the peace of the world.

Central Council of Vietnam Cooperative Union is a member of ICA have received effectively assistant and add of ICA and its members. On the occasion of the holding of this conference, the delegation of Vietnam Cooperatives would like to thank the ICA, Regional office for Asia and Pacific and the cooperatives' organisations of all countries for their help and assistance in the development of the cooperative movement in Vietnam. We hope that after this conference the social-economic development in the region will have new effort. The cooperative movement will be stronger and the cooperation between the countries in the region. In this connections ICA and Regional office for Asia Pacific plays an important role.

In closing I would like to thank you for providing this opportunity for me to present some views on development of cooperatives in Vietnam. We thank sincerely the Government and National Cooperative Council of Sri Lanka for having made this conference possible.

Association of Asian Confederation of Credit Unions

Statement by Ranjith Hettiarchchi,
General Manager, Asian Confederation of Credit Union

Introduction

The Asian confederation of Credit Union was established in 1971. It now represents 15 national credit union/cooperatives organisation from 13 countries in the region. There are more than 6.5 million individual members in the region. ACCU has affiliation to the global credit union movement through World Council of Credit Unions (WOCCU). ACCU has become a part of the global cooperative movement having membership with International Cooperative Alliance (ICA). ACCU is also a member of International Raiffeisen Union (IRU). The Asia region includes industrialized, rapidly growing, and also least developed countries.

The responsibilities and functions of ACCU include coordination of credit union/cooperative development and promotion of exchanges of personnel and experiences; project identification; formulation monitoring evaluation; assisting with the establishment and strengthening of national Credit Union/Cooperative organisation and organization of seminars, conferences, meeting and etc., on specific issue and subject. In addition to its general body consisting of one delegate from each country it has a board of directors consisting of five members. It has especial committee representing professional from member organization who guide and support ACCU activity known as CEO Advisory Committee.

Keeping in view the ACCU policy for credit union/cooperative development, the operational objectives are:

- a) to promote the organization of credit union/cooperatives in Asia.
- b) to represent the interest of the Asian Credit Union/Cooperative movement before the general public government entities, public and private international organization, cooperative institution and other appropriate group.
- c) to facilitate technical and financial services essential to the establishment stability growth and unity of Credit union/cooperative in the region.
- d) to ascertain the needs of Asian Credit Union/cooperative through research and other means and to implement or coordinate such project and activities undertaken at the inter country or regional level.

- e) to assist member organization in undertaking country projects and activities and to implement or coordinate such projects and activities undertaken at the inter country or regional level.
- f) to collect useful information of interest to credit unions/ cooperatives and disseminate the same, through publication and other media, to credit unions/cooperative organization and other group who deal with credit union in the ordinary course of business.
- g) to identify, develop and effectively use available human and institution resources and to promote the interchange of these resources for the benefit of the credit union/cooperative movement in Asia.
- h) to obtain such provisional orders or legislative acts that will protect and serve the best interests of the credit union/cooperative movement in Asia.
- i) to enter into arrangement with governments public or private international organization cooperative institutions and other appropriate group that are deemed consistent with the objective of the confederation and its member organizations.
- j) to implement or manage on behalf of members those central function identified by them as necessary for their common benefit.

Currently ACCU operational structure consists of three divisions: Technical and Development, Information and Research and General Affairs. The objectives are carried out through two development projects namely:

- 1) Financial services and Institutional development 1992/96.
- 2) CU promotion in China 1994/97

The projects are managed by a team of experts in CU development.

The major development partners contributing to the project are Canadian Cooperative Association; MISEREOR; CEBEMO. The above development partners provide 90% fund of development activity. Member organizations also provide financial support by hosting ACCU activities in their respective country. One encouraging feature is that ACCU organizational operation cost is covered by members dues a budget for promotional works also is allocated from the year 1994.

In brief, the future priority of ACCU is to enhance the democratic base of the credit union through increasing member participation, to improve the professional and technical competence of management to strengthen the institutional capability of the credit union/cooperative movement.

COUNTRY STATEMENTS BY OTHERS

Brunei Darussalam

**Dato Paduka Awang Haji Omar Bin Haji Serudin,
Permanent Secretary of the Ministry of Home Affairs**

May I on behalf of the Brunei Darussalam's Delegates express our appreciation to the international cooperative alliance and the host country the government of Sri Lanka for successfully organising this conference and for their invitation to Brunei Darussalam.

The cooperative movement in Brunei Darussalam was started in 1974 with the establishment of the cooperative development department and the promulgation of the cooperative societies act. These events have become the landmark of the cooperative movement in Brunei Darussalam. So far we are able to register over one hundred cooperative societies of various activities and sizes ranging from small retail shops to bigger ventures like transportation and petrol service station cooperatives. However the progress of the cooperative movement in Brunei Darussalam is rather slow and the size is small. One of the factors in contributing to this is that the people of Brunei Darussalam are still not responsive and receptive to the ideas and philosophies of the cooperative movements. Before the establishment of the cooperative department, villagers at the rural areas already set up their voluntary welfare business organisations without proper guidance and supervision. With the formation of the cooperative department, the government believed that those villagers would register their voluntary business organisation into cooperatives. However the response was not very encouraging. As a result it has not contributed significantly to the economic and social well-being of the people. However, the government is continually teaching the public to accept the idea of cooperative and encourages people not to be too fully dependent on the government services. The government encourages people to be self-reliant economically and socially.

The government of Brunei Darussalam encourages the establishment of the cooperative movements so that it will become a third sector and will complement the national programmes on economic, social and cultural developments. To achieve such goal we shall accelerate and promote cooperatives with the help of the national cooperative apex organisation. We expect the national cooperative apex organisation will intensify its role for the promotion and the development of cooperatives. On our part, the government would create the atmosphere that is conducive to the progress of the movement. The government would provide technical, supervisory services and enforcement of the act enable

them to be a strong institution.

The government of Brunei Darussalam recognises the importance of education and training to the cooperatives. The government will create and continue efforts to educate the public, the ideals, values and the philosophies of the cooperatives since education and training are accepted as the core agent of its development and progress. We strongly believe that the dissemination of education and training to the members, leaders and the employers as well as the public are paramount. Programmes have been going on to educating and training people on the cooperative movements so that they will be continuously upheld and organised especially on the professionalism and efficiency in the management of cooperative. The government will step up educational campaign and publicity programmes on cooperatives so that they will support and take part in cooperatives in their respective areas.

We are confident we shall be able to benefit from the deliberations, the knowledge and experiences of the cooperative movements of the countries attending this August conference.

Ghana

Statement by H. E. Kwamena Ahwoi, Minister for Local Government and Rural Development, Ghana and Vice President of the Afro-Asian Rural Reconstruction Organisation (AARRO)

Introduction

May I take this opportunity to first convey the greetings of the Government of the Republic of Ghana as well as all Ghanaian cooperators to this important Conference.

As Head of the Afro-Asian Rural Reconstruction Organisation delegation, I convey fraternal greetings and well wishes also from the organisation.

I am grateful to the Government of Sri Lanka for the warm hospitality accorded to me since my arrival in your beautiful country.

Development since Jakarta 1992

Since the last ICA-ROAP Cooperative Ministers' Conference in Jakarta in 1992, important developments have occurred in Ghana which will in no small measure impact on the Cooperative Movement.

On the political front, Ghana adopted a new Constitution in 1992, elected a new Government in January 1993, promulgated a new Local Government legislation in December 1993, and elected new local governments in May 1994. The promotion of cooperatives for the mobilisation of the people for economic activities remains a priority programme of the Government. The Cooperative Reactivation Programme I described to the Conference in Sydney in February, 1990 continues to guide developments in the sector.

The Government also embarked on a fundamental reform of the planning system to empower communities and sub-national organisations within the local government system to initiate development planning, involving the integration of cooperative plans and programmes in those plans.

For the Cooperative Movement to realise its objectives of improving the quality of life of its members, it requires a healthy economic environment. The Government takes cognisance of this and has since 1983 embarked on a structural adjustment programme. The Structural Adjustment Programme has had tremendous positive effects at the macro-level and created a favourable environment for development at the micro-level where most cooperators operate. In spite of the removal of

subsidies on inputs, productivity has improved in both the manufacturing and agricultural sectors.

Today, farmers are getting better prices for their commodities, and the informal manufacturing and service sectors are gradually responding to the productivity oriented demands of the economy.

Cooperatives in Ghana

5. Following the fielding of a Task Force by the Government in 1987 to examine and propose an action plan for reactivation of cooperatives in Ghana, a follow-up study by the World Bank in 1990 and a review by AARRO in 1991, the Government commenced the implementation of recommendations from these studies and there has been a steady increase in the number of Cooperatives organisations. From 10,790 in August 1991, the number of registered Cooperative Societies rose to 10,950 in December 1993 an increase of 160. Even though this increase is small, the real increase is greater because some societies were amalgamated into larger and hopefully stronger and more viable units.

6. Of the total number of societies registered, about fifty percent are in agriculture, thirty percent are in the service sector whilst the remaining twenty percent are in industry and finance. The latter includes the Credit Unions. There are also a large number of unregistered community societies engaged in investment capital formation for members with guaranteed collection arrangements, referred to as "Susu" Societies.

7. The Cooperative Credit Unions have been expanding mobilisation of savings and credit. In a credit programme specifically focused on women, recovery rate of loans at the rate of 95% has been adjudged as the most successful in Ghana.

8. Cooperative training has taken a positive turn. The Cooperative college has revised its curricula, which had concentrated on preliminary cooperative studies, to incorporate intermediate and more advanced cooperative studies. In addition it is setting up an outreach programme to offer business consultancy to the cooperative societies and associations.

9. Major efforts have been made by the cooperative movement, supported by government to diversify cooperative activities in Ghana. The Government, through a World Bank Project Credit, is helping Cooperative Societies to establish small scale vegetable oil processing plants.

10. A new Law on cooperatives is being processed for presentation to Parliament. When this Law is promulgated, the cooperative movement of Ghana will have a new lease of life and strength.

The AARRO Cooperative Studies

11. Between 1990 and May 1993 the Afro-Asian Rural reconstruction organisation undertook Cooperative studies in eight member countries, including Ghana. The other countries were the Philippines, Mauritius, Egypt, Malaysia, Syria, Jordan, and Sudan.

12. The most striking finding of these studies is that in virtually all the countries, Cooperatives have government support in one way or the other, but they nonetheless are beset with a myriad of problems. These could be summed up as motivational, operational, managerial, structural and government-cooperative relations. Cooperatives in most of the countries were found to lack capital, appropriate technology and adequate infrastructure. In consequence, the cooperative movements in all the countries have mediocre management set-ups and, in some countries, management is virtually non-existent at the central coordinating level.

13. Another major problem found to be affecting especially the Agricultural Cooperative Societies in the countries studied is the absence of an effective pricing policy. Most often prices are made known to farmers during crops season. Farmers cannot therefore plan their rotation and input purchases, thus leading to impoverishment after harvest.

14. Cooperatives in those countries undergoing structural adjustments were found to have a new problem to contend with. This is how well the cooperatives can perform in the structural adjustment environment with its emphasis on private sector led growth, and yet maintain the ethics of cooperatives. The Cooperatives need to become more efficient by using improved operational processes and appropriate and cost effective technologies. They must look beyond the members' immediate consumer needs into the free market economics in which they operate.

15. The studies also revealed the existence of large numbers of small and uneconomic Cooperative Societies in those countries. Their small sizes impose conditions of inefficiency, particularly those in the agricultural sector, and deny them the benefits of large scale production and effective access to markets. There may be the need for voluntary amalgamation, if the cooperatives are to compete in the open markets.

16. Yet another problem identified in the study countries is the absence of a clear cooperative structure. It was noted that even though there are cooperative laws in those countries, structural gaps exist between the various levels of the cooperative system.

17. The proper location of the coordinating responsibility for cooperative matters within the management structures of the Governments of the countries studied was another area that was identified. In some of the countries, the function is located in the Ministries of Employment and Social welfare, in other countries it is either in the Ministries of Trade,

Agriculture, Rural Affairs and Environment or designated as a full fledged Ministry.

18. The institutional arrangement appear to reflect each Government's prioritisation of the cooperative role in economic development programmes. Depending on where it is located, cooperative activities could become de-emphasized as they lose direction and effective resourcing.

19. This raises the issue of whether Cooperative should not be designated as a separate economic sector outside the private sector to be explicitly catered for in national planning and development. I believe this deserves to be studied within the realm of Economic and Social matters by the International Alliance of Cooperatives.

Changing the Situation for the Better

20. In spite of the identified problems, Cooperative must be seen as the vehicle of economic liberation for the majority of the teeming poor of the world. I would therefore like the International Cooperative Alliance and Member countries to give consideration to the following suggestions to hopefully re-energise cooperatives:

(a) Promotion of Manpower Development:

More innovative approaches such as establishing a mobile pool of specialists to assist cooperatives in business and organisational planning and expanding training by mounting outreach programmes should be considered.

(b) Improvement of the Cooperative Finance System

Taking advantage of existing financial facilities in our various countries, creating financial schemes with existing or new banking institutions and instituting crop insurance schemes are suggestions that could be considered.

Mauritius

Statement by Hon. J. Goburdhun, Minister of Cooperatives and Handicraft

Mr. Chairman, Ladies and Gentlemen,

On behalf of the Government and the people of Mauritius, allow me first of all to thank you for the hearty welcome extended to me and to my delegation in your beautiful country and to request you to convey our gratitude to the Government of Sri Lanka for hosting the conference and for the marvellous arrangements made. My congratulations to you on your election to preside over the deliberations of the conference.

It is indeed a honour and privilege for me to be attending this conference organised by the Regional Office for Asia and the Pacific under the aegis of the International Cooperative Alliance with the generous support of the Government of Sri Lanka.

The shores of our two countries are washed day and night by the waters of the Indian ocean and the ocean is not a barrier but a uniting element between our two countries. Our two countries also share traditions and values that have come down to us through the ages and which we treasure so much. We are endeavouring to further strengthen the ties that unite us and to broaden the avenues of cooperation and interaction between our two people.

I am here in your great country as the messenger of goodwill of the people of Mauritius and the great family of Mauritian cooperators. I am also grateful to you Mr. Chairman and to the distinguished members of this assembly, most particularly to all the cooperators of the Asia Pacific Region.

The Mauritian Cooperative Movement is among one of the oldest in the southern hemisphere. Last year, we celebrated the eightieth anniversary of the establishment of the first cooperative society in Mauritius. This event was celebrated by all the Mauritian cooperators who, for the past four generations have benefited appreciably from the cooperative movement. The Mauritian cooperators have taken the firm commitment to work for the consolidation and further expansion of the movement.

Following the recommendations of a Royal Commission appointed in 1909, to look into the problems effecting the small sugar cane planters, a British civil servant, attached to the Indian Civil Service, was despatched to Mauritius to assist in the setting up of the first cooperative society in 1913. The main objective of the first society was to provide credit facilities to the small planters. In 1945, the legislation governing cooperatives was amended to provide for the establishment of other types

of cooperatives. Consequently cooperatives penetrated other spheres of economic activities like livestock, fisheries, consumers, savings etc. Today there are some 650 societies operating in 34 different fields of economic activities and together grouping 130,000 members. The volume of transaction of these societies is around Rs. 2 billion annually. Cooperatives, have come to play an important role in the development of the country and have proved to be an essential tool to protect the interest of the small man against exploitation while at the same time providing essential services in the form of credit inputs, marketing, etc. to cooperators in various fields of economic activity.

The Mauritian economy which, for so long, depended on agriculture with sugar as the monocrop, has now diversified and has come to be categorised as a newly industrialised economy. The GDP has more than trebled in real terms between 1970 and 1990 thereby giving an annual growth rate of about 6% on average over that period. The promotion of labour-intensive activities has enabled Mauritius to overcome its unemployment problem and today we are in a near full employment situation with unemployment standing at 2.5%.

The Government's policy has been to create an environment conducive to investment by the private sector. The Mauritian government has always adopted a very liberal policy towards investment. Whilst private businesses and industrial enterprises have taken advantage of the numerous facilities provided by the Government, cooperative societies have generally toed a very conservative line and we are doing everything to assist the cooperative movement to embark in new areas of economic activities and participate fully in the ongoing economic development process.

In 1991, when I assumed the responsibility of the Ministry of Cooperatives and Handicraft, I requested the Management Audit Bureau, a governmental organisation set up to provide consultancy services in the field of organisation and management, to carry out an indepth study of the organisational set-up of the cooperative movement. Taking into consideration the realities of the day, the Management Audit Bureau has made a series of recommendations on the structure and organisation of the movement as well as of my Ministry and these are now being implemented and in priority we are equipping the Government services so that they can offer a better service to the community of cooperators.

The Mauritian Government which has at heart the interest of cooperatives, has provided full support to the Mauritian cooperative movement to enable it to expand. The Government's contribution has, in the first instance, been geared to the provision of an appropriate institutional and administrative set-up conducive to consolidating and furthering the development of the movement. Since its inception, the

movement has also been receiving different forms of assistance. The Government provides financial support to the federal as well as the apex cooperative bodies. The Government is also providing training facilities to members of cooperative societies with a view to disseminating further cooperative principles and values and to better equip the movement to compete with the private sector.

Various projects have been put up with a view to providing infrastructural facilities and financial support to the movement. These include cold storage facilities to the fisheries cooperatives, storage and marketing facilities to food crop producers and a processing plant to chicken breeders, soft term loans and remission of duty on machinery, equipment and agricultural inputs.

The Government is helping the cooperative movement by putting up Cooperative Community Centres and Cooperative Regional Centres to facilitate the operations of the cooperative societies and to ensure a better coordination and supervision of their activities. The Cooperative Regional Centres would be used as a one-stop-shop to provide advice and banking services, as well as a meeting place to the community of cooperators and also for the storage and distribution of farm inputs. No doubt, these facilities will further help in the consolidation of the cooperative movement for the well-being of its members.

The organisational set up of my Ministry is being reviewed following the recommendations of the Management Audit Bureau. In order to further the development of cooperatives, a Development Division with responsibility for preparing, evaluating, monitoring and appraising projects has been set up. I am convinced that with the new structure and with the incentives provided by the Government, the development of the movement will be accelerated.

My ministry provides support services to the cooperative movement and the Registrar of Cooperative Societies performs both current and statutory audit of cooperative societies. He also acts as a watchdog to protect the interest of cooperators and ensure that the democratic tradition is maintained in the cooperative movement.

My ministry is proceeding with the setting up of a cooperative institute to provide education and training facilities to cooperators, employees of the cooperative sector as well as to the staff of my Ministry. The Institute will also undertake research in the field of cooperatives and we are looking forward to extending services of the Institute to cooperative movements of the region in due course.

Despite the fact that the Mauritian economy had diversified itself with industries, tourism and support services playing a greater role, agriculture continues to occupy a prominent place in the socio-economic fabric of the country. In the agricultural sector the sugar industry is the

most important component and it accounts for 28% of the gross export earnings of the country. Sugar thus continues to be the most important net foreign exchange earner. Agricultural cooperative societies have made an important contribution to the development of the agriculture sector. There are 178 cooperative credit societies which cater for the small sugar cane planters and 100 societies engaged in land preparation, agricultural mechanisation, the provision of support services to agricultural cooperatives and the production of food crops.

For the further democratisation of the sugar sector, the Government has, in the recent budgetary exercise, taken the decision to create a Sugar Investment Trust which will acquire 20% of the share capital of milling companies and sell them to small sugar planters and sugar sector employees. The Government has also ensured that one representative of the sugar planters and one representative of the employees of the sugar sector form part of the Board of Directors of the milling companies thus both small planters and workers will participate in the management of the sugar sector. The Government has in this connection set up a sugar Planters' Fund and a Sugar Employees Fund to make soft loans and grants available to sugar cane planters and Sugar sector employees to enable them to acquire shares in the sugar mills through the Sugar Investment Trust. This has been a historical decision. No doubt that the majority of small planters grouped in cooperatives and numbering around 25,000 will take advantage of this possibility and further contribute to the consolidation and development of the sugar sector.

The Government's commitment to the cooperative movement has once again been demonstrated through a decision taken last year for the closure of a sugarcane factory, which decision was conditional upon the factory owners inter alia creating a Planters' Fund with an endowment of Rs 25 million to be used for the benefit of the small sugarcane planters community. The Government is in this connection setting up a Cooperative Trust to manage the Fund for providing a host of services to planters. The Board of Trustees of the Fund will be made up of a majority of persons representing the cooperative sugar sector.

The decision to attach the portfolio for handicraft to the Ministry of Cooperative has been well inspired as cooperation is essential in promoting the handicraft sector. More than a dozen handicraft cooperative societies have been registered. One of these, the Mauritius Handicraft Emporium Cooperative Society Ltd. stands as an example of what cooperative principles can do for artisans engaged in the handicraft sector. This society is presently preparing an important international cooperative trade fair and cooperatives from this region will also be invited to participate. This will offer an ideal opportunity for cooperative exchanges and for the mutual enrichment of artisans engaged in the handicraft sector.

The Government has given all its support to the cooperative banking sector to enable cooperators to have easy access to credit finance to help them in their activities. I have to point out that the Mauritius Cooperative Central Bank Limited has been a victim of abuse of democracy and mismanagement thereby placing it in a situation of non-compliance with the requirements of the Mauritian banking law. The Government had to step in to rescue the bank which has thus been able to maintain itself in operation and continue providing banking services to the cooperative societies.

The fundamental rights of freedom of association are enshrined in the Mauritian Constitution and I assure you that the Government is doing everything to promote the cooperative movement. In keeping with the cooperative ideal, principles and philosophies, the Cooperative Societies Act was recently amended to strengthen and consolidate the powers of the Registrar of Cooperative Societies with a view to enabling him to better protect the interests of the cooperators.

Though the Mauritian cooperative movement is over 80 years old many of its practices have remained unchanged. In order to keep pace with modern management techniques, the accounting and auditing system for cooperatives are being standardised for application in our cooperative societies. The cooperative credit societies dealing with 25,000 small planters will be the first sector to benefit from the proposed changes. Besides, the new accounting and auditing systems, work is also going on in parallel for the computerisation of accounts and the management of our cooperatives under a project funded by the ILO and the UNDP. Again the cooperative credit societies will be the first beneficiaries.

We welcome the setting up of the Regional Cooperative Council and if the rules of the Council so permit, the Mauritian Cooperative Ministry will be only too pleased to be an active member of the RECCO.

To conclude, for many years now Mauritius has been active in promoting the cooperative principles and values. I wish to reiterate the Mauritian Government's commitment for the promotion of the cooperative movement and our readiness to participate in bilateral and multilateral exchanges with other governments of the region for the furtherance of cooperative principles, values and philosophy.

I again wish to convey the greetings and thanks of the Mauritian Government and the cooperators of my country as well as my own to the Government of Sri Lanka and our very fraternal greetings to the representatives of all the cooperative movements present here.

Nepal

Statement by His Excellency Lok Bahadur Shrestha, Royal Nepalese Ambassador

It is a great honour for me to have this opportunity to represent my country and share Nepal's views and experiences on cooperative movement, at this august assembly of cooperative ministers and cooperators.

In the last four to five years, we have together initiated a very meaningful process of holding constructive discussions at the regional level with a view to evolving practical systems for the better partnership between government and cooperatives.

From Sydney in 1990 to Jakarta and to this beautiful city of Colombo at present, the process has gained momentum, bringing us together at regular intervals to share our views and experiences and determine our priorities.

I very much appreciate the endeavours of the International Cooperative Alliance in this regard. In fact, I should especially thank this world body of the cooperative movement; for, even though our national movement has just sought their membership, we were not forgotten and were invited to attend the Jakarta as well as the present conference.

May I also take this opportunity to express our deeply felt gratitude to our hosts—the Government of Sri Lanka and the National Cooperative Council of Sri Lanka—for the outstanding arrangements they have made for this important event and also for the generous hospitality they have extended to all of us.

Please allow me to share with our distinguished delegates some information on the emerging patterns of the cooperative process in Nepal vis-a-vis the recent government policy initiatives.

After the present government was elected to office in May 1991 following the popular movement and reinstatement of the multi-party democracy in April 1990, it took cognizance of the fact that far-reaching reforms were essential for streamlining the cooperative movement by extricating it from its rather confused state of the past.

The first important development was the enactment of the new Cooperative Act 1992.

The new legislation has upheld the basic principles of cooperation, recognized the democratic character of the cooperative movement and ensured the operational autonomy of cooperatives.

Concurrently, national policy guidelines aimed at expediting

cooperative development were worked out and embodied in the document of the Eighth Five-Year Plan beginning from the fiscal year 1992/93.

While on the one hand the legislative reforms and policy measures have helped create a congenial environment for the overall development process of cooperatives, the already existing cooperatives, which had, over the years, accumulated various problems relating to their loan portfolios, debt repayment, accounts reconciliation and so on, demanded special attention to tackle their inherited constraints from the earlier legacy, on the other.

In an effort to deal with such problems, a country-wide campaign was launched for scrutinizing the financial conditions of all cooperatives. On the basis of the findings of the study, the government has, despite substantial financial commitments, made appropriate decisions intended to alleviate the hardships of cooperatives.

In the meantime, arrangements were made for correcting the prevailing situation of involuntary membership and also for holding democratic elections in all cooperative societies and unions.

Efforts made towards cooperative development during the past two years resulted in the conspicuous rise in people's enthusiasm for cooperation. This is reflected in the increasing number of new spontaneously organized cooperatives in various spheres of socio-economic activities.

For instance, while there were very few dairy cooperatives until 1991, there are now 325 primaries, seven secondary unions and one central union in the dairy sector - all promoted by milk producing farmers on their own initiative.

The newly growing dairy cooperatives have played a prominent role in collecting milk. In fact, the nation's dairy industry depends largely on cooperative systems for the supply of milk. With their experiences in handling fresh milk, dairy cooperatives are now poised to enter into the milk-processing business at the next stage of development.

There has also been a corresponding increase in the number of multi-purpose agricultural cooperatives, savings and credit cooperatives and consumer cooperatives. The long-awaited National Cooperative Federation has also recently been set up.

Overall, with 1743 cooperatives and nearly 1.45 million membership, covering 72 of the total 75 districts of the country and an estimated 40 per cent of households, the cooperative movement in Nepal is gradually growing up to be ultimately recognized as an important socio-economic force.

As more than 90 per cent of people live in rural areas and agriculture is the only source of livelihood for most of them, it is natural that

rural agricultural cooperatives have maintained their dominant presence in our cooperative movement.

Cooperatives have been making a significant contribution to the development of agriculture, especially by supplying farmers with the necessary inputs. It is estimated that around 65 per cent of farm requisites, including chemical fertilizers, improved seeds and implements, have been distributed through the cooperative network.

Although cooperatives' share in agricultural lending constitutes a mere 10 per cent at present, this level is also important in that they deal in small amounts of loans - relieving poor farmers of the additional costs and practical difficulties involved in borrowing money from the bank offices which are mostly urban-based.

Subsequent to the steps taken by the government to revitalize the cooperative movement - of course, more so as a facilitator - there have been signs of improvements in many respects. At the same time, the movement has also been experiencing some constraints and some new challenges. These, we will have to correct as we go along.

As in most countries of our region, we, in Nepal, have also embarked on a process of liberalizing our economy with a view to promoting economic efficiency and speeding up the pace of economic progress.

Obviously liberal economic policies call for all enterprises, including cooperative enterprises, to be competitive in the market place. But, for the most part, cooperatives continue to lack entrepreneurial spirit and professionalism in their management.

This has limited their capacity to diversify, to seize new openings and to thrive on competition. The previous image of cooperatives that they are government - run inputs delivery agencies - has also been an impediment to effective mobilization of internal resources, particularly in old cooperatives.

In fact, cooperatives need to do more to remain competitive in the market force. Cooperatives, by increasing their overall efficiency, should, in the real sense of the term, remain as an important vehicle to bring about socio-economic development of our rural sector.

The government has, on its part, taken a number of facilitating measures to ameliorate the adverse effects of economic liberalization on cooperatives, more importantly so during the initial stage of cooperative movement.

For instance, suitable provisions have been made for exempting cooperatives from certain taxes.

The government has considerably increased its investment in cooperative education and management development programmes.

In addition, a National Cooperative Development Board has been set up. The Board, which has representatives of the government as well as the cooperative movement on its Executive Committee, is given the mandate to recommend policy reforms, operate the Cooperative Development Fund and extend the necessary technical assistance to cooperatives.

As we all know, cooperatives are by far the most outreach organisations that have the potential for transforming the lives of the millions of people through their cooperative efforts. Cooperatives are also instrumental in promoting democratic values, in conserving natural resources and in correcting the aberrations in market trends.

In my opinion, liberal economic policies, while having some transitional effects on cooperatives, should not limit the scope of the cooperative movement. Indeed the movement has more opportunities to grow and more roles to play in the new, changing perspective.

However, a propitious environment needs to be created for encouraging people's initiative, cooperatives need to be aware of their vantage-points and democratic processes need to be made more effective in taking business decisions.

It is equally imperative that we preserve cooperative values while seeking to promote the competitive strength of cooperatives. In this context, I find the wide-ranging recommendations of the previous two conferences very relevant and useful. I am confident that, building on those conclusions and our achievements in these two years, this conference will also succeed in developing further guidelines for the future.

**Statement by Raj Krishna Amatya,
Vice-Chairman, National Cooperative Federation, Nepal**

Background

In the context of the mass illiteracy, mass poverty, low agricultural production and productivity, reluctance of investment in agricultural production, exorbitant rate of interest, dependency of agricultural production in rainfall, natural disasters such as heavy rainfall, drought etc. practice of traditional type of cultivation etc., a government controlled cooperative development programme was introduced in the mid-fifties. It became a part of the successive economic development plans of the country. It was fully target oriented. A lot of experiments were done in the process of the cooperative development. But people's initiative, voluntariness, free decision-making, freedom of trade and business, qualitative growth were neglected for the cooperative development until the enforcement of the cooperative Act 1992.

New Cooperative Era

Serious attention was paid on the activities of cooperative development following restoration of democracy in 1990. A comprehensive study on the cooperative development was carried out. Positive recommendations for cooperative development were made. On the basis of those recommendations and experiences the cooperative Act 1992 has been enforced to provide for the formation and operation of various types of cooperative societies and unions for the social and economic development of the countries' farmers, artisans, people possessing inadequate capital and low income group, workers, landless and unemployed people or social workers or general consumers on the basis of mutual cooperation and cooperative principles. In the spirit of the Act, the cooperative development plan under the Eighth Economic Development Plan (1992/93-1996/97) aims at extending support to accelerate the social and economic developments of specially deprived classes of the people of the rural areas through production and developments of democratic cooperatives of various levels on people's own initiative with their participation and according to their needs and aspirations providing support to national economy by augmenting the local economic activities. It has also spelled out policies for the cooperative development. Some of the major policies are given below.

- a) Mobilize the cooperative movement as a self-inspired, voluntary and autonomous movement of the people.

- b) Extend assistance to the development of democratic and socio-economic organisations.
- c) Infuse cooperative spirit among the people through membership education and publicity in order for the healthy advancement of cooperative movement.
- d) Provide support for the establishment of an interested, strong and effective system through maximum participation of the local people in economic activities with the mobilization of small capital and skills scattered, particularly in the rural sector.
- e) Give priority to women's participation in such cooperative system etc.

In the new changed context the formation of the National cooperative Federation (NCF) become possible, NCF voluntarily and jointly organised by the cooperatives at all levels on June 20, 1993. Its objectives are as follows:

- a) Promote and develop the cooperative movement in Nepal on the basis of the cooperative principles according to people's needs on the own initiative and participation.
- b) Make supports available to socio-economic programme and business promotion of cooperative societies and unions in order to improve the social and economic condition of the people.
- c) Assist cooperative societies and unions in making improvement, and
- d) Provide leadership to the cooperative movement.

At present NCF has a membership of 55 including two central cooperative unions (Central Consumers' Cooperative Union and Central Saving and Credit Union). It represents 980 multi-purpose agricultural cooperatives, 206 consumers' cooperatives, 325 dairy cooperatives, 97 savings and credit cooperatives and 70 non-agricultural cooperative, 49 district cooperative unions and 12 single-purpose cooperative unions, 3 single-purpose central unions.

Cooperative Sectors – A Third Force

It has been realised that cooperatives are only means to create an atmosphere in which socio-economic development of all the classes of the people would take place on the basis of social justice. They are combination of economic business and moral values. They are service oriented whereas private enterprises are fully profit oriented. They possess all the positive characteristic of capitalism and socialism. They are the third force in the economic sector of the country. However, the government must come forward to provide some sort of supports in terms of policy, infrastructure development, tax exemption, technology, finance at the initial stage.

Although government has adopted the privatization and liberalization economic policy, it should not suddenly withdraw its support which was continued for more than three decades. Hence, it should take into consideration on the ground that cooperatives work not only for the sake of the welfare of the people but for the sake of the service of the Government. It must think that cooperatives are more trustworthy and reliable than private enterprises and help the government during the time of critical situation.

As rightly stated by Mr. Robby Tulus, Senior policy advisor in his paper on Cooperative Competitiveness and the Impact of Globalization and Market Economy cooperatives have the following common weaknesses:

- a) lack of membership participation.
- b) Lack of solid capital base to support the enterprise
- c) Lack of professionalism especially in the management of cooperatives.
- d) Lack of understanding about the cooperative system and about 'cooperation' among members, members of board of directors as well as staff.
- e) The negative image of cooperatives due to historical reasons.
- f) Lack of cooperative among cooperatives.

These weaknesses can be removed by undertaking appropriate education for members and committee members, skill training for management staff, seeking diversified capital formation from within and outside, enhancing cooperative entrepreneurship through training, forcing strategic alliance with other cooperatives or with the private sector, evolving a new management culture that is, competitive, more labour intensive, developing cooperative leadership drawing up strategies for short term and long term plans etc.

In the process of globalization cooperative must be involved to form strategic alliance with successful enterprises to develop trade relation of import and export by joint ventures, licensing, etc., to enhance international cooperative business networks, to take advantage of bilateral and multi-lateral sources for cooperative development programmes with focus on strengthening competitiveness and sustainability, to take advantage of excellent training in the field of business administration and management, to advance cooperative image. NCF is planning to adopt most of the strategies so that cooperative sector can be sustainable and competitive.

Conclusion

Cooperatives are regarded for the betterment of human beings. They have to serve them in the competitive economic business and services without any unfair practices. Hence, the government should be firmly committed to adopt positive policy for the support of cooperative development by providing necessary assistance. Cooperatives too should be active, efficient and effective in order to render necessary services required for their members in particular and people in general.

Tonga, Kingdom of

Statement by Mr. Kinikinilau Tutoatasi Fakafanua, Minister of Labour, Commerce and Industries

It is a great privilege and honour for me to attend this conference on behalf of the Government and the people of the Kingdom of Tonga. Allow me, first of all to thank you for the warm welcome extended to me and my delegation in your beautiful country, and to request you to convey our gratitude and thanks to the Government of Sri Lanka for hosting the conference.

We come from a land very similar to yours, a land of rain and sunshine and warmth, our shores washed by the bounties of the sea.

I thank you for giving me the opportunity to address this July conference on issues relating to my country and the Tonga Cooperative Movement.

The Cooperative Movement in Tonga began when the Cooperative Department was established by the Government of Tonga in 1971. Under the auspices of the Ministry of Agriculture.

The object was to promote the ideas of Cooperative principles and values among the people in order to maximize social and economic growth.

In 1973, the Cooperative Societies Act was promulgated to regulate and to register cooperative societies as well as to give a legal framework to the Movement.

Since then the Department of Cooperatives has acted as a positive catalyst in promoting the cooperative Movement and in fostering closer relationships between the Government and the Movement.

As of this date, we have registered one hundred and seventy cooperative societies of various sizes, types and functions, ranging from small retail shops to National Societies such as the Tonga Cooperative Federation (TCF) and the Friendly Islands Marketing Cooperative (FIMCO).

However, the development of the Cooperative Movement in my country has yet to achieve its full potential in relation to our economic opportunities and cooperative members aspirations.

Our Five year National Development Plan recognizes the role of the Cooperative Movement as an effective instrument for rural and urban development. It has also been recognized as a vehicle for people participation in helping to solve social and economic problems.

His Majesty's Government has adopted economic policies whereby the Cooperative Movement is an integral part of our commercial sector rather than an agent for welfare society.

The Tonga Government, through the Cooperative Development Department, places great emphasis on the importance of education in promoting the principles of Cooperatives by organizing 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 the understanding of the Cooperative principles and value, so that society at large will recognize its role towards the achievement of the Economic and Social well being of the Kingdom as a whole.

Finally, Tonga is still at a relatively early stage of promoting and developing the Cooperative Movement. We would welcome technical and financial assistance, especially in education and training.

In conclusion I again thank the ICA and the Government of Sri Lanka for the convocation of this most productive meeting. May this meeting prove productive in terms of our individual national development as well as enhancing our mutual association.

STATEMENTS BY INTERNATIONAL ORGANISATIONS
AARRO

**Statement by H.E. Mr. Kwamena Ahwoi,
Minister for Local Government and Rural Development
of the Republic of Ghana & Hon'ble Vice President
of AARRO for Africa**

Excellencies, Ladies and Gentlemen,

It gives me great pleasure to be here for the Conference to represent the Afro-Asian Rural Reconstruction Organisation (AARRO). I must extend my best wishes to the Director general, the Regional Director and other officials of the ICA-ROAP who have made this memorable event possible. This Conference has particular significance since it is being organised when the Dunkel Draft is being debated all over the world. The Draft will have a direct impact on the farm sector. Its signature and adoption will provide important changes in the legislation and management of agricultural cooperatives, the largest of all the cooperatives. Against this background, the role of Government in the growth of cooperatives becomes more significant.

The cooperative sector in the Afro-Asian countries has emerged as a catalyst for sustained development, particularly in the rural areas. In our countries, there is an acute shortage of resources and infrastructure, and governments find it extremely difficult to ensure sustained overall equitable development. The role of cooperatives, therefore, assumes great importance as it ensures active participation of the people.

My congratulations go to the International Cooperative Alliance for its pioneering work towards the development of the cooperative sector throughout the world. One of its most important achievements has been to inculcate basic cooperative values through a wide cross-section of the cooperative movement in around eighty countries.

The AARRO has had a long standing association with the ICA since its establishment in 1962. AARRO was set up to afford an opportunity to the countries of Africa and Asia to jointly discuss their problems, exchange views and experiences, and to develop an understanding among its members countries for better appreciation of each other's problems. AARRO also aims at promoting the welfare of the rural people and eradicating hunger, poverty, illiteracy and disease from amongst the rural population.

In keeping with the view that cooperatives are important development agents, especially in the rural regions, AARRO has developed a

keen interest in promoting cooperatives in collaboration with various regional and international bodies. These include the International Cooperative Alliance, the Institute for the Development of the Agricultural Cooperatives in Asia (Japan) and the Korea International Cooperative Agency through training, seminars and workshops.

In the recent past, AARRO Study Missions have conducted pilot studies in the Philippines, Mauritius, Ghana, Malaysia, Egypt, Sudan, Jordan, Syria, Oman and Kenya into cooperative law, structure and functioning of the existing agricultural cooperatives and have suggested measures, to strengthen them.

To follow up the implementation of the recommendations, AARRO in collaboration with the Central Agricultural Cooperative Union (CACU), Egypt, is holding an International Workshop in Cairo from 12th - 14th September, 1994. The theme of the Workshop is "Assessment of Impact and Status of Implementation of Recommendations of Study Missions on Agricultural Cooperatives" (undertaken in AARRO member countries).

The importance of the cooperative movement has been reflected in the activities of AARRO over a number of years through the organisation of seventeen seminars so far on the "Role of Agricultural Cooperatives in Rural Development with Particular Reference to Japanese Experience" at the Research and Education Centre of AARRO (RECA), Japan in collaboration with JA-ZENCHU, Tokyo, Japan. These seminars, popularly known as RECA Seminars, have the basic objective of imparting the rich Japanese experience in the field of agricultural cooperatives to AARRO participants. This experience has proved very useful to AARRO member countries which have participated in them and has helped them to evolve measures to strengthen their cooperative movements. The 18th RECA seminar is scheduled for November this year.

AARRO also organised an International Workshop on "Management of Agricultural Cooperatives" at the National Institute of Rural Development (NIRD), Hyderabad, India with the generous assistance of the Government of India. Representatives from ten AARRO member countries participated in the Workshop which came out with a number of recommendations aimed at improving the general management of agricultural cooperatives in the Afro-Asian region.

It must be emphasized that AARRO as well as the Governments of its member countries have been interested in promoting the role of cooperatives in rural development, hence the relevance to us of the theme of this Conference: "Government and Cooperatives Relations". In the past, governments played the role of setting up cooperatives to act as stimulators, keeping an eye on their financial transactions and protecting the interest of their members and those who enter into business with the cooperatives. Consequently, in many of our developing countries, the cooperatives became a part of the state ideology to the

disadvantage of its members. Strong government regulations and controls and restrictive cooperative legislation hampered cooperatives' autonomy and democratic management.

In India, for example, the achievements of cooperatives have been impressive and encouraging, but is accompanied by over-dependence on Government.

In my own country Ghana, cooperative activity had been controlled by the Government until the Cooperative Reactivation Programme that I described to the ICA-ROAP Conference in Sydney, Australia, in February, 1990. Since then, the interventions for enhancement of activities in the sector have been considerably enriched by interactions with the AARRO, the ICA and the biennial ICA-ROAP Conferences; the third consecutive one being this one which for the third consecutive time I am having the privilege of attending in person.

For the healthy growth of cooperatives, it seems to me that they should be treated as a part of the economic system and the relations between Governments and cooperatives should not be a one way traffic. Excessive control and interference or even support is harmful to the sound development of cooperatives. Although cooperatives today enjoy greater freedom and are better managed, there are still questions marks to their survival. A number of them are dying, and deserve serious attention.

The traditional areas of agricultural cooperatives, that is supply of inputs, credit, marketing and storage of agricultural products continue to share the largest proportion of the resources spent by the cooperatives.

However, cooperatives are established to serve the society in general and their members in particular, in raising the quality of life. Their efforts are specially needed in the rural areas where development is slow to percolate and where the people are faced with a number of serious problems.

Cooperatives, however, cannot and should not be viewed as organisations of charity. While the social aspects of rural development are important, cooperatives nevertheless have to be run on sound commercial lines so that they can earn higher returns on their investments, which in turn will enable them to earmark portions of their profits for the social upliftment of the people.

There is an uneven performance of Cooperative activities all over the world. Unfortunately whilst there appears to be such dynamic and vigorous cooperative cooperation activity in the Asia Pacific region, the same cannot be said for the west African sub-regional and African regional areas. I did express this sentiment at the last conference in Jakarta. May I once more restate my plea to the International Cooperative Alliance, by calling on the Alliance to give serious thought to ways and

means of revitalizing cooperative cooperation in Africa. Two areas the ICA could be of great assistance in are training and assistance in the establishment of a Databank on Cooperatives. Together these areas could improve the performance of the system.

May I once again thank the Government and people of Sri Lanka, the Cooperative Movement, and the ICA for making this conference possible. Ghana and AARRO are grateful for this opportunity.

ASEAN Cooperative Organisation (ACO)

**Statement by H. Eddiwan
Chairman, (ACO)**

It is indeed my privilege to present a statement on behalf of the ASEAN Cooperative Organisation at this very occasion where ministers incharge of cooperative developments gather with top leaders of the cooperative movements of Asia and the Pacific. This Asia Pacific Ministers Conference earmarked its significance also with the presence of prominent representatives of International organisations.

The ASEAN Cooperative Organisation that I am representing, has participated in the First and Second Conference and since then I have observed the impact of resolutions and recommendations that have been made on the policies and steps taken by Governments and Cooperative Movements regard; in Asia and the Pacific in general and in ASEAN/South East Asian countries in particular.

In South East Asia, many countries have reviewed or renewed the cooperative law or have taken legislative reforms toward supporting healthy growth of cooperative movements and cooperative endeavours according to the changing needs. Governments and Movements in South East Asian countries have responded positively to the resolutions and recommendations and to prepare for this Third Conference, national workshops have been conducted in several countries and at ASEAN level an ASEAN/South East Asia Cooperative Review has been organized in Indonesia.

The ASEAN Cooperative Organisation also welcomed the initiative of ICA ROAP for organising the Asia Pacific Consultation Meeting held at Kuala Lumpur, Malaysia, in April this year and recommend this Conference to carefully consider and endorse the resolutions and recommendations that have been prepared.

Thank you for your kind attention.

Canadian Cooperative Association (CCA)

Statement by Larry Hendricks, Director, International Affairs

Honourable Mr. Chairman, Ministers, Distinguished Guests, Ladies and Gentlemen,

It is a great pleasure to be here today representing the Canadian Cooperative Association.

As one of the sponsors of this Ministers Conference, I have, on behalf of CCA reviewed the recommendations from the national workshops, the ASEAN sub-regional seminar in Solo, Indonesia and the SAARC Cooperative Forum in Colombo.

I have studied the recommendations being presented to this conference. From my perspective there is nothing that I can add to what has been recommended, except for one thing. You might ask, What could have been missed? The answer is, nothing has been missed. What I want to add is to repeat the slogan of the NIKE shoe company, "Just Do It."

I want to sound a call to action and convey a sense of urgency. Great strides have been made since the 1992 conference in Jakarta. Great strides. Some of the strides have been made because each of us in our respective countries have made deliberate and sometimes hard choices. At the same time some of the strides have been made as a result of the force of circumstances caused by the world moving around us.

So, what right do I have to stand up here and sound a call to action. The right that I have is not as one of the sponsors. It is not as a Westerner with greed in my eyes and colonialism in my heart. It is because we, the Canadian cooperatives that operate in English which make up the Canadian Cooperative Association have a vested interest in the strength of your cooperatives. It is because *together we are strong*.

I have used the word "We" several times. There are four reasons for using the term "we." First, CCA bases the foundation upon which our Model of Cooperative Development on 'Partnership'. These partnerships have the interests of both partners vested in the outcome and results.

Second, I used the word "we" because Dr. Ian MacPherson, a Canadian and the former chairman of the CCA Board of Directors is working for the ICA in reviewing and updating the cooperative principles. In today's environment it is important to all of us to have principles that can with stand the rapid pace of change and which are visionary enough to allow us to not only adapt but lead the change in our environment. These principles are important to all of us.

The third reason I use the term “we” is because CCA, by supporting this Conference, supports the efforts of the ICA in strengthening movement/government relations and in the maintenance of the cooperative principles as part of these relations. To this end CCA hopes that the ICA is able to influence the decision makers at the World Bank, the Asian Development Bank (ADB) and other IFIs so that some of their resources can be targeted to the strengthening of cooperatives as they become a more significant players in the national economy of every country in this region.

Finally the term “we” reflects my belief in the common bond between the cooperatives that make up the alternative economic sector. The recommendations that have come out of the preliminary workshops and consultations have identified many of the things that make cooperatives a unique and alternative economic sector. This common bond as the alternative economic sector is important because together we are strong.

The cooperatives and credit unions in Canada which make up the CCA do not have the answers. As a matter of fact we have many of the same problems adapting to a changing economic environment even though we start from a slightly different environment. This is why we must work together to share ideas and to solve our common problems. In June of this year our membership came together in the Second Triennial Congress. At the Congress we reviewed the outcome of the themes from the First Congress held in 1991. Those original themes were Growth, Trade, Human Resource Development, Public Policy and the Role of Women. We went on to discuss new themes under the title Interdependence : Cooperative Linkages. We looked at Organizational Renewal, strategic Alliance, Diversity in Canadian Society and Youth. We also held a Youth Congress and an agro-food Trade Exposition which some of you attended. These issues are not dis-similar to your concerns.

As the world changes cooperative leaders and governments no longer have the luxury of interfering in the others' role. On this point I want to stress the urgency of the situation. There is enough work for everyone without getting into battles over territory. At the same time there is less financing available with more conditions placed on it than ever before. We have no time for blaming and recriminations when something goes wrong. We must find ways around our difficulties. The market is changing so fast. Our members' needs and wants are changing very fast. If we do not find a solution they will find one that does not include us.

What do we need here? In my opinion the primary cooperatives, in order to be relevant, need to be viable businesses which facilitate their members' earning more. To do this many governments will need to take some drastic steps. From the traditional perspective these changes may seem irrational but from a holistic or systemic perspectives they are

absolutely necessary. First, governments need to leave the promotion of cooperatives to the sector. If cooperatives are to be peoples organizations then the people and the organizations need to do their own promotion. Involvement by government in promotion does not instill a sense of ownership but one of dependency and the right to be subsidized.

Second, government must stay out of the operation of the business at both the political and daily operations level. Without government investment in promoting and starting cooperatives there is no investment for them to protect and therefore no need for government by being involved in or influencing the operation of cooperatives.

Thirdly, if cooperatives are going to be viable businesses they can not be used by government as social service agencies. Yes, cooperatives have a social responsibility side. They promote economic democracy, but they can not do anything if they are not sustainable. When CCA works with a partner it includes in the planning process viability and self reliance targets. It makes it very difficult for us to work with partners where the government, for example, makes soft credit available that distorts the market or tries to use the cooperative network to reach the poor. Although the intent is admirable the results are devastating to the viability and sustainability of cooperatives.

So what is a more appropriate role for government? First, decide to give cooperatives the same privileges that are provided to the private sector.

Second, provide legislation and regulations which put cooperatives at the same level as the private sector. Third, the cooperative department so that it has only the necessary staff required to implement the new mandate.

The consequences of not making these changes is that gap between the new market realities and the ability of cooperatives, which is already large, will continue to widen until structural adjustment makes it impossible for governments to continue to subsidize the cooperatives and when that happens the cooperative sector will disintegrate almost overnight. I have seen example first hand.

This is, in fact, one of the ways to interpret the current draft of the revised coop principles with regard to autonomy. This statement says "Cooperatives are autonomous, mutual-help organizations controlled by their members within existing legal frameworks. If organisations enter into agreements with governments and other organizations, they do so freely and on terms that will ensure their autonomy."

I began this brief comment on the role of government by indicating a sense of urgency on this issue. I want to close by re-emphasizing this sense of urgency. Unless we move quickly in defining a clear role for government that encourages viability the market will pass us by.

Finally, ladies and gentlemen, CCA sees the establishment of the SAARC Cooperative Organization as one step in the development of a strong and accountable relationship between the cooperative sector and governments. We see this organisation as an important venue for both cooperatives and government to discuss new ideas, share successes and failures and an informed body to whom everyone can demonstrate accountability.

In the same way that market demands necessitate an increasingly improved working relationship between the cooperative sector and government these same market demands effect development organizations like ourselves. We must add value to our membership to continue to obtain their support for us. To this end CCA will continue to work on cooperative development in the region with like minded organizations.

I began by citing the NIKE slogan as a call to action. I have talked about the fact that this call to action applies to all of us cooperatives, governments as well as cooperative development facilitators like ourselves and the ICA. We all have large tasks ahead of us. We need to *Just Do It*.

C I C O P A

Statement by Mr. Yves Regis, Chairman, CICOPA

It's the second Ministerial Conference. I have the honour to attend as Chairman of the CICOPA, one of the specialized organisations under ICA. CICOPA means International Committee for Industrial and Artisanal Cooperatives. According to the statements I did hear at all the meetings of ROAP I was present at it appears that industrial or artisanal Cooperatives seem not to exist in Asia. This first Cooperative continent where are 2/3rd of the ICA members, seems to be a desert of Producers' Cooperatives.

However, they do exist. We have seen them. They were strongly represented at Victoria's 4th World CICOPA Conference last June. Above all, this type of Cooperatives are those which are developing the most quickly in many countries of Asia.

1. At first in India where Spinning Mills and Weavers Cooperatives represent almost 20 millions men and mainly women, Labour Cooperatives, Industrial Cooperatives under NCUI, both in the poorest villages and towns outskirts, both as Cooperative Enterprises or Multi-purpose Cooperatives.

2. In Indonesia, with the fabulous development of Inkokpar Movement (More of 2 million member in 10 years). In fact a very original type of social Cooperatives more involved in worker's welfare, especially housing, than in economic areas - but with the aim (strongly encouraged by government and recent laws on the matter) that the Cooperatives could form a significant part in the capital of the Company inside which they working (for the moment the average level of these shares don't seem to be more than 5% but the movement has begun and it is a very important evolution).

3. In Japan, the Jigyodan here represented (First CICOPA's member having been agreed as a new ICA member, with the most impressive Central Jigyodan Organisation creating thousands of jobs in a very flexible manner and with an exemplary inter-cooperation with Japanese Agricultural and Consumers Crops.

4. What about China? The old and very pure Gung-Ho-Groups represents the genuine Coop tradition - with a team which needs, growing young again but with very good enterprises.

All China Federation Industrial and Handicraft Coop represents 95 million workers in China. I do not believe all of them are real Cooperators according to ICA rules but certainly a lot of them. At any rate,

evolution of China towards more efficiency and Socialist Market economy means that real participationist and competitive Industrial Cooperatives must expand very quickly.

5. And what about many other countries in Asia? Of course agricultural Coops are the first priority and the most developed. But do you think, people will remain in rural areas (and not in urban suburbs with dramatic, social, sanitary, and human consequences) only with agricultural jobs? They need also artisanal and industrial jobs that new Producer's Coops could provide.

In Sri Lanka, Bangladesh, Thailand and so on are some good Industrial Cooperatives, even if not yet numerous, and CICOPA will be happy to build with them a development programme.

Why must we help this development?

Mainly for two reasons.

1. Job creation no longer comes from big enterprises but from small ones (in formal or informal sectors). Coops can help the isolated and poor producers to get supply and marketing groupments and other management services (including a fair access to necessary loans for minimum investments).

2. Efficiency, productivity, competitiveness are better with a team of workers interested in the results of their enterprise than with mere wage-earners (without any responsibility both in conduct and in result of their enterprise). The example of Mondragon group, we visited last June in Basque country, proves that. 28,000 Cooperators, all workers and share-holders with fabulous economic expansion and financial results proves, Industrial and Artisanal Cooperation could be the real alternative, after different failures, to over-come savage capitalism and its dual society more and more unbearable by millions of poor people in the world. What others did not succeed to do, why not trying real democratic and participationist cooperation to reach this aim?

In this situation, CICOPA can try to help some, national organisations for Industrial Cooperative Development with financial support from international agencies (as European Union Commission). It is soon done in India and next in China. We are ready to support such programmes in other countries.

F A O

Statement by Mr. A. Z. M. Obaidullah Khan, FAO, Assistant Director-General & Regional Representative for Asia and the Pacific

Mr. Chairman, Honourable Ministers and Delegates, Ladies and Gentlemen,

1. As we gather together here, we share a common dream. A dream for an Asian countryside that is free from poverty and human indignity. A dream for a new usage of sociability in which rights of certain subjects are not defended to the detriment of rights of others. A dream for a plural and more enhanced form of democracy without any overarching mediation. A dream for a decentralized and participatory development created and owned by the people themselves. A dream for unleashing the latent creativity of the people with broken ploughs who have been demobilized and disenfranchised, isolated and objectified, through cooperative togetherness. A dream for a poor "nobody" to take the leap and become an "enterprising somebody" by joining hand with her or his peers. A dream for transforming the "greed alone" scenario of the so-called market place through social consciousness and solidarity of the excluded. A dream where human relationship is not ruthlessly reduced to its material origin, but is illuminated by a horizon of experience arising out of a friendly life together. A dream for a world of cooperation and happiness, rather than of aggression and destruction.

2. Today, as cooperatives and peoples' organizations in Asian countryside face critical challenges, it is my proud privilege to convey to you the unequivocal pledge of my Director-General, Dr. Jacques Diouf, to this dream. United Nations Food and Agriculture Organization stands committed, as he said, to restore to our farmers, fisherfolk and forest people, to women who are doubly exploited and to children who face the deprivation of opportunities tomorrow, the long-lost control over their lives and destiny, their dignity and creativity, their place under the sun and their future.

3. May I, at this point of time, acknowledge with gratitude, the catalytic role played by International Cooperative Alliance in reinvigorating cooperative movement in Asia in the fast changing scenario of the 1990's where market reigns supreme, private entrepreneur is the king and less government, the buzz-word. The ministerial conference in 1990, followed by the second one two years ago in Jakarta deliberated upon the government-cooperative relationship and its complex ramifications. Since then, a number of regional and sub-regional workshops, reviews and regional consultations have been held in 1993

and early 1994, culminating in the high-level ministerial conference now in Colombo.

4. FAO has been a partner of ICA in this endeavour beginning with COPAC in 1971; the adoption of peasants' charter in 1979 by the member countries of FAO; the elaboration of AMSAC (Appropriate Management System for Agricultural Cooperatives) in the late 1980's and closer to this region, the founding of the Network for the development of Agricultural Cooperatives in Asia and the Pacific, NEDAC in 1991.

5. Yet, we are haunted by the brutal inheritance of poverty and that is concentrated in the countryside. Some 300 million women, children and men in Asia, with hunger on their faces, continue to be an indictment on all our pious wishes and ambivalent articulations. Living in dignity and self respect, hoping that life will improve for one's offspring, is a basic human right. When we cannot ensure that dignity for large segments of our population, our own dignity becomes a false pretence.

6. That precisely is the framework in which we consider the theme of our conference. It is not what government should or should not do for voluntary association of the deprived and the demobilized. It is not whether cooperative is private, public or an intermediate sector. It is what people and the underclass in rural Asia can do themselves with a supportive environment for creating and shaping freely themselves and their own human world.

7. Let me start with what a veteran peasant activist told me in 1971 in the People's Republic of China:

"Poor peasants individually are like peach blossoms in March. They are beautiful to look at and they are red, but one hailstorm and they are lost. They get into debt and become hired labour. If we work for the common good, each one of us prospers".

8. How can a person who is both demobilized and dependent free her/himself to join with others in similar situations and pool their resources? In Asia where the distribution of land ownership is sharply polarised with a sizeable group of the peasantry having little or no land, the landless or poor peasant is often not a simple wage-worker to a single land owner: he may be a share-cropper/casual labourer to many employers including the Government, guest-labourer to rich households where he eats as well as earns a cash wage, or bonded labourer often with his family to the rich landlord-money-lender. The small owner-peasant also in many countries works for others to supplement his/her income, often works entirely for others and leases out his/her own land for lack of working capital, and is generally in the grip of the money-lender to whom he tends to lose his/her land and other assets. Even the middle-level owner-peasant often loses his land to the money-lender if he lacks

staying power to live through the unforeseen hazards which often arise.

9. Such dependency on the local affluent and land-owning groups is exacerbated by other exclusions like castes and tribes. Peasants societies then, divided among themselves, become vulnerable to retaliation if they join together or speak out. Sometimes, the local power-holders and the state are linked together. Tenants share croppers, bonded labour, the untouchables and the tribals are brutalized, even routinely murdered. Recourse to the judicial system is expensive, and justice, not always forthcoming. They can organize themselves when they have the basic security and knowledge of a champion strong and firm enough to assist.

10. And this is where the umbrella of governmental support comes in. Poor peasants and small farmers can organize themselves. But they are highly vulnerable. They need a buffer between them and the village power-holders. Knowing that such power breakers are quite often pillars of governments, can governments be such buffers? This is a difficult question.

11. There is an obverse side of the same coin. When I started my career in the government, I worked with Dr. Akhtar Hameed Khan in catalyzing small farmers' cooperatives in Comilla. We were confronted with a stark basic fact: a village is not a harmonious community. In the village were the elite few, with access to resources and information; then, there was the governmental apparatus, well-meaning and often insensitive; and there was the large majority of the poor, stripped of access to resources even of hope. We tried to work with homogenous groups. The government then took over and organized cooperatives nationwide to act as delivery systems for subsidized water and other agricultural inputs. Soon enough, the small farmers' cooperatives were taken over by the resources rich and the powerful. Cooperatives then degenerated into "vehicles of genteel elitist corruption."

12. Where is the balance? I believe, it is in moral commitment and solidarity. Let us not forget that isolated, lonely and fragmented, a peasant, a woman or a tribal is like John Wilkinson's rock that has been sitting on top of hill for many years. But its energy can be kinetized by some random push. Solidarity through cooperation provides the purposive push to poor peasants who, in many societies, are excluded from the system and yet are inserted in a multiplicity of highly unequal power and social relationships.

13. The core group is small enough for intimacy and personal evaluation, for role rotation and friendship. The core can then expand by association with groups both in the immediate as well as in distant communities, both within a country and across national borders. The more plural the voices of such groups, the longer will be the chain of equivalence set up between the rights of one group and those of others. That will deepen the democratic process, thereby making it more diffi-

cult to neutralize cooperative struggles and creative endeavours through aggression by powerful individuals or even by an oligarchy. And that, distinguished delegates, makes your responsibility much more onerous. Your presence here is based on the trust of those, many of whom are voiceless in the corridors of local or state power. How can the vulnerable poor peasants in Bangladesh, or the women heads of farm households in Vietnam, Kampuchea or Nepal get organized without the support of outsiders who could act as buffers between them and the local power-holders? You are the buffers, the proxy for security for them.

14. The urgency in strengthening cooperative sector and people's organizations at the grassroots level, by way of a favourable governmental bias and supportive environment seems to me all the more called for as the global pressure wavers to implicit animosity towards the cooperative system and its tenets vis-a-vis its unbridled sway of the special breed of private entrepreneurs. What for instance is one to think of a statement like the following which bears the imprimatur of the IMF:

"An alternative mode of privatization which does not appear to be generally favoured, is via the self-management (i.e. cooperative) movement. This form of privatization implies the transfer of ownership rights directly to the workers of each particular enterprise. There are two major problems . . . The first is a question of equity and fairness, since this type . . . would benefit a very limited segment of the population . . . The second problem concerns the efficiency of a self-managed enterprise. Economic theory suggests that such enterprises will underinvest and have shorter planning horizons than . . . otherwise. In addition, it would be complicated to attract private investors...because workers/cooperators could curtail dividend payments by granting themselves salary increases. . . "

(Borensztein & Kumar. *Proposals for Privatization in Eastern Europe*, IMF Washington, 1991)

15. This statement, in its blunt directness, stands for many more voices from the so-called free-market side of the world. It is confounding in its disdain for the legitimate interests of the small and the weak, the mass of small farmers, agricultural labourers, rural unemployed, underprivileged village women, etc. This attitude which is only too common nowadays in policy-making and management circles, is reflected in the cooperative legislation of many countries, also in our Region, whose statutes still exclude or limit the scope of action of cooperative enterprises from areas which are wide open to private enterprises. This discrimination against the cooperative movement and its freedom to compete on equal terms must cease and you, Excellencies, are the best-placed authorities to begin a salutary purge of your national statute books.

16. On the other hand, statements like the one just quoted and their

underlying spirit contain a challenge to the cooperative movement. Cooperative enterprises must be managed efficiently, must become profitable to its members, must eventually free themselves from reliance upon public support. All this applies especially to the agricultural sector where self-help bodies and labour groupings are particularly weak and vulnerable.

17. I am aware that I am drawing here a grim and demanding picture for our movement. But fortunately, we have enough positive, encouraging precedents, from the Anand Dairy Cooperatives in India to the Grameen Bank in Bangladesh, a parallel culture of cooperatives, culminating in that mighty tower of cooperative strength and potency, Japan's Nokyō with its powerful network of basic societies covering the entire country.

18. But the challenge to the cooperative movement does not end here with the attainment of greater managerial efficiency, self-reliance and profitability. In these days where profit maximization has been elevated to the position of supreme yardstick of economic success, those of us who are historically conscious, cannot fail to perceive the consequences of such merciless entrepreneurial aggressiveness. If labour is relegated to the status of an impersonal, dehumanized cost factor in the balance sheet-and this happens nowhere more cruelly than in the agricultural sector in many of our countries - then our labour will first cruelly suffer, then react. It does react, often violently against the greater polarization of economic forces where fewer ownership holders and entrepreneurs confront a growing mass of poorer and more destitute non-owners, labourers for a pittance. Social and political upheavals of enormous dimensions will be the consequence.

19. In this situation, is it not time for the cooperative movement to rebut this trend with a transcending answer? I am thinking here of the postulations of a fellow countryman of mine whom you all know, Prof. M. Yunus, the founder of the Grameen Bank. And let me quote:

In this alternative vision of the capitalist world, instead of one motivating factor ("greed") to keep it in motion, we can introduce social consciousness or social dreams as another motivating factor. Both types of people can be in the same market place, using the same tools and concepts of capitalism but pursuing completely different goals.

Of course in addition, there will be middle-of-the- roaders who will mix both greed and social objectives according to their tastes and abilities.

This alternative vision of the world under capitalism will not be as black as it turned out under the greed alone scenario. This capitalist world can accommodate all shades: white, grey and black. I think

this is the most realistic vision of the world under any framework, capitalist or non-capitalist.

I am inclined to believe that the role of social-consciousness-driven entrepreneurs in the new configuration of the capitalist world is assigned to the State in a socialist framework. The State did not do a good job in this role.

Can capitalist concept, tools and framework allow, support and promote economic activities leading to achievements of social objectives in parallel with narrow personal objectives? My answer is emphatic "Yes" Yes, it can be, provided we can create, strengthen and widen the role of social-consciousness-driven entrepreneurs through building supportive institutional arrangements, state policies, educational systems, social reward mechanisms and creating international support systems and solidarity networks. If you become social-consciousness-driven entrepreneurs with your total commitment. I can assure you'll build an entirely different world than what we have now. The world that we can build will be totally free from poverty and human indignity; it will be a world of friendship, cooperation and happiness rather than a world of aggression and destruction of human values and the environment.

Let us join our hands to create a world which we'll be proud to be a part of - not ashamed of it."

I started with the famous peroration of Martin Luther King, "I have a dream." May I close with his words once again, "We must learn to live together as brothers, or we perish together as fools."

I L O

Statement by Dr. J. Von Muralt, ILO Office

After Sydney and Jakarta it gives me great pleasure to address also this third Cooperatives' Ministers' Conference.

It is an honour to represent the ILO at this important forum and I am pleased to convey the good wishes of its Director-General Michel Hansenne for a successful conference.

1994 is for the ILO of particular importance. It is the year of its 75th Anniversary and Fifty years have passed since the declaration of Philadelphia was adopted which formulated the organizations mission at the end of the second world war and became integral part of the ILO's constitution.

75 years of ILO activities mean 75 years of promotional work for the cooperative idea. Only one year after its establishment a cooperative unit was set up which has been active in the cooperative field since then. The relationship between the ILO and cooperative organisation has always been close and cordial a fact which was rightly stressed by President Lars Marcus when he addressed the ILO Conference last June in Geneva.

The modern cooperative movement and the ILO are based on the same or similar philosophical ideas and have the same spiritual fathers in common, like Robert Owen and others.

Some 30 years ago when cooperatives took roots in many of the countries of the Region the ILO recommendation 127 provided guidance and direction. We are discussing now the need to update this important instrument to meet better the demands of the time.

Hardly ever before have cooperatives been faced by similar challenges as at the present time. This is not only true for the Asia and Pacific Region but for all regions. Industrialized and developing countries alike. Particularly dramatic is the situation in the countries in transition from a command economy to a market oriented economic structure, as in central and eastern Europe and the countries of the CIS.

But several countries in the Region are in a similar situation where cooperatives have to evolve from being a part of the planned socialist economy into genuine cooperative institutions run by and for the benefit of their members.

But not only in these countries important changes are taking place, also in many other countries where cooperatives had become instruments of Governmental policies and dependent in many aspects of their

existence and of their activities, the economic environment is changing. This cannot be without serious effects on the cooperatives in all sectors of the economy.

Structural adjustments are taking place which lead to an opening up of the economy. Deregulation and liberalization of markets create conditions of greater competitiveness under which cooperatives have to perform in order to survive.

Matters such as market orientation, productivity, diversification of production and services which in the past may not have been so much in the forefront will now become very important. To sustain in the changed environment the principal asset of a cooperative, namely its membership regains in importance. The member relationship must be strengthened in order to convert previously dependent cooperatives into self-reliant, self-managed, autonomous organisations.

The conditions and the environment under which cooperatives operate in the countries of Asia and the Pacific are very varied. I do not want here to describe or analyse them. We have recently published a study by Taimni on creating a favourable climate and conditions for cooperative development in Asia, which presents a summary picture of the cooperative structures in the region. Copies of this study have been distributed by the Secretariat. The study identifies a number of key areas which would need priority attention if cooperatives are to prosper under the changed economic conditions. These are :

The first key area is the formulations of General Policies on Cooperative Development. It is necessary that clear, consistent and realistic policies on cooperative development are formulated by governments. If these are not clear and consistent, they are likely to be misinterpreted by different government departments and bodies, and this, in turn, can lead to the manipulation of cooperatives for political or other purposes. Moreover, if policies are not well-defined and realistic, they can also be misinterpreted by the community which may result in the community's unrealistic expectations of cooperatives and their potential. Cooperatives must cease to be used as instruments of the government, they must operate freely according to the wishes of their members and within the framework of well-defined objectives and policies.

The second area which needs to be reviewed is cooperative legislation. Cooperative legislation must reflect the changing social, political, economic needs of time and place, and should help safeguard the sanctity of basic values, ideology and spirit of cooperation. There is therefore a need to continuously review the impact of cooperative legislation on the character, efficiency and effectiveness of cooperatives, and whenever necessary, introduce suitable changes. This will ensure that cooperative

law does not become a hindrance to the growth and development of cooperatives.

The third area that should be reviewed in order to create a favourable climate and conditions for cooperative development, concerns the promotional strategies and supervisory authorities of cooperatives. Governments in the developing countries in the region have, in the past, been responsible for the promotional, supervisory and control functions of cooperatives through their cooperative development administrations. This has caused a number of problems due to the fact that when the cooperatives no longer have control over their management and activities, they become totally dependent on the government. It is also apparent that, as a result of the increasing complexity and specialization of cooperative business and operations in many countries in the region. Government departments are not necessarily competent to second staff to managerial positions within cooperatives nor to carry out their supervisory and promotional role.

Cooperative apex-level federations should be called upon to take on these responsibilities, as is the case in countries like Japan, the Republic of Korea and some types of cooperatives in India. Where there are no federal organisations, the cooperative development administration will have to continue until such federations can be established.

The fourth area is cooperative audit. Cooperative audit enables members to control and review the performance of their cooperatives. However, contrary to prudent business principles, audits are not carried out annually in most of the countries in the region. Problems range from lack of standardised auditing procedures and adequately trained staff, to insufficient cooperative funds to finance the auditing services. The development of proper auditing procedures and appropriate institutional structures and networks of public and cooperative auditors is necessary if the statutory requirements of audits are to be effectively met.

The fifth area is cooperative management consultancy (CMC) services. CMC services are needed in today's situation where cooperatives' business activities and operations are becoming gradually more complex.

For CMC services to function satisfactorily, they must be offered as an integral part of the services offered to cooperative development or business activities. The place of CMC services in the overall plans for cooperative development must also be clearly defined. The financing of CMC services will probably remain the most critical issue unless a long-term commitment is made by external agencies to finance CMC services. Such financing will remain necessary until cooperatives become self-reliant and viable.

The sixth area that needs to be reviewed is human resources development (HRD), training and education. The development of the

human resource is vital for successful cooperative development. Appropriate structures and facilities need therefore to be created for this purpose. Since cooperatives often lack the necessary resources, government support will still be required. Although cooperatives themselves must take over full responsibility for training and educational activities. Programmes should run on a self-financing basis, but governments should provide financial assistance, at least at the initial stages.

The seventh important area to be looked into is the granting of privileges and concessions to cooperatives. Many cooperatives have become dependent on the preferential treatment afforded them in the past by governments. Their self-reliance and viability have subsequently become more difficult to attain. However, certain types of concessions, for example, tax exemptions on transactions between cooperatives and their members, should continue. But concessions and privileges granted to cooperatives for performing unviable activities on behalf of the government, without enabling them to accumulate capital, are a great burden on cooperatives. In general cooperatives should compete on equal terms with other enterprises and not receive preferential treatment unless absolutely necessary.

The eighth area is savings, credit and banking structures. Cooperatives carrying out savings, credit and banking functions have enormous growth potential and need to be supported. All cooperatives in the region should promote the development of such structures which are strong and viable, and capable of providing all types of credit and banking facilities. Without such structures, it is unlikely that cooperatives can ever become self-reliant or play a major role in the economies of their respective countries. Linked to this issue is the question of the capital requirements of cooperatives. The mobilization of savings and deposits and raising members' equity by providing suitable incentives are the two choices which can and should help cooperatives strengthen their capital base. At the same time it will be necessary for governments to encourage the development of integrated cooperative savings, insurance and banking structures, and the setting up of specialized cooperative development and financing agencies, in order to meet the credit and capital needs of cooperatives and their members.

Finally, there is the issue of cooperatives and special target groups. More emphasis is needed on the organization of these types of cooperatives in order to confirm the social relevance of cooperatives in the socio-economic development processes of the region. These special target groups encompass less-privileged sections of society, for example, the poor, women, youth, the handicapped, artisans and fishermen, members of tribal and indigenous groups etc.

In support of cooperative development policies in member countries along those lines the ILO has adopted some new approaches. Most of our

country projects are directed to help and support cooperatives and their organisations in their efforts to develop their business capacities. Emphasis is given to HRD. For this purpose an inter-regional programme known as Coopnet has been developed which promotes the cooperation between institutions in the region which undertake HRD programmes.

Another inter-regional programme attempts to help in the reform of cooperative legislation and structures. I am happy to report that several countries in the region have availed themselves of the possibilities which this programme, known as 'COOPREFORM' offers. A third programme of this kind concentrates on working with one of the most neglected groups of people, namely the tribal and indigenous population. Cooperative development work has been started in this field in India and in the Philippines.

Many of the speakers have referred to the efforts being undertaken to bring the cooperative legislation in line with the requirements of the changed economic conditions. Next year the ILO will hold an international expert meeting to consider the issues at stake. But in the meantime our work at the country level is going on. Only two months ago a national workshop was held in China on the recommendation 127, jointly organized by the national cooperative training centre, the economic institute of the all China federation of supply and marketing cooperatives and the ILO.

As Mr. Bruce Thordarson we are also convinced that the social summit next year could give a great impetus to the cooperative idea.

The topics to be discussed, poverty, unemployment and social exclusion are at the heart of ILO's concerns and we are prepared to raise our voice so that social development is given equal importance as economic advancement.

Finally, I should like to thank the organizers for having invited the ILO to attend this conference. Our thanks go also to the government of Sri Lanka and the cooperative movement for the warm welcome and the generous hospitality.

SAARCCO

Statement by Mr. T.P.G.N. Leelaratne, Chairman SAARCCO

I am indeed thankful to the chair for giving me the floor to place before this Forum the current position in regard to SAARC Cooperative Organisation - SAARCCO. I must mention here that SAARCCO is still in its infancy. It will be worthwhile to recall the context in which this organisation was formed. During the short period of its existence the South Asia Association for Regional Cooperation, SAARC, has made significant progress in its efforts to strengthen understanding and cooperation among seven governments involved and in paving the way for greater people to people contact among people in the region.

Several initiatives have been taken at non-governmental level in many fields to bring the people of the Region closer for better understanding and for greater regional solidarity.

It is against this background of significant achievements of the SAARC that the Government of Sri Lanka, the National Cooperative Council of Sri Lanka with active support of the ICA took the initiative for promoting closer collaboration among cooperatives in SAARC member countries. The existence of similar organizations among ASEAN members countries no doubt provided the necessary stimulus for making the first moves.

At the invitation of Sri Lanka, representatives of the Government and the Cooperative movements of Bangladesh, India, Pakistan and Nepal met in Colombo for the first time in March 1994, with the ICA providing the back up support.

At their meeting, it was possible to adopt a draft constitution for SAARCCO and sign a Memorandum of Understanding (MOU). The Objectives of SAARCCO according to the MOU are as follows:

1. to provide a recognized regional forum for Cooperative Dialogue and Discussion and for the collection and dissemination of information,
2. to promote the growth of Cooperatives within the region,
3. to promote inter cooperative links and exchanges to support inter cooperative trade and mutual understanding,
4. to encourage linkages and joint activities between Cooperative Education, Training and Research Institutions and their functionaries within the Region,
5. to facilitate the formulation of Member Oriented Cooperative Policies and Cooperative Legislation as will ensure increased member

- participation, involvement and responsibility,
6. to support the growth of Cooperatives as a sustainable sector in the socio-economic development process with emphasis on the environment,
 7. to promote people contact through Cooperatives and the sponsoring and hosting of delegations of member countries on a reciprocal basis and of Seminars, Workshops and Consultations etc.,
 8. to provide greater opportunities for women and youth to play an increasing role in the Cooperative effort,
 9. to promote Cooperatives to play an increasingly important role in collaboration with government and other organizations in poverty alleviation programmes.

In order to get the best benefit of the formation of this organisation - SAARCCO - it would be necessary for the movements of the respective countries to strengthen their own domestic cooperative system and then seek the benefits of collaboration with the movements in member countries in selected areas of interaction.

I mentioned at the very outset, SAARCCO is still in its infancy. It is hoped that with time and with the support of ICA and international community it will be possible for SAARCCO to strengthen the current move towards greater collaboration between the government and coop movements of the countries of the region.

Societe de Development International DESJARDINS

**Statement by Pierre Emond,
Vice President, Programs**

Ministers, distinguished guests, ladies and gentlemen,

“Governments are becoming increasingly aware, with the limited resources available to them for innovation, that they cannot foster development on their own. They are also realising that it is in social processes (human values and behaviour patterns where lasting progress can be made. Development focusing on the individual must be a process of learning, of assuming responsibility and of change.

In this perspective, governments understand that their role is to create a favourable climate for development through various initiatives of the public and private sectors. A viable, pluralistic civil society is of paramount importance for stimulating sustainable development.

Development programmes must therefore meet people’s expectations with regard to their participation in the process and to greater fairness, as well as to social justice, peace and security. Those programmes must reduce marginalization by making people aware of their responsibilities. They must foster fulfilment of the individual by ensuring that his or her basic needs are met. And finally, they must contribute towards the prosperity of private enterprise by making credit accessible and by setting up a just framework of laws and regulations.”

I have begun my speech with those ideas, without further introduction. You might find this somewhat abrupt, and you are right: it is not the usual way of proceeding. But I could not resist doing so. Now I will tell you that the ideas are not mine, but those of Mr. Doug Daniels of the Society for International Development (SID) and of Mr. Jean-Guy St. Martin from the Canadian International Development Agency (CIDA). These two key Canadian figures presented those ideas last October at a SID conference entitled “Beyond Cooperation Development: Toward an Era of Global and Human Security.” What struck me in rereading those themes and ideas is how relevant they are to cooperatives, in particular, and also to your work in this conference and in previous conferences.

It is an honour for me to attend this ministerial conference and, for the first time, to participate as a representative of the Societe de development international Desjardins (SDID). As some of you may already know, our corporation has been working for 25 years to promote and develop the cooperative formula in several parts of the world. It is part of Mouvement des Caisses Desjardins in Canada.

The Mouvement des caisses Desjardins is a vast integrated cooperative financial network, both owned and managed by its members. That network has 1472 caisses throughout Quebec and in the French-speaking communities of Ontario, Manitoba and New Brunswick, in Canada. Those caisses belong to 14 federations which are members of the Confederations des Caisses populaires et d'économie Desjardins, the organism responsible for the orientation, planning, coordination and monitoring of all operations of the Mouvement and also is responsible for representing the Mouvement.

Further, the Mouvement also includes a central credit union, a security fund organization as well as approximately 20 specialized corporations, particularly in the sectors of: insurance, industrial and commercial investment, trust, securities brokerage, transfer of securities (armoured car service) and the processing of credit and debit cards.

With assets of over \$ 50 billion CAN (five billion Canadian dollars) in its cooperative sector and about 5 million members, 19000 elected officers and 47000 employees, the Mouvement des caisses Desjardins is a major social and economic force. The impressive size of its financial and human resources makes it not only the foremost financial institution in Quebec, but also the leading employer in the Quebec private sector.¹

The current position of the Mouvement Desjardins is the result of over 90 years of sustained efforts of generations of members in Quebec who saw, in the cooperative formula proposed by Mr. Alphone Desjardins, a way to fill the gap resulting from the absence of adequate structures for collecting savings and for granting credit to individuals and families in Quebec, at the beginning of the twentieth century. This idea of a cooperative savings and credit institution that would be controlled by the people and satisfy their financial needs was initiated by Mr. Desjardins in Quebec on the basis of experiences in Europe upon the instigation of such persons as: Scjulze-Delitzch, Raiffeisen, Luzatti, Rayneri, Durand, Wolf, and a few others.

During his career, Mr. Desjardins set forth, through his work and writings, the principles of cooperation and the role of the State towards cooperatives. Allow me to quote him, first of all in relation to the role of the State:

"Up to now, we feel that the effort required of the public has been wrongly directed by making it rest on initiatives from outside, such as that of the government; however, in our humble opinion, that effort should have been based on the help yourself principle*. The

1. *Relative Importance of Canadian Credit Unions and Caisses populaires et d'économie* (Annex 1).

public should have been taught that nothing worthwhile or lasting can be created if it does not first depend on the initiative of that same public (...)"²* . . . As the International Congress of Credit Cooperatives* has often stated, the role of governments must be limited to helping people to act (to act for themselves), and not acting itself (acting on their behalf)."³*

Here is also what he said before the special committee entrusted with examining the bill on industrial and cooperative societies* in 1906-1907:

"In our opinion, the cooperative credit and savings union is the essential point of departure, the very backbone of the cooperative movement, because it enlightens and elevates the minds of workers and of farmers, making them more aware of what they must do in their respective condition, and also because it tends to make their efforts and their labour more fruitful."^{*}

* *Traduction no officielle/unofficial translation.*

I believe that Mr. Desjardins' vision in founding the first credit and savings union in North America in 1901, and in contributing to the emergence of over 200 caisses in Quebec and of the first credit unions in the United States during his lifetime, has materialized over the last 90 years and given to the Quebec financial sector one of its finest elements.

It is also interesting to note how relevant Mr. Desjardins' ideas seem to remain in the 1990s (the nineties) when we consider the challenges our societies must meet at the next turn of the century.

Both rooted in and supported by the Quebec cooperative network, and directed toward partners and customers of the cooperative sectors in developing countries as well as countries undergoing reconstruction, our corporation, the SDID, has made its professional contribution through the promotion of the exchange and transfer of know-how between the cooperative network of several countries and the Quebec cooperative network. Although it is mainly concentrated in the financial sector, the SDID also manages projects supporting different cooperative sectors abroad - which in addition to the expertise of the Desjardins cooperatives - can also count on the know-how of the Cooperative federee de Quebec and the Universite Level (both members of the Board of Directors of the SDID); and finally it can also count on the assistance of other Quebec partners in the sectors of farm credit, industrial research and engineering.

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2. *Memoires sur l'organisation de l'agriculture* about 1910-1912.
 3. Letter to Rev. P. Grondin, March 10, 1918.

The SDID is, therefore, present in several countries of Africa, Central America and the West Indies, Central and Eastern Europe and Asia - particularly in the Philippines and Vietnam.

Our modes of intervention may vary and do indeed vary from one country to another depending on the context, the level of development, the positioning of the cooperative movement within the national economy of each country and the political and legislative climate in which the cooperative movements with which we work evolve. However, we always try to use a structuring approach, meaning that we can contribute as much to policy making with government departments or central banks, as we do to supporting the conditions of operation of networks working-in-the-field, either in training elected representatives, transferring know-how in management for management teams, or in the transfer of technology (management information systems, bank automation ...) with networks which have succeeded in providing computer base services to their members. For example, in Africa we have helped the West Africa States Bank in its programme to conceive and set up a framework of laws and regulations for the credit and savings cooperatives belonging to the West Africa Economic and Monetary Union. Through a 24-month period of consultation with the actors concerned in each country, the bill has taken form and materialized.

In Central America, we support Fedecredito, a federation of credit and savings unions in Costa Rica, in its effort to structure its management information services and bank automation: clearing accounts, automated teller machines, bank cards. This transfer of technology is carried out with the help of professionals of the SDID and of computer services of the Confederation working in association with professionals from Costa Rica.

In the West Indies, in Jamaica, we work with a Canadian group in a restructuring programme of the Agricultural Credit Bank of Jamaica (the AC Bank). One of the objectives of this project is to mutualize and to automatise the core units of that financial institution, as People's Cooperative Banks (PC Banks), and to bring them together into a network.

In Eastern Europe, in Hungary, we are helping the Hungarian network of savings unions to restructure itself and to recover the cooperative basis it had before the communist period.

In Southeast Asia, in Vietnam, we will support a programme for setting up credit and savings unions started under the patronage and technical supervision of the State Bank of that country. We expect to make a pro-fessional contribution to that programme in the areas of policy-making and in the general structuring of the network; systems and procedures of grass roots (core) credit unions; setting-up of regional

**Relative Importance of Canadian Credit Unions
And caisses Populaires et D'Economie**

By Province as of December 31, 1993

	No of caisses	Assets 000 000\$	Members 000	Population ¹ 000	Penetration %
Credit Unions					
British Columbia	103	14965	1222	3570	34
Alberta	92	3743	417	2672	16
Saskatchewan	188	5355	563	1002	56
Manitoba	77	3440	341	1091	31
Ontario	472	10747	1516	10450	15
New Brunswick	28	362	73	517	14
Nova Scotia	80	636	166	925	18
Prince Edward Island	10	174	44	132	33
Newfoundland	18	235	42	581	7
Total	1068	39657	4384	20940	21
Caisses Desjardins					
Quebec	1323	47330	4875	7226	67
Ontario	57	1832	241	345 ²	70
Manitoba	19	355	36	26 ²	138
Acadian	86	1123	215	234 ²	92
Total	1485	50640	5367	7831	68
Total Canada	2553	90297\$	Can 9751	28866 ³	34
Total USA	12958	286362\$	US 65558	258245 ⁴	25

1 Estimated population by province, as of October 1st, 1993, according to Statistics Canada. Cat. N° 91-002.

2 Distribution based on population percentage of French language, according to 1991 population census.

3 Includes Yukon and Northwest Territories.

4 Estimated population as of July 1st, 1993, by U.S. Department of Commerce, Bureau of Census.

Sources : CUCC 1993 Annual Report, CUNA Economics and Research Dept.,
Confederation des C.P.E. Desjardins.

Confederation des caisses desjardins affaires internationales, Juillet
1994

units, of a central credit union and eventually of a security fund system as well as a deposit insurance system.

These are the challenges facing our Corporation with our various foreign partners. Whatever shape or form each particular project may take, all those programmes help to promote and develop cooperative financial systems and services which have meaning only:

- if they foster fulfilment of the individual by ensuring that his or her basic needs are met;
- if they reduce marginalization by making people aware of their responsibilities;
- if they contribute to the prosperity of private enterprise by making credit accessible.

Swedish Cooperative Centre

Statement by Ms. Eidi Genfors

Mr. Chairman, Hon'ble Ministers and Government Representatives,
Fellow Cooperators,

SCC, the organisation where I am working is the Department Aid Organisation of the Swedish Cooperatives. It is a non-profit organisation supporting Cooperatives pre-cooperatives, self help groups, the Farmers Organisations. At present we are development partners to organisations in 12 countries in Asia, Africa and Latin America. Our activities are financing, through fund-raising in Sweden through contribution from SIDA, which is Swedish International Development Authority and also from other sources. This is for you who don't know it already. Describing as CSC partner in development in a way to present our philosophy which will also colour our views here in this conference. We strongly believe that true sustainable development among the target groups which are the poorest sectors of the societies this is possible only through their own self-reliance and mobilisation.

This is the Third Cooperative Ministers' Conference in the Asia-Pacific region. The SCC views these gatherings of government officials and representatives of cooperative organisations as significant occasions.

As a result of the Sydney Conference a number of countries have modernised their cooperative legislation. These are indeed very positive developments even if, as we see it, the changes have been more far reaching, for instance the cooperatives should be given full freedom and full responsibility to act on their own. One central theme of this conference is the impact of cooperatives on globalisation and liberalisation of the economy. This theme is important not only in Asia but even more so in Africa and Latin America, and also, of course, in countries like my own, Sweden. In a market economy, sufficient competitive strength is a pre-requisite for survival. The cooperative sector will have to live up to this challenge, not by asking the governments for special supports or special protection, but rather by proving that cooperatives can successfully compete in the market. A few words about the division of roles between the governments and the cooperatives and I would like to make a reference to the statement of Mr. Larry Hendricks. The SCC fully agrees to his views on this issue. This Third Conference is an important link in the process of continuing dialogue between governments and the cooperative sector. The aim of this process as we see it, should be to facilitate the emergence of independent, self-reliant and member-controlled cooperative organisations, in all the countries in the region. In other words, the necessity and relevance of these government-

cooperative movement type of conferences should gradually be reduced. Perhaps the relevance of the proposed new regional cooperative council should be examined from this angle. Anyhow the SCC as an Observer, is pleased to have been invited to this Conference. We recognised the importance of the issues discussed. We believe that a successful implementation of the resolution will greatly contribute towards improved services to the members of the cooperative societies. We wish you all success.

INAUGURAL SPEECHES

INAUGURAL SPEECHES

**Speech By Hon. Weerasinghe Mallimaratchi,
Minister of Food, Cooperative and Janasaviya
at the Inaugural Session of the
3rd Asia-Pacific Cooperative Ministers' Conference
Colombo, Sri Lanka, 26th July 1994**

His Excellency D.B. Wijethunga, President of the Democratic Socialist Republic of Sri Lanka, Hon. Governors, Hon. Ministers, The distinguished Hon. Ministers from the Asia Pacific Region, Hon. State Ministers, Mr. Lars Marcus, President of ICA, Mr. G.K. Sharma, Regional Director, Mr. Bruce Thodarsan, Deputy Director-General, ICA, Secretaries, The Distinguished delegates, Officials & friends,

First and foremost, I would like to take this opportunity to express my gratitude to His Excellency the President of Sri Lanka for being here today, to address the distinguished audience and inaugurate the third Asia Pacific Cooperative Ministers Conference.

On behalf of the Government of Sri Lanka and the Cooperative Movement, it gives me grate pleasure to bid you all, a warm welcome to our country. I would also like to congratulate the International Cooperative Alliance and it's Regional Office for the excellent cooperation given to me and my officials for organizing this Conference in Sri Lanka.

As you all know, this is a historical event not only for Sri Lanka, but also for all the countries in the Asia-Pacific region. To my knowledge, this is the first time that the conference of this nature, where the Ministers in charge of cooperatives and it's leaders are meeting in Sri Lanka in a forum like this. Therefore I, as Minister of Cooperatives in Sri Lanka, feel extremely delighted to have been able to organize this meeting in Sri Lanka.

I consider this meeting a very important one for several reasons, firstly it is rarely that Ministers, in charge of Cooperatives, who are responsible for the policy formulation and its leaders gather on a common platform to discuss vital issues relevant to the development of the Cooperative Movement. The first meeting was held in Sydney, Australia in 1990 and the second, in Jakarta, and Indonesia in 1992. So, the Cooperators of the Asia Pacific region are very fortunate to have been able to reap the benefits of such meetings.

As you all know, the recommendations made at the previous two conferences have generated as very favourable climate for development of a genuine Cooperative Movement of our regions. In the light of these

decisions, several policy and legislative changes have been made by several countries for the betterment of the movement.

Secondly, the 3rd meeting is being held in Sri Lanka on a unanimous decision taken at the last meeting attended by me in Jakarta at my request. So, personally I am delighted for being able to host this 3rd meeting under my guidance. I am happy to state that in Sri Lanka, we have made several changes in the Cooperative law to enhance self management and self development of the Cooperative Sector. We have also introduced new provisions in the Cooperative law to avoid any type of political interference. Accordingly, the members of Parliament and local bodies have been debarred from holding office in cooperatives. In addition, we have introduced another provision in the law to enable the representation of two youth between the ages of 18-30 years, in the Board of Management of every registered Cooperative Society in Sri Lanka. At present, there are nearly 10,000 registered cooperatives in our country, which means there will be 20,000 youth serving as members of Board of Directors.

I am aware of several positive steps taken by other countries of our region after the previous conferences. Therefore, I must stress here, that the collaboration generated after this conference between the Government and the movement have created an excellent climate for the development of a genuine Cooperative Movement in the region. So it is my humble request to the Hon. Ministers and the leaders who are here today to make every effort possible to continue this collaboration for the greater benefit of the movement. I also wish to request the ICA to make this forum a regular one, under the guidance of the ICA and assist in expanding this collaboration further. I am sure the Hon. Ministers who are participating in the 3rd Conference will support such a move in their countries.

There are two points I wish to emphasise here so that we will be able to discuss these issues at length at the Conference which will commence this afternoon at Hotel Taj Samundra. The first issue is related to policy formulation. In all our countries there should be a policy for the development of the Cooperatives. This policy must entail the role of the Cooperative in national development. It also should indicate the type of policy support the governments should provide for increasing the effectiveness of the Cooperative Movement. Secondly, the Governments must provide adequate funds to the Cooperative Sector and build up its capital. As you know capital formation in cooperatives have been a matter of discussion at several conferences. Many cooperatives in our region are faced with difficulties in generating funds necessary for strengthening its services. The governments of our region make use of this movement as a media for implementing their development policies. Therefore, it is imperative on the part of the government to provide

adequate funds to strengthen this great movement.

Before I conclude let me join with the ICA in appreciating the valuable services rendered by an eminent Sri Lankan official turned Cooperator Mr. P.E. Weeraman for whom a special award by the ICA will shortly be given to him by His Excellency, during proceedings. Finally, I wish to thank His Excellency D.B. Wijetunga, the President of Sri Lanka for gracing this historical occasion. I also must place on record, my very sincere thanks specially to Mr. G.K. Sharma, Regional Director, ICA and Mr. Robby Tulus, Senior Policy Advisor of the ICA for their excellent cooperation given to my officials and me to make this event a reality. I also wish to thank Mr. Lars Marcus, President, ICA and his officials for their cooperation.

May I extend my humble gratitude to all the Ministers and delegates who are here on my invitation to attend the 3rd Asia-Pacific Cooperative Minister's Conference. Let me also thank the NCC and all my officials and cooperators, who have contributed in various ways to make this event a success.

Thank you.

Speech of Mr. Lars Marcus, President of the ICA, at the Opening Ceremony

Your Excellency President of Sri Lanka, Hon'ble Ministers, Government Representatives of International Agencies, Fellow Corporators and Friends.

This Conference is the Third for the Asian and Pacific Cooperatives and Governments. Its not unique. We have had similar Conferences in Africa, America and Europe. It is a way to build cooperative movements stronger in the service of the members and by that of nations. It started actually in Africa because during the seventies we found that cooperators in some countries felt so very inferior to governments that they were afraid of them and shy to meet with them. Then we also found that some of the development efforts for these countries had been in vain introduced by donating agencies in the North and the Introducing methods were not received by the people. The experiences had to be changed from one nation to another. So the ICA took an initiative. That was Africa and that was where it started. The Asian Pacific region had other kinds of problems. These Conferences in Sydney, Jakarta and here now, as we can see from the documents presented to this conference are showing how the relations between governments and the understanding of cooperative situation is increasing step by step, by legislation and by other means.

It is a great pleasure to be here and to work in this development. Day before yesterday the cooperative council for this part of the world had a meeting and one of the aims I was able to listen to was the problem of whether the cooperative alliance could have in Asia a membership of government agencies. Should the governments be allowed to attend the meeting as associated members to present and to speak on them but not devote on them. This discussion and similar discussions in all over the world the relations between governments and cooperatives.

I think it is a matter for the Asian movement to decide how they want to have it. IAS not a matter for the ICA as such but the basic principle is that governments are responsible to the people for the overall situation in the country. The interest of governments is to see that the cooperatives be efficient and serve the needs of the people. But the cooperatives have their own sphere. They should be built on self reliance of the members and not be built on support from governments. They should be controlled by the members. The responsibility should be the governments and not the members because that makes the cooperative weaker in the longer perspective. Having said so I want to be perfectly

clear. That cooperatives need support from governments but there is a division to be nourished and taken care of by both parties. I will welcome any papers by government agencies to the cooperative assemblies. But it is necessary to see how the collaboration should work. Being here in Sri Lanka I also would like to express on behalf of the ICA membership the gratitude for the way that this meeting has been arranged and also congratulate all interested parties in Sri Lanka for the progress made by their cooperatives.

It is not only a beautiful country, it is a country on the hard and bumpy road upwards. We see from the outside the progress being made and we thank you for hosting our meeting.

I would like to bring you greetings to the Ministers and government officials and international agencies. Today we form an alliance which has more than 730 million cooperators. The growth is just not least in Asia where half of our membership lives today.

I wish this Conference all success.

Speech of His Excellency, D. B. Wijetunga, President of the Democratic Socialist Republic of Sri Lanka

I am indeed privileged to have had the opportunity of inaugurating the 3rd Asia Pacific Cooperative Ministers Conference. I thank the organizers for inviting me to do so. I understand this Conference has been co-sponsored by the Asia-Pacific Regional Office of the International Cooperative Alliance, the Ministry of Food, Cooperatives & Janasaviya and the National Cooperative Council of Sri Lanka. This, in itself, is proof that co-operators do co-operate extremely well, given the chance to do so.

I am particularly pleased, that the International Cooperative Alliance decided in favour of Sri Lanka as the Venue of this Conference. On the one hand, it signifies the friendly relations that exist between the Cooperative Movements of the Asia Pacific Region and Sri Lanka. On the other hand, it reassures the confidence that the international community has in Sri Lanka as a safe and convenient venue for international gatherings of this nature, inspite of various misinformation and disinformation campaigns that are in operation.

Sri Lanka today, holds the distinction of having a wide network of Cooperative Societies, operating in different fields of economic and social activity in every part of the country. It is generally acknowledged that Cooperatives in Sri Lanka have played a vital role, in uplifting the living standards of the rural communities in particular. They have emerged as a force to be reckoned with, in the implementation of development programmes, aimed at improving the socio-economic status, especially of the low income groups of our society.

It is against this background, that I visualise the importance of this Conference, where Ministers responsible for the development of Cooperatives and the Cooperative Leaders of the countries of the Asia Pacific Region have formed themselves into a Forum, to discuss various issues pertaining to the growth and development of a sound Cooperative Movement in our region.

In almost all the countries of the Asia Pacific Region, the state has assumed the responsibility to guide the development of the respective Cooperative Movements. In many of our countries today, Cooperatives are an instrument and an agency for attaining rapid social and economic development. Many Governments of the region have considered the Cooperative Movement as a very significant and vital sector in improving the quality of life of the people, more particularly, that of the deprived and the under-privileged masses. As such, Government assist-

ance has been always forthcoming for the strengthening of this Movement.

As you know, the Cooperative Movement is a people's movement. It is neither Government nor Semi-Government. It is a movement of the people, by the people and for the people. It is managed and administered by the members themselves. The Cooperative Movement is not merely an economic organisation. It has a greater responsibility to uphold social values, as well as, cooperative principles. The basic rationale of the Cooperative principle is to foster the development of its members, based on self-help and mutual understanding.

It will be counter-productive for the Government alone to assume the sole responsibility to develop Cooperatives. Government must play the role of a promoter and a facilitator in developing a genuine and viable Cooperative Movement. Otherwise, Cooperatives will never be able to stand on their own feet. The Government's involvement should not create a situation, where members will become passive receivers of facilities and services with little or no stake in the Cooperatives.

The Cooperative Movement 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 large mass of our people. Particularly, there has been a noteworthy expansion of Cooperatives in the fields of consumer services, thrift and credit, agricultural production, marketing and several other areas. At present, there are nearly ten thousand Cooperatives of sixteen different types in operation. Approximately, 34 percent of the population of Sri Lanka of over 18 years of age have become members of Cooperative Societies.

My Government is fully conscious of the benefits that can accrue to the people through the Cooperative Movement. Therefore, as a matter of Government Policy, we are actively promoting the Cooperatives, as well as principles of co-operation. Sri Lanka is, at present, implementing an extensive programme of socio-economic development. We are in the process of restructuring our political, economic, social and administrative machinery. We consider our people to be the greatest resource of our country. Human development is our number one priority.

For Sri Lanka, the last 15 years have been years of growth; of progress; and of economic development. The open economic policy and the liberalised socio-cultural relations have paved the way for Sri Lanka to keep abreast of the rapid changes that are taking place on a global scale. This pace of development took a new meaning and direction with the launching of our novel programme of poverty alleviation. It is a programme of direct investment in human development. This new vision and new deal for the poor people has given a new impetus to the Cooperative Movement.

In Sri Lanka, the Cooperatives have played a very significant role in improving the quality of village life. They have 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 has also been recognised by the State as a catalyst in development. This necessarily entails a more development and people-oriented role for the Cooperative Sector. Accordingly, a new role has been defined for the Cooperatives in the 1990s as follows:

- * Cooperatives will have to define a role for themselves as catalysts and agents of change in the Poverty Alleviation Programme.
- * Cooperatives have an important development task in organizing and equipping needy families and groups to manage their own affairs, through the provision of effective credit and savings facilities.
- * The 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.

As you are probably aware, "Janasaviya" or the Poverty Alleviation Programme is a countrywide and systemwide response - policywise and programmewise - to a set of fundamental problems afflicting Sri Lanka's social, political and economic order. The cluster of problems, include poverty, malnutrition, lack of basic needs, lack of equity, unemployment and under-employment, ideological and cultural disorientation, and landlessness. As a result, the waste of potentially productive human and other resources is immense. Considering the fact that human beings are the most valuable resource, the Janasaviya Programme aims at remedying this situation by helping the poor to build up their latent capacities and their asset-bases, through productive employment.

As an active partner in the Janasaviya Programme Cooperatives are called upon to support various people-oriented programmes in the areas of agriculture, food production, self-employment, rural savings and rural credit. The cooperative Sector of Sri Lanka has made a concerted effort to improve and expand activities in these fields and fulfil its obligations in assisting the needy sections of the community.

Today, the whole world is moving towards a liberalized Open Economic System. The whole world is moving towards a Global Market Economy. In this context, what is the relevance of the Cooperative Sector to the market oriented economy? What are the changes that are necessary, both in the structure and in the operations to put the Cooperatives on par with the State Sector and the Private Sector. These are some of the questions, which need greater attention at a forum like this Ministerial Conference. I hope you will be able to address these issues in

your deliberations. My belief is that the Cooperatives will have a greater role to play than ever, in a situation of this nature.

The perceptions of the Cooperative Movement, in relation to the modern day challenges and more particularly, the opportunities emerging from the new economic order are not yet clear. Cooperative leaders, Managers and Officials must be highly knowledgeable in realising the realities of the present-situation and the economic potential of its members. How have the cooperatives in the industrialized nations been able to withstand the current wave of globalization? Even the Cooperative Movements of some of our countries, despite all these challenges, have progressed substantially. What are the factors which have contributed for these success stories?

I firmly believe that cooperatives need to enhance their competitive strength by improving their professional skills, while entering into diversified fields of activity. There is also a need for Cooperatives to build entrepreneurial capabilities. It is also necessary to improve capital mobilization, and member confidence in the management of Cooperatives. I am sure, in your deliberations, during the course of this Conference, you will discuss at length, the relevance of these issues, as well.

As a Co-operator myself, I will be very happy to read through and make use of the recommendations and conclusions of your Conference. I am confident, that with your experience in this field and with your commitment to create a genuine Cooperative Movement in our region, you will be able to generate a very productive discussion on vital areas, that need to be improved for the sustenance of the Cooperative Movements of our region. Let me assure you, of my fullest co-operation in implementing the recommendations and conclusions of the 3rd Asia Pacific Cooperative Ministers Conference.

In conclusion, let me congratulate Hon. Weerasinghe Mallimaratchi, Minister of Food, Cooperatives and Janasaviya, Hon. Ravindra Samaraweera, Minister of State for Food and Cooperatives, the International Cooperative Alliance and its Regional Office in New Delhi, the Secretary of the Ministry of Food, Cooperatives and Janasaviya, and his Ministry Officials and the National Cooperative Council of Sri Lanka, for their untiring efforts in organising the Cooperative Conference.

I wish all of you a very happy and a pleasant stay in Sri Lanka.

Welcome Address by Mr. Lionel Samarasinghe, President, NCC, Sri Lanka

Hon. Mallimaratchi, Minister for Food, Cooperatives and Janasaviya, Hon. Ministers, Mr. Lars Marcus, President, ICA, Mr. Bruce Thordarson, Director-General, ICA, Mr. G.K. Sharma, Regional Director, ICA ROAP Distinguished guests and friends,

I feel honoured to preside over the inaugural session, and to deliver the welcome address, at the opening of the Third Asia-Pacific Cooperative Ministers' Conference.

First of all, let me express my sincere thanks to all of you for your very honourable presence at this Conference, on behalf of the Cooperative Movement of Sri Lanka, the Ministry of Food, Cooperatives, and Janasaviya and the Department of Cooperative Development.

As you know, during the four days which follows from today, we are going to address our minds, to very important issues pertaining to the strengthening of cooperative movements in our region. I am sure that the discussions which will follow, will generate fruitful dialogue among government officials, and cooperative leaders.

I am sure, the Hon'ble Ministers who are present here today, will provide all the assistance necessary, for the development of the movements of the respective countries.

The collaboration, between governments and the movements, is very vital for increasing the effectiveness of the cooperative movements.

This Conference, I am confident, will work towards developing very cordial relations between the governments and the movements.

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

Hon'ble Chairman, Hon'ble Ministers, distinguished cooperative leaders, Representatives of International Organizations, ladies and gentlemen:

First of all, I would like to extend a very warm welcome to all the distinguished participants to this Third Cooperative Ministers' Conference on behalf of the ICA Regional Office for Asia and the Pacific. I am sure you will have a 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 in the Taj Samundra Hotel.

Since the last Ministers' Conference held in Jakarta, there have been some important structural changes in the ICA and I would like to report on these changes for your information. The ICA Tokyo Congress held in October 1992 which was the first ICA Congress held in the Asia-Pacific region approved a plan of restructuring the ICA. Consequently, the ICA has been divided into four regions, namely, Asia-Pacific, Africa, Americas and Europe. Earlier, ICA had Regional Offices but there was no global demarcation on regional basis. As a result of this restructuring, the geographical area of our Regional Office which was confined upto Iran have been extended upto Israel. Thus the members from Kuwait, Iraq, Jordan and Israel have become part of our Regional Office. In addition, as a result of disintegration of the erstwhile Soviet Union, three CIS (Commonwealth of Independent States) countries, namely, Uzbekistan, Kyrgyzstan and Turkmenistan have also come in this region. However, Kazakhstan which is locationally part of Asia has preferred to join the European Assembly. But at the same time, they have expressed a keen interest to participate in the activities of the Asia-Pacific Region also. Their delegation is present in this conference.

The other effect of restructuring has been that the Regional Council which earlier consisted of two delegates from each country irrespective of membership has been replaced by Regional Assembly in which all the members from the region are entitled to participate. This will bring closer relationship with all the members directly. The Regional Assembly is a part of the ICA Policy Structure. The Regional Assembly has approved the formation of an Executive Council in which one delegate from each country will be represented. It would meet prior to the Regional Assembly and in between the Regional Assembly meetings to advise and guide the ROAP. In addition, we also have six Specialised Committees in the region, namely, Committee on Agriculture, Consumers, Human Resource Development, Fisheries, Finance, and Trade and

Industry. While in the Regional Assembly and Executive Council, policy makers are expected to participate, in the specialised committees the participation is expected from the professionals.

The restructuring of the ICA also strengthened the original representation in the Board of the ICA. There are now 4 Vice Presidents one from each Region. Together with Vice President the Asia-Pacific Region has four representatives in the ICA BOARD.

Since the last conference, two new countries from Asia, namely, Myanmar and Mongolia have joined the ICA. Thus now we have 62 members from 25 countries, in addition, one regional organisation, namely, ACCU. In this way we represent almost 450 million individual cooperative members in the Asia-Pacific Region, out of the estimated 700 million global individual members.

The ICA, as a world body of cooperative movement and as a universal representative of cooperative organisations of all kinds, under its standing rules have its objectives:

- a) to promote the world cooperative movement, based upon mutual self-help and democracy;
- b) to promote and protect cooperative values and principles;
- c) to facilitate the development of economic and other mutually beneficial relations between its member organizations;
- d) to further the economic and social progress of people, thereby contributing to international peace and security.

To pursue and achieve the above objectives, the Regional Office carries out cooperative development programmes with the assistance of its development partners. The development objectives of the ICA ROAP are:

- i) Establishment and growth of genuinely independent, democratic and economically viable cooperative organisations in which men and women participate on equal terms;
- ii) Strengthening of collaboration between cooperative organisations;
- iii) Influence public opinion, governments, international authorities and international organizations on matters pertaining to development of cooperative organisations;
- iv) Enhancement and encouragement of the involvement of the weaker sections of the society as women and youth in the activities of cooperatives; and
- v) Promoting awareness among the cooperative organisations of the importance of an environmentally sustainable cooperative development.

These objectives are carried through various projects with assistance

from our development partners.

The major development partners supporting the development programmes are the Swedish Cooperative Centre (SCC), the Canadian Cooperative Association (CCA), Central Union of Agricultural Cooperatives in Japan (CUAC), Japanese Consumers Cooperative Union (JCCU), Ministry of Agriculture, Fisheries & Forestry (MAFF) of Japan, and the Society de Development International Desjardins (SDID). I would like to place on record our appreciation for their financial and/or technical support.

In the earlier conferences, one of the recommendations was that an orientation programme should also be organised for the top government and cooperative leaders with regard to the overall objectives and functioning of the cooperatives. We have not been able to organise such a programme so far as we have not yet been able to succeed with a development partner for providing funding.

I think the time is ripe for both cooperative movements and governments in the Asia Pacific region to advocate the need for such an orientation program, especially in the wake of globalisation of market economy, to undertake policy dialogue with multilateral development agencies such as the Asian Development Bank. Priorities of ADB are well suited to meet the programmes of ICA-ROAP as most of our strategic plans fit the ADB's current social and economic infrastructure framework. In collaboration with development partners such as CCA and SCC, ICA would be happy to facilitate and pursue an initial policy dialogue with ADB for their potential support.

In the changed global scenario where liberalisation of economy has become an important part of the government policies, cooperatives are bound to face more competition and challenges from strong business houses and multinationals. Also, the financial support which the cooperatives have been receiving in the past is expected to be reduced considerably. To face this challenge, cooperatives will have to restructure their organizational and management system and also will have to depend more on internal and external resources than on the governments. This is a challenge which the cooperatives will have to face in the coming years. If the cooperatives do not improve their operational efficiency, technology and competitive strength at the same time keeping their basic character and commitment for their members, they will have difficult times ahead. In this challenge, members' involvement and support will acquire much more significance and we will have to find out ways and means of having increased member participation.

In the globalisation of economy, capital and technology are going to play a major role. People of limited means will find it difficult to face these challenges and thus if the care has to be taken for the people

particularly below the poverty line. I do not see any alternative except to strengthen the cooperatives so that they can play an effective role. In this, the support of the governments in creating a conducive climate and conditions will be essential. Instead of exercising full control over cooperatives or completely withdrawing from cooperatives, the governments should come forward with supporting policies for development of cooperatives and thereby securing economic and social security for the people at large. Cooperatives have, in the past, demonstrated amply their potential as agencies meeting the economic and social needs of their members. The ICA will always be willing to continue its support to the cooperatives and governments in their collaborative efforts within its limited resources available globally and regionally.

I may mention that ICA collaborates closely with the United Nations and its Specialised Agencies on behalf of the world cooperative movement. The ICA has the closest working relations with the ILO, FAO, ESCAP and others like AARRO. These relations are not cooperative specific alone but in other fields also like poverty alleviation, gender integration, development of weaker sections of the society, human development, improved environment, etc. Recently, the ICA had supported the United Nations on its Earth Summit Conference since ICA considers that environments is for all people. It wants to people to prosper and live in dignity and under pleasant environment. The report of the Secretary-General of the United Nations confirms the increased realisation in the UN system about the role of cooperatives in socio-economic development.

Finally I would like to conclude by quoting ICA President, Mr. Lars Marcus, who in the recent COPAC Open Forum held in New York in March this year said and I quote "I firmly believe that mobilising the people themselves to solve their problems is the one and only way to make this world a worthwhile place for all its inhabitants. Cooperatives could be a mighty tool for the United Nations in this regard."

VALEDICTORY SPEECHES

VALEDICTORY SPEECHES

Mr. Bruce Thordarsons Speech

I do not want to impose on the time of this ordinance everybody has worked hard during the last 4 days. I must say that I have listened with interest since Tuesday morning to the rich discussion that has taken place. And what I have heard only confirm the comment that I made yesterday during my presentation about the value of this ministerial conference process which has been taking place since 1990. Its not easy to sit in one place and listen to speech after speech for 4 days. But when you do, when you make and effort to listen as everybody in this room obviously did. Its amazing the amount of material that you pick up and the new things you learn about the experience in the other countries. And of course that the purpose of this kind of meeting. What also struck me was the kind of consensus which is developing among Government leaders, cooperative leaders and international organisation representatives about what is necessary for future cooperative development. It seems to me that censuses has moved quite a large step further than it was 2 years ago in Jakarta and indeed a great step further than the discussion I heard in Sydney in 1990. And that can only be promising for future cooperative developments. If we feel that we all have the same common understanding of what needs to be done and from the ICS's point of view it is very satisfactory to hear your words of encouragement to the regional office. Feeling that they should continue to carry out this act as a priority and that there is a willingness on the part of several sources to continue to provide the necessary funding for this activity to take place. And then again I think I will go home remembering the presentation by Larry Hendricks of the Canadian cooperative agency yesterday. He gave us all a good rallying cry emphasizing that what we are talking about here is not of just academic interest to us. It is not just because it forms a part of our daily work back home but that there is a tremendous sense urgency to put these into practice because the challenges facing cooperatives are great they are becoming much more pressing and we do not have a lot of time to make the right kind of decision in order to allow cooperatives face in the future with confidence. Therefore, I would certainly echo his words that is let us go home with resolve to put these decisions into practice as quickly as possible. And in the hope that when we meet again in Thailand in two years time everyone will have even more accomplishments to report than the impressive accomplishments which indeed were accounted to during this Conference.

Speech of Hon'ble Minister, Salam Taluqder, Bangladesh

Mr. Chairman, Hon'ble Ministers, distinguished delegates, ladies and gentlemen,

To express my views about the Conference first I want to put on record my appreciation and the appreciation of my delegation for the Government of Sri Lanka for the excellent arrangements they have made for the holding of this Conference. Particularly, I want to say a few words of appreciation and impress my sense of gratitude to the Hon'ble Minister of food, cooperatives and Janasaviya of the Government of Sri Lanka, Mr Weerasinghe Mallimaratchi for his zealous participation and seeding things for himself so that the Conference goes well and making this Conference a memorable event for each and everyone of us. I thank him for his personal care taken in this regard. Personally speaking, I have gained a lot out of this deliberations since the statements made by the Hon'ble ministers and distinguished delegates. Reflecting the latest situation of their various countries' cooperative movements and the difficulties faced by them and the achievements made so far would certainly add to the experience of the cooperative movement of Bangladesh and who will gainfully implement this experience in the development of cooperative movements in Bangladesh. This has been an occasion to be remembered for long not only for the hospitality but also the rich contribution made by each individual countries and the international organizations. Mr. Chairman, Sri Lanka is a friendly country of Bangladesh and it is as well as a SAARC country. And the people of Sri Lanka are so friendly and dedicated to the cause of humanity which at least my country would try to emulate. I am personally grateful to the Hon'ble Minister who was elected the Chairman of this Conference for asking me to Chair part of the deliberation of the Conference in his absence. This sort of Conference certainly would take us a long way to fulfil the commitment and purpose for which the Conference was held and for which we came all the way from our respective countries to Colombo so that in our country we can enrich the cooperative movement from the experience gained from this Conference.

Last but not least I like to thank on my own behalf and on behalf of my delegation for the friendly atmosphere each one of us has shown to each other and with this cherished memory we will go to our respective countries in a couple of days.

Speech of Mr. G. K. Sharma, Regional Director, ICA ROAP

Hon'ble Chairman, Hon'ble ministers, distinguished delegates fellow cooperators,

Before the Chairman makes the closing speech and declares the Conference closed I think it is my duty to say a few words on how the ICA Regional Office feels about this Conference. Two and half years back in Jakarta when Mr. Mallimaratchi proposed a meeting I was a little bit worried because of the arrangements to be made and the responsibility the government and ICA will have to shoulder. Particularly, Indonesia had done a good job in organizing that conference so well. Mr. Mallimaratchi said "Do not worry we will try to do even better." I am not comparing Indonesia and Sri Lanka but I think from what we have seen last 4 days he has done what he said.

We as organizers from ICA must say that the government of Sri Lanka and the movement of Sri Lanka took all the burden from us and they took responsibility for everything to be done in Sri Lanka. And that you gave us a lot of relief to concentrate on the preparation of Back-grounds and follow-up. To the extent that as you know Mr. Mallimaratchi personally approached many ministries and governments so that the maximum number of participants attend this Conference. I must say because of his personal interest that we have such a good participation. Overall we have 24 countries and 6 international organizations.

On behalf of the ICA and its regional office I want to thank the government of Sri Lanka. Particularly, the Hon'ble minister and the national cooperative council, particularly its president. The secretary of the cooperation Mr. Leelaratne and the Commissioner Mr. Divaratne have been working very hard. Particularly the last three months something we are aware of and something we are not, of the preparation. I think what you saw last evening was a surprise to us. It was an excellent evening and a good memory to carry.

I would like to thank the Government, all the staff of the Department who have been working strenuously behind the scenes to make this conference a success. Equally I would like to thank the NCC and the cooperative movement of Sri Lanka, also provincial cooperatives and governments who extended full support and helped in arranging this Conference. I am thankful to all of the distinguished participants and Hon'ble ministers who could come and actively participate in the conference. I particularly observed that when we had the first conference, on the first day we had a very good gathering, but everyday it started decreasing. The situation was much better in Jakarta but when you

compare with Sri Lanka I think they have succeeded. Last 4 days almost all the chairs were full. This shows that all distinguished delegate participants have realised the importance of this conference and they are really interested and they appreciate the usefulness of this conference.

I would like to thank also the International agencies, particularly AARRO, ILO and FAO for their participation and presentation of their papers. Equally I would like to thank our government partners the CCA, NCC, SDID, who also participated and gave us full support.

Finally I would like to thank the staff of the Taj Samudra Hotel who made all the arrangements for convening the meeting. I would also like to thank the media for their support for publicizing about the conference. I would like to express my appreciation for my colleagues in the ICA who worked very hard and tried to do their best to make this Conference a success. I am sure the next Conference, in Thailand will be equally fruitful and important. I thank them for the invitation and assure them that we will fully cooperate with them to make the next conference is not only equally but even more fruitful.

Hon. Minister Mallimaratchi's Speech

The Hon. Ministers, Distinguished Delegates and Friends,

I am extremely happy for being able to chair the concluding session of the Third Asia Pacific Cooperative Ministers' Conference. I sincerely hope that you would forgive me for not being with you during the whole proceedings due to unavoidable engagements, which all of you are well aware of. Nevertheless, I have been inquiring everyday from my Secretary and the Commissioner of the days proceedings and more particularly, any type of difficulties you might have had to face. I am happy to note that there have been very fruitful presentations of papers giving an outline of present trends and development of cooperative movements of the respective countries.

It has been brought to my notice that a well thought out set of recommendations are being presented at this Conference for strengthening government - cooperative collaboration and the development of a sound and dynamic cooperative movement in our region. What is more important now, is our commitment to take follow up action based on these recommendations. The responsibility to translate these recommendations into action is vested on us, as Ministers in charge of Cooperative and leaders.

Now that Cooperative Ministers' Conference is turning out to be a permanent forum, I am confident, that we will be able to charter a new course of action, which will pave the way towards a genuine cooperative movement in our region. And Colombo Conference and its declaration I am sure, will go down the history as being one of the pioneering ventures towards such a glorious achievement. May I once again place on record my gratitude to all those who attended Jakarta Conference in 1992 and endorsed the holding of the 3rd Conference in Colombo, Sri Lanka.

Once again, I thank all the Hon. Ministers and the distinguished guests for your participation and the ICA for all its cooperation extended to my officials in making the Conference a success.

Thank you.

PROGRAMME

Monday, 25th July 1994

- 15.00 - 17.00 : Registration.
Venue: Hotel Taj Samudra, Colombo
- 18.00 : Welcome/Reception
Venue: Hotel Taj Samundra.

Tuesday, 26th July 1994

- 09.15 : Departure for Bandaranaike Memorial International Conference Hall for Opening Ceremony.
- 09.58 - 11.00 **OPENING CEREMONY**
- : Lighting of Traditional oil lamp
- : Cooperative Song
- : Address by Hon'ble Weerasinghe Mallimaratchi, Minister of Food, Co-operatives and Janasaviya;
- : Address by Mr. Lars Marcus, President, International Co-operative Alliance
- : Presentation of Award to Mr. P.E. Weeraman;
- : Inaugural Address by His Excellency D.B. Wijetunga, President of Democratic Socialist Republic of Sri Lanka.
- : Vote of thanks by Mr. G.K. Sharma, Regional Director, ICA.
- 11.00 : National Anthem
- 11.30 : Tea/Coffee break
- 11.30 - 12.30 : Inauguration of Co-operative Trade Exhibition at Hotel Taj Samundra.
- 12.30 - 14.00 : Lunch break.
- 14.00 - 14.45 : Working Session-I (Crystal Room, Taj Samudra Hotel)
- Chairman : Mr. Lars Marcus, President, ICA
- a) Welcome address by the host movement - President, National Co-operative Council of Sri Lanka;
- b) Election of Conference Chairman and Drafting Committee;

- c) Conference procedures and adoption of Programme Agenda;
- d) Report from the Secretariat ICA (ROAP).
- 14.45 - 16.00 : Presentation of the Background Papers.
- 16.00 - 16.30 : Nutrition break.
- 17.00 - 17.07 : Working Session - I (contd.)

Wednesday, 27th July 1994

- 09.00 - 09.45 : Working Session-II
Presentation on Topic I - Global Co-operative Trends, Basic Values and Co-operative Principles.
- 09.45 - 10.30 : Country Statements -
Fiji,
India,
Speech by Mr. Vishwanathan
Israel,
Thailand.
- 10.30 - 11.00 : Tea/coffee break.
- 11.00 - 12.30 : Country Statements (Contd.) -
Speech by Mr. H. Eddiwan (ACO)
Iran,
Jordan,
S. Korea,
Kuwait,
Malaysia.
- 12.30 - 14.00 : Lunch
- 14.00 - 17.30 : Country Statements (Contd.) -
Myanmar,
Philippines,
Singapore,
Uzbekistan,
Vietnam,
Mauritius
Burnei
Ghana

Thursday, 28th July

- 09.00 - 09.45 : Working Session-III - Presentation on Topic II - Strengthening Genuine Co-operatives World-wide - the Role of the ICA and its collaboration with other international organisations and partners in cooperative development.

- 09.45 - 10.30 : Country statements (Contd.)
Sri Lanka,
Presentation by Mr. Ranjith Hettiarachchi
Nepal,
Statement by Mr. Raj Krishna Amitya
Tonga.
- 10.30 - 11.00 : Tea/coffee break.
- 11.00 - 12.30 : Statements by International Organisations
Statement of AARRO by H.E. Kwamena Ahwoi
Statement of ILO
Statement of SAARC
Statement of FAO
Statement of CCA
Statement of SCC
- 12.30 - 14.00 : Lunch
- 14.00 - 14.45 : Statement by International Organisations (contd.)
Statement of SDID
Statement of CICOPA
Statement of SAARCO
- 14.45 - 15.30 : Discussion on Country Statements.
- 15.30 - 16.00 : Tea/coffee break.
- 16.00 - 17.30 : Discussions (Contd.)

Friday, 29 July

- 09.00 - 12.00: Working Session-IV
- 1) Adoption of Conference conclusions and recommendations.
 - 2) Consideration of venue and dates for the next Conference.
 - 3) Closing of Conference.
- 12.00 - 13.00 : Lunch break
: Evening free

Saturday, 30 July, 1994

- 06.00 - 09.00 : Drive to Kandy -
: Field visit
- 17.00 - 21.00 : Return to Colombo

Sunday, 31 July, 1994

- : Departure

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