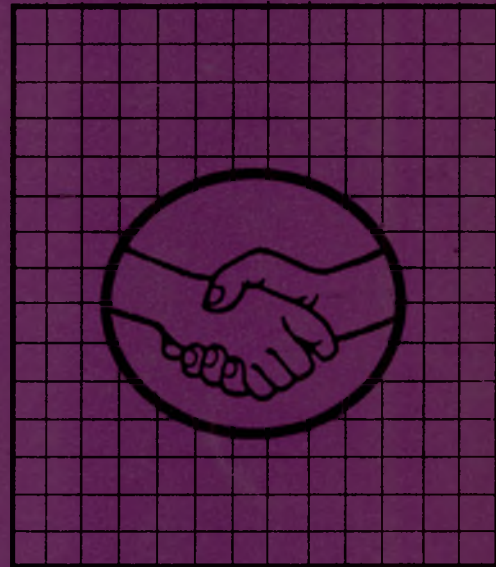
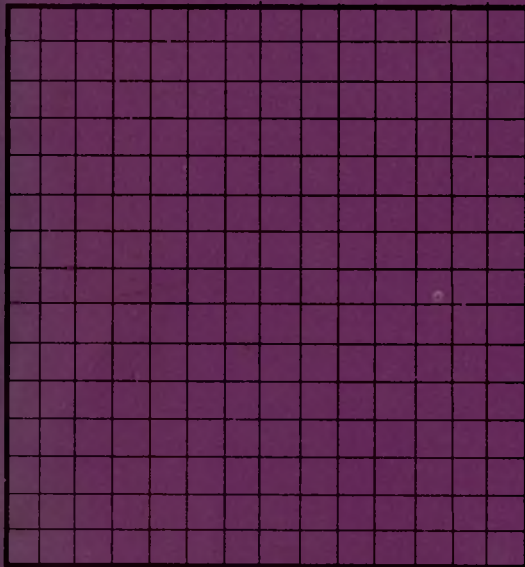


ICA Regional Consultation Meeting
Manila, Philippines. November 20-22, 1991

**Cooperative-Government Collaborative
Strategies for the Development of Cooperatives**

**CONCLUSIONS AND
RECOMMENDATIONS**



in association with :

- Cooperative Union of the Philippines
- National Confederation of Cooperatives
- Cooperative Development Authority

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Cooperative-Government Collaborative Strategies for the Development of Cooperatives

ICA Regional Consultation

CONCLUSIONS AND RECOMMENDATIONS

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- Cooperative Union of the Philippines
- National Confederation of Cooperatives

Cooperative Development Authority of the Philippines

- International Cooperative Alliance
Regional Office for Asia and the Pacific



International Cooperative Alliance

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**Cooperative-Government Collaborative
Strategies for the Development of Cooperatives
Conclusions & Recommendations of the ICA Regional
Consultation held in Manila, Philippines.
November 20-22, 1991**

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REPORT OF THE ICA REGIONAL CONSULTATION OF
PERMANENT SECRETARIES RESPONSIBLE FOR COOPERATIVES
IN GOVERNMENTS AND THE CHIEF EXECUTIVES OF NATIONAL
COOPERATIVE ORGANISATIONS OF ASIA AND THE PACIFIC
COUNTRIES HELD IN MANILA (PHILIPPINES). NOV. 20-22, 1991

Conclusions and Recommendations

Introduction

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

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

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

01. The Conference recommends that national governments in collaboration with the national cooperative organisations should develop clear perspective for the development of cooperatives in specific areas during the '90s. In the identification of the target groups: small farmers, artisans, workers, women and unemployed youth and other down-trodden people should be given special attention.

02. The Conference recommends that the strengthening of cooperative values by building up of self-reliant Cooperative Movements should be given priority during the '90s.

03. The ICA should work out guidelines to evolve a practical system of cooperative-government relationships to combine cooperative values, socio-economic objectives and competitive strength.
04. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above Declaration and Recommendations in collaboration with national cooperative organisations and national governments.
05. The Conference recommends that the ICA, along with its member-organisations and international agencies, should take measures to develop skills and transfer of technology to facilitate cooperative trade.
06. The Conference recommends that the ICA ROAP should organise Asia-Pacific Ministerial Conferences periodically to review the development of cooperatives in the region and to promote regional collaboration.
07. The Conference appreciates the invitation of the Minister of Cooperatives, Government of Indonesia, for hosting the next Conference in Indonesia. The Conference requests the ICA ROAP secretariat to finalise the dates and other arrangements in consultation with Government of Indonesia and the Indonesian National Cooperative Council - DEKOPIN.

Agenda of Consultation

The Consultation had the following agenda for discussion:

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

The Consultation was inaugurated by the **Honourable Franklin Drilon**, Executive Secretary of the Republic of the Philippines. He interalia emphasised the following points in his inaugural address; the full text of which is given in the **Annexe-III**.

- i) The constitutional support to cooperatives in the Philippines;
- ii) The role of the government should be that of providing the environment where individual initiative can flourish;

- iii) Cooperatives are recognized as critical structures for social justice and economic development;
- iv) Publicize cooperative development success stories;
- v) Strengthen training and education;
- vi) Encourage political parties to integrate cooperative development in their platforms and agenda.

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

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

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

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

01. The Consultation appreciated the action taken by the ICA ROAP in organizing five national workshops in Fiji, India, Indonesia, Philippines and Thailand. It also noted the action on the recommendations of the 1990 Ministers' Conference by the governments and the Cooperative Movements in other countries. The Consultation took note of the positive impact of the Sydney Declaration and Recommendations of the 1990 Ministers' Conference.

02. At the outset, it was observed by the Consultation that regional collaboration was increasing by way of movements of certain countries, for example, Republic of Korea, Peoples Republic of China, Republic of India, Australia, Japan, offering facilities and support for training of cooperative leaders and officials with emphasis on cooperative management. It was further observed that a kind of unification of Cooperative Movement was emerging as a result of the follow-up of Sydney Conference.

03. It was brought to the notice of the Consultation that the following developments took place in various countries as a result of Sydney Conference:

- a. Greater consciousness has developed about the need of government-cooperative collaboration;

- b. Consultation between the governments and cooperative representatives has taken place;
- c. Governments have formulated national policies on Cooperation;
- d. A review of cooperative legislation has been taken up by the governments with a view to amending it in the spirit of the Sydney Conference.

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

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

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

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

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

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

The Consultation made the following observations and recommendations:

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

02. It was recognized that both governments and cooperatives have specific roles in strengthening and combining cooperative values, socio-economic objectives and competitive strength of cooperatives.

03. It was observed that for the development of a system combining the three above elements, creation and building of conducive environment is necessary. The Consultation noted the following essential measures for building such an environment:

- a. Sustained publicity and intensive campaigning to develop understanding about cooperative values, socio-economic objectives and consciousness about the necessity of competitive strength in the cooperatives;
- b. Continuing dialogue with a view to securing support and reaffirm faith in the executive head of the governments in the potentials of cooperatives.
- c. Support of the press and other mass media like TV, radio, etc.

04. The Consultation took note of the various approaches such as general scheme approach, project approach, area approach, group target approach, etc. for development of cooperatives and achievement of socio-economic objectives.

05. The Consultation recommended that a planned combination of various approaches may be evolved in various countries for the extension of the Cooperative Principles and greater absorption of cooperative values.

06. The Consultation suggested that the progress of socio-economic objectives of cooperatives should be assessed from time to time in order to project the image of cooperatives and set new directions.

07. The Consultation recognized the need of cooperatives to organize activities for the promotion of the social welfare of the community at large within the area of their operation out of their own financial resources such as building of educational and medical facilities, organization of cultural activities, education in social hygiene, promotion of functional literacy, rural sanitation and environment protection, etc.

08. It was brought to the notice of the Consultation that in some countries the audit also included the social cost and benefits. The desirability of considering economic and social cost and benefits was appreciated and taken note of.

09. The Consultation felt that building of competitive strength in the cooperative is a must for the very survival and to meet the needs of the members. The Consultation endorsed the suggestion made in this regard given in the Background Paper.

10. The Consultation emphasized that cooperative values must be safeguarded and maintained while accepting government financial and other assistance.

11. The Consultation laid great stress on sustainability of cooperatives in the context of the financial strains in various countries. It was recommended that considered measures/steps should be taken to ensure sustainability of cooperatives at various levels.

12. The Consultation took note of the trend towards privatization and deregulation in the policies of governments. It was suggested that the cooperatives take note of the opportunities for cooperatives arising from the deregulatory and privatisation policies of the governments.

13. The Consultation further suggested that similar measures for deregulation be considered for and accorded to cooperatives.

14. The Consultation suggested that cooperatives also diversify themselves for alleviation of urban poverty and promotion of consumers' welfare.

15. The Consultation felt that perspective planning should be undertaken at the level of the primary cooperative societies themselves. The respective plans so formulated should be integrated into regional and national plans. While the primary responsibility of planning should be that of each cooperative, the government could support by way of providing technical know-how and other assistance.

16. The Consultation recommended that a Data Bank be built up by government/movement or jointly by both.

17. The Consultation recognized the need of modernization and adoption of appropriate technology by cooperatives.

18. The Consultation suggested that cooperatives lay greater stress on production of value-added goods to ensure better prices to the farmers. Post-harvest technology should be developed and adopted.

19. Cooperatives be encouraged to develop and function as members' organizations, where powers remain with the members along with needed

resources, to ensure that the decision- making is exercised by the members at various levels effectively.

20. The government should formulate fair and clear fiscal policies ensuring that cooperatives do not function under conditions of disadvantages.

21. The Consultation suggested that the government formulate more supportive policies for the development of cooperatives in various countries.

The Consultation took note of experience of India and the Philippines with parastatal organizations, where they have been given resources and responsibilities for the development of cooperatives.

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

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

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

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

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

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

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

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

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

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

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

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

01. The Consultation discussed various aspects and implications of the proposal of setting up Regional Cooperative Development Fund. It was expressed that the objectives of the Fund should be further clarified and concretized.

02. The Consultation felt need of further clarity of the objectives of the proposed Fund. The Consultation suggested that alternatives may be considered which may serve the same purpose.

03. The Consultation suggested that the proposal may be discussed at the level of the respective governments and Cooperative Movements in view of various implications. In the meanwhile, the ICA will work out details including projected activities and financial involvement and such proposal may be discussed at government level.

04. The Consultation recommended that Agenda Item 4 may be included in the agenda of the Ministers' Conference for decision.

05. The Consultation recognized the utility of the two fora namely: The Consultation of Permanent Secretaries and the Conference of Ministers of Cooperatives.

The Consultation appreciated the Background Paper presented to it.

Drafting Committee Members

01. Mr. Filomeno A. Bautista, Jr. (Philippines)- Chairman

02. Mr. Berridge Hume-Phillips (Australia) - Vice-Chairman

03. Mr. Ambika Sharma (Fiji) - Member
 04. Ms. Jayanti Nawaratne (Sri Lanka) - Member
 05. Mr. Mohd. Arif bin Abu Bakar (Malaysia)- Member
 06. Mr. Mohamed Shahid Ullah (Bangladesh) - Member
 07. Dr. Noer Soetrisno (Indonesia) - Member
 08. Mr. G. K. Sharma - ICA ROAP
 09. Mr. Karl Fogelstrom - ICA ROAP
 10. Mr. Daman Prakash - ICA ROAP
 11. Dr. R. C. Dwivedi - ICA ROAP. Secretary
-

**ICA Regional Consultation on “Cooperative-Government
Collaborative Strategies for the Development of Cooperatives”
Manila, Philippines, November 20-22, 1991**

Agenda Notes and Background Papers

Dr. R.C.Dwivedi*
ICA Regional Consultant

BACKGROUND

01. The International Cooperative Alliance Regional Office for Asia and the Pacific, New Delhi (ICA ROAP) organised a Regional Consultation on “Cooperative-Government Collaborative Strategies for the Development of Cooperatives” in June, 1988 in Singapore. The recommendations of Singapore Consultation were considered by the Co-operative Ministers’ Conference for Asia and the Pacific which was held in Sydney (Australia) in February, 1990. The Conference adopted and released a Declaration known as “Sydney Declaration on Cooperative Development”. In addition, the Ministers’ Conference had also made a set of recommendations, including an ‘Action for 1990s’.

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

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

**Dr. R.C. Dwivedi is currently working as the Officer on Special Duty to the Union Minister of Agriculture and Cooperation, Government of India. He was also the Consultant to the Regional Consultation held in Singapore, June 1988; Ministers’ Conference held in Sydney in February 1990 and the Regional Consultation held in the Philippines, November 1991.*

- iv. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above Declaration and Recommendations in collaboration with national cooperative organisations and national governments.
- v. The Conference recommends that the ICA, along with its member organisations and international agencies, should take measures to develop skills and transfer of technology to facilitate cooperative trade.

03. Part-I of this paper deals with a review of the findings of the five (5) national workshops and the impact and implementation, on the basis of information received in the Regional Office, of the Cooperation Ministers' Declaration and Recommendations. Part II contains a critical analysis of Recommendation 3 of the Action for 1990s viz., "the ICA should work out guidelines to evolve a system of cooperative-government relationship to combine cooperative values, socio-economic systems and competitive strength."

SUMMARY OF REVIEW AND ISSUES FOR DISCUSSIONS

01. The Consultation of Permanent Secretaries of Co-operation is being held in Manila, Philippines, from 20-22 November, 1991. This consultation is preparatory to the Conference of Cooperation Ministers to be held at Jakarta, Indonesia, February 18-21, 1992. The recommendations of the Manila Consultation will be considered at the Ministers' Conference in Jakarta.

02. There has been perceptible impact of the recommendations emerging a conducive environment for the development and working of cooperatives. The impact is in the direction of fulfilling the development policy of ICA to initiate the governments' cooperative strategies for co-operative development. The following issues emerged out of the discussions at the workshops and action by co-operatives in various countries of the region. For details, please refer to Part-I of this document.

03. The long-term objectives of the cooperative development may be common in the countries, whereas the short-term or immediate objectives may vary in view of national priorities.

04. It is necessary to develop a mechanism for perspective planning so that members are provided better services as per the objectives laid down in the by-laws and government programmes, if executed through cooperatives, are suitably integrated.

05. Cooperatives face new challenges, situations and demands as a result of changes in various sectors/fields and members' requirements. Hence innovative approaches have to be evolved by co-operatives.

06. In some countries, parastatal organisations have been visualized as a source of support to cooperative development.

07. Changes in laws for democratization of cooperatives and for creating more conducive environment have been considered essential. Many countries have undertaken a review of respective co-operative laws.

08. There is realization that for greater efficiency and better results, co-operatives should adopt technology in their work operations.

09. One serious problem before cooperatives is inadequacy of finances. While government financial support may be available, it is of paramount importance to build a national cooperative financing system.

10. Utility of exchange of experience and interaction at international level has

been well established. The Ministers Conference preceded by a meeting of Permanent Secretaries of Cooperation has emerged as a necessary forum to work out and discuss achievements and problems of cooperatives. Greater international assistance has been sought for.

11. Government and cooperatives have specific roles and responsibilities in evolving a system to integrate cooperative values, socio-economic objectives and competitive strength.

12. In view of the above issues/trends of development, the Regional Consultation may consider the following and make suggestions:

- i. What should be visualized as the long-term perspective/ object of cooperative development;
 - ii. What kind of mechanism should be outlined for perspective planning in future development;
 - iii. Setting up of Parastatal organisations for cooperative development;
 - iv. Steps necessary for popularization and adoption of technology in cooperatives at different levels;
 - v. Arrangement for pooling innovative approaches and their dissemination;
 - vi. Assessment of the impact of amended cooperative laws;
 - vii. Measures necessary for establishing a national cooperative financing system; and
 - viii. Setting up of an International Cooperative Development Fund at the ICA ROAP level with the contribution of governments and co-operatives.
-

PART-I

Review of the National Follow-up Workshops and the Impact of the Declaration and the Recommendations of the Sydney Conference in the Asia and Pacific Region

INTRODUCTION

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

- i. The Government and Cooperative Movement came closer on a common platform to discuss various issues and formulate perspective action plans;
- ii. The relationship among the cooperatives and between cooperatives & governments changed towards more positive & harmonious side;
- iii. Efforts have been made jointly by the Government and the cooperatives to identify problems and difficulties in the development of cooperatives;
- iv. The pre-requisites/infrastructure needed for the growth and expansion of cooperatives could be specified;
- v. Efforts have been made to evolve a system for continuing dialogue between cooperatives and the government;
- vi. Measures have been initiated in countries for the development of genuine and self-reliant Cooperative Movement; particularly comprehensive amendments in the co-operative laws to remove restrictive, undemocratic and negative provisions so as to entrust responsibilities to the members themselves;
- vii. ICA ROAP organised TCDC (Technical Co-operation among Developing Countries) with the support of UNDP which brought closer the developing countries for mutual collaboration;

- viii. Outside the Region, the Afro-Asian Rural Reconstruction Organisation (AARRO), which had also participated in the Singapore workshop and the Sydney Conference, sponsored missions for study of present status of Cooperative Movement in the Philippines, Mauritius, Ghana and Malaysia and recommended measures to strengthen the existing cooperatives and develop them in diversified areas.

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

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

- “i. The establishment and growth of independent democratic and viable cooperative organisations...capable of serving their members efficiently and contributing economic growth and social equity..”
- “ii. Strengthening collaboration between cooperative organisations of various types and in different countries, thereby promoting the growth of international solidarity, which is the foundation of a constructive peace.”
- “iii. To influence public opinion, national authorities and international organisations in order to stimulate the growth of a favourable atmosphere for cooperation, promoting the enactment of appropriate cooperative legislation and enlist the support of governments and international organisations for the development of Cooperative Movement.”

04. To a great extent the Sydney Conference has become a turning point in the positive development of Cooperatives in this Region.

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

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

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

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

Philippines

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

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

08. The Workshop arrived at the following Conclusions:

- i. This modest report gives us a genuine picture of the present state of affairs of the Philippine Cooperative Movement. It portrays the multi-dimensional problems that have been affecting the growth of the Cooperative Movement.

- ii. The strategies and plans of actions were matched with the perceived and felt problems within specific time frame. Further, the respective roles of the government agencies, the cooperative and the donor community were identified and delineated.
- iii. The delineation of roles will lead to unified thrust in the implementation of the strategies and plan of action. This concerted effort will provide the cooperative movement the required impetus and direction to become a prime mover in the socio-economic development of the Philippines.

Indonesia

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

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

Fiji

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

- i. The Consultation recommends strongly that the Cooperative Union and the Department review closely funding situation of the Union. Revision and rationalizing of affiliation fee from affiliating societies

to the Union was also mentioned as the most suitable method. Another possible source was the institution of Cooperative Education Fund from the Societies. The Government may also make some special Grants-in-Aid to the Union for specific project, e.g. member education, women and youth programmes, Cooptrade contacts programmes, etc.

- ii. The Consultation was of the view that all registered cooperatives should become members of the Fiji Coop Union as soon as possible.
- iii. The Consultation expressed its satisfaction over the purchase of a real estate by the Fiji Cooperative Union and hoped that this step would provide some security and continuity to the activities of the Union in the service of the Movement. The Consultation appreciated the positive role played by the Cooperative Minister and Mr. A.P. Sharma, Director/Registrar of Cooperatives, in this regard.
- iv. The Consultation strongly recommended that action on various recommendations of the Consultation should be initiated as soon as possible and efforts should be made to realize the time frame established by the Ministers' Conference in its Action Plan for the 90s. The Consultation noted that the next Regional Consultation will take place in Manila in November 1991; the next Cooperative Ministers' Conference in Indonesia in February 1992, and the ICA Congress in Japan in October 1992.
- v. The National Consultation recommends to the Department of Cooperatives and the Fiji Cooperative Union Limited to constitute a small Monitoring Group to oversee and review the progress of implementation of the recommendations from time to time.
- vi. Revision of existing Cooperative Society's Law to be undertaken.
- vii. The National Cooperative Development Policy and Strategy Paper to be developed and approved by the Government.
- viii. The Consultation placed on record the highest appreciation of the Government and the Cooperative Movement of Fiji of the positive support extended by the ICA ROAP and its Regional Adviser, Mr. Daman Prakash.
- ix. The Consultation was of the view that the ICA ROAP and the Australian Cooperative Movement help to organize a forum for the South-Pacific Cooperative Movements so that they participate in cooperative development process and take advantage of experience of each other.
- x. The Consultation expressed its appreciation of and placed on record the positive collaboration and rapport that exists between the Department Director, A.P.Sharma, and Chairman of the Cooperative Union, Mr. K.B. Matalau, and hoped that the positive relationship

continues to enable Cooperative Movement of Fiji to grow as a strong and self-reliant movement.

Thailand

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

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

India

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

Information from Other Countries

Australia

13. The Australian Association of Cooperatives (AAC) organized a one-day

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

Bangladesh

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

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

Japan

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

15.1 The reform of agricultural co-operative structure in Japan

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

- i. **Innovation of Agricultural Production:** The concerns of consumers have been transferred from price to safety, good-health and conservation of natural environment. The policy of 'reduction of production cost' and 'promotion of 3H agriculture - Healthy, High-quality and High technology' worked out in the 18th Congress. The policy on promotion of "Agriculture which can conserve national environment" and "organic farming and less/no pesticide farming" will be much more emphasized.
- ii. **Re-structure of 3-Level Organisation System:** The target of amalgamation is to be 1000 agricultural cooperatives in the year 2000. Now, there are some 3,600 and to attain this purpose, further efforts are needed. To realize the expansion of business function, such as credit, etc. and the strengthening of management system, an amendment of agricultural cooperative law is needed. Japan's agricultural cooperative organisations have now 3-level as primary, prefectural and national level. However, it is being considered that prefectural federations would be abolished and 2-level system as primary and national level be made in the future. Prefectural unions would remain.
- iii. **Promotion of changes in the consciousness of co-operative officers:** Re-establishment of corporate identity on Cooperative Movement will be carried out. The Movement will be called JA for short. It means Japan's Agriculture. An idea of agricultural Cooperative Movement will be re-established through discussions of "the basic values of cooperatives" which will be the main theme of the 30th ICA Tokyo Congress. The Central Cooperative College is now a specialized college, which is not registered at the Ministry of Education. It will be registered and renamed to be 'International Cooperative College', which name be tentative for the time being. Acceptance of students from overseas countries is being considered.

15.2 Technical cooperation to developing countries in Asia. The following programmes are sought to be introduced or continued:

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

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

ii. *ICA Training Course for Rural Women in Development*

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

15.3 Others

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

16. Developments in the Consumer Sector

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

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

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

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

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

Malaysia

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

- In October, 1990, with the creation of the Ministry of Lands and Cooperative Development, the Department of Cooperative Development, the Cooperative College and the Bank Kerjasama Rakyat Berhad (Cooperative Bank) were put under the jurisdiction of the new Ministry.
- The new Cooperative Act, which is in the final stage of preparation, is more progressive than the present Act. The government takes on a more liberal view towards the running of the individual cooperatives. For instance, where currently the Registrar-General decides and approves on the investment plans of the cooperatives, the new Act allows the cooperatives to determine their own investment programmes. The new Act also introduces elements of self-regulation through the creation of the Internal Audit Committee. These are the more significant changes introduced in the new cooperative law.
- In addition to the formal cooperative education and training programmes undertaken by the three institutions, the Government, through the Department of Cooperative Development, promotes the formation of cooperatives in secondary schools. The objective of forming school cooperatives is to inculcate the spirit of Cooperation and to obtain hands-on experience in managing their cooperatives.
- The Government has recently announced the new National Development Plan that covers the period from 1991 to 2000. The

National Development Plan can be seen to prepare the foundation for Malaysia to become a developed nation by the year 2020. In this connection, the Government wants the Cooperative Movement to participate actively and contribute towards achieving the national development targets. For this to materialize, a number of policy issues needs to be addressed, that is:

- a. cooperative training and education needs to be strengthened. A recent study in 1990 by the Farmers' Organization Authority (FOA), shows that much of the cooperative education and training programmes appear to be centered around introductory courses which attempt to provide an appreciation of the concepts of Cooperation. It is estimated that 60% of the total number of members receiving training in the past were involved in the basic courses in Cooperation. While knowledge on the principles is vital, the cooperators need to be informed and educated in specific technical and management skills in order to become more self-reliant. There are plans to encourage more academic research about the nature of the Movement in Malaysia. This could lead to Cooperatives being taught as a full subject at the university level leading to an academic degree on its own;
- b. the role of the Cooperative Development Department is to be redefined - from a regulatory function to that of facilitator and advisor. The Department will become 'Consultants' to cooperatives on matters on how to solve their problems and assist them to identify opportunities and develop them; and
- c. a formal forum needs to be formed for greater collaboration between the Cooperative Movement and the Government to be realized. The present Cooperative Act allows for the formation of a National Advisory Cooperative Council to be formed.

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

Pakistan

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

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

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

- a. Principles of Cooperation adopted by the International Cooperative Alliance will be adhered to, disseminated and embodied in the Cooperative Law. Cooperative leadership including Provincial Cooperative Unions and National Cooperative Union of Pakistan will be consulted in all policy formulation matters relating to cooperatives. Cooperative Unions will be strengthened and encouraged to educate the people about the Cooperative Movement.
- b. Cooperatives being voluntary institutions of people of small means, shall be predominantly used to promote the economic interests of poor people, small farmers, fishermen, livestock breeders, poultry farmers, dairy farmers, artisans, unemployed youth and women and to relieve them from the clutches of middlemen and to build them as a bulwark against big business and feudal interests.
- c. The principles of devolution and flexibility will be fully respected to restore autonomous, self-reliant character of the cooperative development.
- d. Existing training facilities for cooperative sector will be augmented and National and Provincial Cooperative Unions will be assisted financially to build up an infrastructure for educating people and cooperators on the principles and management of cooperatives.
- e. Cooperative farming, where possible, will be organised.
- f. Cooperative sector, being heavily tilted in favour of agriculture credit, will be given a new dimension by encouraging formation of primary level multipurpose cooperative societies for the supply of inputs, credit and marketing and linking recovery of loans with marketing of produce of members. These would be organised as large sized viable units through process of amalgamation and reorganisation of existing small sized societies. The multipurpose societies would be interlinked with the District Cooperative Federations which in turn would be affiliated with their apex provincial federation. Efforts will be made to secure a reasonable quota of imported and indigenous fertilizers and other agricultural inputs under the control of the Government to the aforesaid Federation for distribution through the network of cooperatives.
- g. In order to arrest the tendency of having cooperatives registered for

- a large area of operations, it will be ensured that a primary cooperative society (whose members are individuals and not societies) is registered to confine its activities to the limits of a Union Council.
- h. Multi Unit Cooperative Societies will be discouraged from indulging in illegal banking business and will be allowed on very selective basis used on feasibility of projects and shall be project-specific. Efforts to merge the existing Multi Unit Cooperative Societies will be encouraged. In order to broaden the democratic structure and arrest the tendency of “one man” societies, it will be ensured that MUCS should be federations of primary cooperative societies registered in the provinces and that primary societies are represented in the managing committees of such societies through democratically elected delegates and such societies shall be encouraged to get themselves involved in support of agriculture. MUCS shall also be encouraged to set up agro-based small scale industries and sugar mills, ginning and food processing factories and in the procurement of agriculture produce at support prices and sale at issue prices fixed by the Government.**
 - i. The role of Federal Bank for Cooperatives shall be redefined in consultation with the Ministry of Finance, Provincial Governments and the proposed National Cooperative Council.**
 - j. Cooperative Law will be revised: Among other things, it will be ensured that the maximum credit limit of a society shall be determined by the financing bank without unnecessary recourse to the Registrar; that no officer of the Cooperative Department shall be Ex-officio President/Chairman/Chief Executive of a Cooperative Institution; that provisions with regard to acceptance of deposits by cooperatives and banking are removed; that the maximum limit upto which member may hold shares of a Cooperative Society be raised to 25 per cent of the share capital in order to broaden the capital structure of the cooperative societies. In order to check proliferation of inviable cooperatives and multiplicity of cooperatives for identical objectives, it will be provided in the proposed revised law that if a cooperative has been registered for a specific economic activity for a specified area, no other cooperative for that area for the specified target group of people shall be registered for the same purpose.**
 - k. A “National Council of Cooperatives” with suitably broad based membership will be set up. It shall perform the following functions:**

 - i. To advise the government on all general matters relating to Cooperatives;**
 - ii. To review the working of Cooperatives and to identify factors**

- affecting their smooth operations;
- iii. To suggest suitable ways and means to remove the constraints experienced by the Cooperatives;
 - iv. To make recommendations to the government on matters relating to Cooperatives, directly or indirectly;
 - v. To advise the government on matters as may be referred to the Council by the government; and
 - vi. To constitute committees or sub-committees on any subject relating to cooperatives.

Sri Lanka

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

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

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

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

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

- 19.3 Cooperation has been made a provincial subject.
- 19.4 District Cooperative Councils have been set up.
- 19.5 Greater emphasis on the role of cooperatives in rural areas.
- 19.6 Cooperation has been included as a subject of social studies.
- 19.7 Personnel policies have been formulated.
- 19.8 Professionalisation of management has been emphasized.

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

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

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

- **Institutional Development:** a) The restructuring of the NCC is completed in keeping with the State establishment of Provincial Councils for decentralization of State administration and devolution of power. The membership is now limited to apex organisations and the 27 District Cooperative Councils; b) The NCC By-law was amended with the future vision of a strong, viable and self-reliant national institution; c) A series of national workshops and seminars were held for Directors and Staff Officers of the NCC to determine operational tasks, organise working units and define responsibilities. The NCC that used to be the ideological apex has ventured into business advisory servicing. The Architectural Unit and Printing Press have proved to be profit making ventures. New advisory units on Cooperative Insurance, Rural Banking, Taxation and Project Planning are also proving to be profitable. Emphasis is also being laid on development of research and planning, women in development, publicity and formation and foreign relations.
- **Coordination with the State and Membership:** a) Workshops were conducted with the participation of staff from District Cooperative Councils and Apex Unions to fully realise the main objectives of the NCC and to service the Movement as the apex cooperatives body of the country; b) Regular meetings of the Cooperative Project Planning Committee are held with the participation of presidents of Apex Unions to strengthen the liaison between the apex unions and

their relations with the NCC; c) Programmes are being conducted to prevent over-lapping and duplication of activities carried out by apex unions and mainly in Multipurpose Cooperatives and Thrift and Credit Cooperative sectors; d) The President and General Secretary of the NCC always attend meeting at the Ministry and the People's Bank to maintain continuing dialogue between cooperatives and State sectors; e) NCC coordinates with the Department of Cooperative Development in all education and training activities.

- **National Plan:** A national plan and a medium term plan has been drawn up to streamline the activities of the Movement the non-availability of which had resulted in isolated development of activities without any coordination, in repetition and overlapping of programmes. Steps are now being taken to prepare medium-term plans for the District Cooperative Councils.
- **Education and Training:** a) The Education and Training Unit of the NCC has conducted the following programmes during the period under considerations; b) Educational panels of resource persons were formed, and their services are being recruited during the training and education programmes. Management and administrative needs, basic needs in skills development assessing and of training and educational needs were identified in the early part of this year; c) Study circles methods were introduced with assistance from Vuxenkolan in Sweden, with the intention of increasing member participation and development of effective management; d) A test programme on cooperative member participatory methodology was held in these stages in the Mahaweli area and a handbook for the use of the staff of the newly formed cooperative societies in this area.
- **Women and Youth:** a) District level active cooperative youth groups have been identified to organise programmes further at district level; b) Cooperative Women's Committee has been encouraged to participate in the mid-day-meal programme for the school children; c) A national level workshop on 'Women in Development' was conducted and a new plan, structure and objectives were drawn up to include women leaders from all sectors of the Movement in the National Women's Committee; d) Special interest is being taken to develop the cooperative knowledge and participation of youth and school children in cooperative activities. The NCC in collaboration with the Ministry of Education is taking a special interest to train teachers to teach the subject of cooperatives in schools which is now included in the school curricula. Establishment of cooperative shops, canteens and stalls within the school premises is encouraged.

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

Singapore

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

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

OBJECTIVES OF COOPERATIVE DEVELOPMENT

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

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

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

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

INNOVATIVE APPROACHES

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

PERSPECTIVE PLANNING

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

CHANGES IN LEGISLATION

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

- i. To delegate/transfer powers vested in the Registrar of Cooperative Societies to the co-operatives;
- ii. To enable maximum participation of members in decision making;
- iii. To make elected office bearers accountable;
- iv. To restrict government interference/intervention in the affairs of the cooperatives;
- v. To promote and strengthen self-reliance;
- vi. To introduce element of professionalisation in cooperatives;

- vii. To ensure timely conduct of audit, convening of general body meeting and conduct of elections;
- viii. To make federal structure responsible for the strengthening of primary cooperatives in the given sector;
- ix. To strengthen cooperative education;
- x. To build a cooperative system of economy.

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

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

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

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

TECHNOLOGY

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

- i. Survey the needs of the cooperatives and their members;
- ii. Collection and dissemination of information including research and scientific findings;
- iii. Commercial aspects of cooperatives, etc.

- iv. It will also be necessary to identify what kind of technology would suit cooperatives of various kinds and levels in different countries.

FINANCING SYSTEM

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

CONSTITUTION OF A PARASTATAL AGENCY FOR COOPERATIVE DEVELOPMENT

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

INTERNATIONAL COOPERATIVE COHESION

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

more systematically and calls for a viable arrangement. It may need establishment of a separate International Cooperative Development Fund at the ICA ROAP level, so that continuity of interaction is ensured and the ICA continues to play a meaningful role.

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

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

PART-II

Guideline to Evolve a Practical System of Cooperative-Government Relationship

INTRODUCTION

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

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

formulations of the government. They cannot, therefore, ignore the priorities in perspectives developed by the government for socio-economic transformation and development. It is desirable and justifiable, therefore, to develop a close relationship between the government and cooperatives.

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

COOPERATIVE VALUES

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

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

- vii. Education values (knowledge, understanding, insight, etc),
- viii. Purposeful values (benefit to members)

05. The ICA Congress held at Stockholm in 1988, however, recommended the following as the Basic Values:

- i. Democracy (conscious decisions based on free will),
- ii. Participation (in share capital, management, deposits, business, etc.),
- iii. Honesty (in business, management, including personnel management, etc.),
- iv. Caring (for members, community at large).

06. It is not the scope and intention of this paper, in the present context, to go into the details of various aspects of values. There may be different groupings from different angles, e.g. individual's values, institutional values, business values, etc. No grouping or cataloguing can be final. But what is important is that each value has relevant in characterizing cooperatives. It is not only desirable, but necessary to have understanding of meaning or content and essentially of various values, as related to cooperatives.

07. There are several sectors which influence the effective operation of the above values, the important of these being cultural heritage, economic situation, general education level of the country, socio-political environment, State's attitude towards values, operation of Cooperative Principles, exposure of cooperative values, etc.

08. Government collaboration in co-operative development can strengthen cooperative values by providing suitable cooperative legislation, liberal administrative policies, etc. The restrictive laws and obstructive administrative decisions cloud the cooperative values. In short, government is a big factor in influencing cooperative values.

09. While government can promote or undermine cooperative values, the cooperatives have to play a more considered role in the propagation, promotion and strengthening of values. It is the most important responsibility of each cooperative to educate its members about the concept and essentiality of cooperative values. the working of cooperatives ought to reflect the values. The bye-laws should specifically provide for value-oriented operations of cooperatives. The education and training courses for various categories of office bearers and employees should include discussion on cooperative values.

10. Thus, both the governments and cooperatives have respective roles in the promotion and strengthening of cooperative values.

SOCIO-ECONOMIC OBJECTIVES

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

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

GOVERNMENT OBJECTIVES OF COOPERATIVE DEVELOPMENT

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

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

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

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

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

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

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

OBJECTIVES OF COOPERATIVES

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

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

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

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

SOCIAL OBJECTIVES

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

Governments' Social Objectives

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

Cooperatives' Social Objectives

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

The objectives of government and cooperative are thus identical.

ACCEPTABILITY OF OBJECTIVES

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

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

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

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

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

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

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

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

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

MATERIALIZATION OF OBJECTIVES

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

General Schemes Approach

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

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

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

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

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

Project Approach

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

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

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

Area Approach

35. In this approach one selected area becomes the unit of activities to be spread over. The target is to saturate the area with a particular activity or several activities with a long-term objective. This approach has its merits. There is concentration of resources, attention and services to introduce cooperative activities. However, it warrants careful planning and techniques to involve people of different socio-economic status. Adequate infrastructure is to be created for continuity with people's own efforts and mutual help to continue the activities.

Group Target Approach

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

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

38. Turning again, to social objectives of cooperative development, achievements of economic objectives leads to social objectives in due course of time. By working together in cooperatives for mutual advantage has a great educative value and effect. Fixation of price according quality of goods is a powerful incentive to individuals. Cooperatives have eliminated middlemen parasites in several fields. The moral advantages which flow from successful application of cooperative method are not less conspicuous and important. It has promoted social cohesion. A number of cooperatives have undertaken diversified activities for the promotion of social welfare out of their own surplus, e.g. establishing libraries, reading rooms, dispensaries, general and technical higher educational institutions, women welfare centres, children's creches, social afforestation, old age care centres, rural sanitation, etc. In India, the children's orchestra organized by a school run by a cooperative sugar factory had been awarded first prize at

an international competition. Through education for cooperative development, other concepts and suggestions are also made to improve the social life of people, e.g. hygiene and cleanliness, balanced diet, planned parenthood, child care, environmental improvement measures, and so on. All such activities, which promote social objectives, build the image of cooperatives, which go a long way in taking the government and cooperative objective nearer to achievement.

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

ASSESSMENT OF ACHIEVEMENT OF OBJECTIVES

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

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

COMPETITIVE STRENGTH

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

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

43. It is to be understood that the rivalry with the first two stems from the challenges which cooperatives pose to their motives/objectives viz. maximization of profits. Cooperatives are organized with the objective of obtaining and

developing collective services, particularly for their members, as a measure against exploitation, profiteering and situation of helplessness. Conceptually, competition among cooperatives themselves is not considered desirable, but in actual practice it does take place, e.g. two consumer cooperatives may compete in the same locality on the basis of greater efficiency in marketing and consumers cooperatives compete in the market for making purchases in bulk. Big federations compete with their own constituents. However, competition among cooperatives is not for profiteering but for better services.

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

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

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

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

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

47. There are several production enterprises in the cooperative sector which have established their overall superiority and competitive strength over public and private enterprises. To cite a few examples from India the sugar cooperative factories have given better results in all respects (recovery, cost of production, earning surpluses, payment of prices to cane growers, research and development of cane quality etc) vis a viz sugar factories outside cooperative field. Consequently, preference is given to cooperatives in licensing new sugar factories or increasing

additional capacity. Cooperatives produce more than 60% of the national sugar production. The sugar cooperatives have developed around them various social services or projects, e.g., general and technical schools and colleges, hospitals, clubs, women and children welfare activities etc. Similarly, dairy and fertilizer producing cooperatives have overshadowed the private and public enterprises.

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

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

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

Factors Affecting Competitive Strength

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

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

Sound Management

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

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

- i. Observance of ICA Principles of Cooperation in working;
- ii. Observance of Cooperative Law and Rules, Bye-Laws of cooperative itself and that of the concerned federal organisations, directions from government and other laws of the land in force for the time being;
- iii. Promotion and preservation of cooperative values, ideology, philosophy and spirit combined with efficient business;
- iv. Synthesize individuals welfare and that of the group;
- v. Ensure capital formation without profiteering;
- vi. Enlisting members' participation in the affairs of their cooperatives;
- vii. Human approach in decision making;
- viii. Integration of ideology, social outlook and economic objectives; and
- ix. Harmonization of power structure Member vis-a-vis Board of Directors, Board of Directors vis-a-vis General Body, Board of Director vis-a-vis Chief Executive etc.

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

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

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

vi. **Efficient and honest reporting and information system.**

56. In the case of mission of the above requirements distortions are bound to develop, adversely affecting the management of the organisation and its efficiency. Many examples, can be cited from the practical situations as evidence to establish that neglect of the above requisites become disastrous to the organisation. Interference of elected or appointed office bearers in the day to day working of cooperative is against the principle of sound management. It leads to conflict constrained relationship and tension between them (office bearers, chief executive). On the other hand, when Chief Executive try to treat the office-bearers only as formal figureheads, and to run the cooperative according to their own will and pleasure conflicts arise. Both the situations affect efficiency and damage the institution and its cause. Transgression of one's authority and functions is one of the foremost causes of managerial inefficiency. There should be recognition and acceptance of each others role and limitations. It is also absolutely essential that the office-bearers, board members and chief executive must have mutual trust and confidence, otherwise working efficiency is bound to suffer.

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

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

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

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

61. There should also be evolved a reliable, information-flowing system of reporting to enable the elected management to keep a watch on the results to

detect shortcomings, if any, and to take remedial steps. As stated earlier, there would be no disinformation and hiding of facts from the Board etc.

Financial and Material Management

62. The prudence of the management lies in the judicious management of its finances and materials, on which depends the competitive strength of a cooperative. Cooperatives in the developing countries face a great deal of financial difficulties in running their business, as the members have very limited capacity to save and invest in their cooperative. Outside financial institutions and governments are vital source of getting finances. Often cooperatives have to borrow on terms unfavorable to them which reduced the competitive strength. In most developing countries inter-institutional lending has not yet developed. The surpluses of a cooperative cannot be channelled to another society, which is in need of funds. There is need to evolve such a system as may allow outflow of funds from surplus funds to deficit cooperatives at agreed terms. It is desirable and essential that cooperatives should build their own internal resources. This is possible in societies which are not capital intensive.

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

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

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

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

67. In order to improve the over all competitive strength of the enterprise the waste material should also be used by recycling it to produce new items for domestic use. Some countries have successfully demonstrated how to make alternative use of waste material.

Integrated Working

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

Size of Organisation

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

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

Modernization

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

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

Cost Benefit Analysis

73. It is very important to adopt a system of on-going cost benefit analysis in production and trading cooperatives to ensure the viability of their operations, keep a watch in economic results and to take corrective measures; if required, to improve the performance and end results. This forms an essential part of

modern management. With the introduction of computerization and mechanized accounting it has been possible to have “performance-sheet” at the end of the day or the next day in the morning. This has been introduced in some cooperatives in developing countries also, e.g., dairy cooperative in India at different level right from the milk collection centers where quality and fat content in the milk of each milk-supplier is simultaneously measured. In other cooperatives where operations are large, system of internal audit has been introduced. But this meets only a part of the cost-benefit analysis. Often cooperatives ignore this kind of exercise and “suddenly” find themselves landing in a situation of incurring losses. On-going cost-benefit analysis is imperative to ensure competitive strength of a co-operative.

Human Factor

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

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

76. In several developing countries it is the government officials who are deputed to administer/manage the cooperatives. This is a great weakness and

unless cooperative have their own chief executives with commitment, professional dexterity and freedom to work, cooperatives which may have the potential to be competitive will lag behind.

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

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

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

Planning

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

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

82. Each cooperative formulates an annual work programme and adopts corresponding annual budget. But this exercise is not done scientifically, due to

lack of competent, technically trained staff. The federal cooperatives in developing countries do not have the strength enough to assist each member cooperative in the formulation of perspective plans to achieve the long term objectives and socio-economic goals. This aspect needs to be strengthened.

Government Policies

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

84. Cooperative laws in several countries provide vast powers to intervene in the management of cooperative. A reference has been made to this earlier. The law provides for compulsory representation of certain groups of members (weaker sections, woman, youth etc) on the board of directors. While it is justified from the social point of view by the government, but it is not in conformity with the canons of management. A Cooperative may face difficulties because of unsound business decisions taken by the board of directors, which has on its persons with no acumen, experience and expertise for taking business decisions. In some countries governments have assumed power to nominate 1/3rd or 3 members of the board of directors or even the chairman where government contributes towards the share capital or stands guarantee on behalf of a cooperative for outside borrowing with veto-power in some laws. The government nominees on the board view issues and matters more from administrative and government viewpoint and not necessarily from the point of view of members interests or that of competitive strength and development of cooperatives. The veto power makes the situation still worst. It means the "will" of government nominee is to prevail most against the opinion and numerical strength of the rest of members of board of directors. The board is made ineffective as its decision making power is negated by veto-vote. This is against the very principle of democratic management. In such cases each member of the board does not have equal rights and powers. Again, several state cooperative laws and rules contain provisions for approval of the resolution/decisions of the board of directors and general body before their implementation. A period, generally, 30 days, is specified for the cooperatives to wait for the "red" or "green" signal from the government. In business matters such a time span for government approval entails business risk to effect competitive strength. The governments are also clothed with power to give directions to cooperatives. This is a vast power which covers everything that is not covered specifically in the laws and rules. This power is widely used. Governments direct cooperatives to undertake a business which may not be economically viable. It directs the cooperative to serve certain sections of society compulsorily to

minimum specified extent. Government enforce certain politically motivated decisions which adversely affect the competitive strength of cooperatives e.g. restraining cooperatives from recovering their dues from members or waiving off repayment of principal and interest amounts. These are but few examples.

FACTORS REGULATING A HEALTHY RELATIONSHIP

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

(A) Relating to Governments

- i. Government should clearly state its objectives and policies with regard to the need and desirability of promoting cooperatives and utilizing services of cooperatives.
- ii. Under the state policies and laws, cooperatives should not be put to disadvantageous positions compared to other sectors of society.
- iii. If cooperatives are utilised to carry out certain responsibilities and functions on behalf of the Government it should be ensured that they are suitably remunerated for services and not put to incidental losses.
- iv. Cooperatives belong to its members and they should be allowed to function as per wishes and aspirations of their members.
- v. Cooperatives' accountability should remain with their members and not with government authorities for their working policy and functioning.

(B) Relating to Cooperatives

- i. Cooperatives should have clear policies and stand with regard to relations with Government in carrying out programmes and activities on behalf of Government.
- ii. Cooperatives should work and cooperate with government not losing their individuality for the sake of getting easy money, patronage or facilities offered by or available with the Government.
- iii. Cooperatives should work and cooperate with Government because it is in the interest of their members to do so and not only because they are asked to do so by the government.
- iv. Cooperatives should have clear well-defined roles and functions including code of conduct particularly for the highly elected officials.

- v. Cooperatives should not lose sight of 'Basic Values' and follow Cooperative Principles in their working.
 - vi. Ultimately the autonomy and independence from the State depends to a great extent on their efficiency, competence and progressive activities. If they have honest and forward looking leadership and professionally competent management, Government support will be more often forthcoming and it will not be easy for any Government to intervene or interfere in their working.
-

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PROGRAMME

18 & 19 Nov. 1991 Arrival of Participants

20 Nov. Wednesday

0900-1000 **Registration**

1000-1100 **Inaugural Session:**

Chairman : General A.S. Lozada, Chairman, ICA
Regional Council for Asia and the Pacific.

* Philippine National Anthem

* Invocation - Ms. Teresita Cabacoy, Materials
Development and Production Officer, NATCCO.

* Welcome Address - General A.S. Lozada.

* Welcome Address - Mr. G.K. Sharma, Regional
Director, ICA ROAP.

* Greetings:

- AARRO - Mr. Ahmed Khalil

- CCA - Mr. Michael Casey

- ILO - Mr. Ejvind Mogensen

- SCC - Mr. Robin Walraven

* Introduction of Guest of Honor and Speaker : Prof.
Edna E. Aberilla, Chairperson, Cooperative
Development Authority of the Philippines.

* Inaugural Speech : Hon. Franklin Drilon, Executive
Secretary, Republic of the Philippines.

* Master of Ceremonies : Mr. Filomeno A. Bautista,
Jr., Chairman, Cooperative Union of the Philippines
Inc.

1100-1130 Tea/Coffee Break

- 1130-1300 **Business Session:**
- Chairman* : General A.S. Lozada
- * Adoption of Agenda and Working Methods (Mr. Karl Fogelstrom)
 - * Appointment of Drafting Committee (Mr. G.K. Sharma)
 - * Review of Follow-up of Sydney Conference Recommendations (Dr. R.C. Dwivedi)
- 1300-1400 Lunch hosted by the National Confederation of Cooperatives (NATCCO)
- 1400-1545 **Business Session:**
- Chairman* : Mr. Osman bin Mohamed Rijal, Director-General, Dept. of Coop Development, Malaysia.
- * Country Statements : Follow-up of Sydney Conference and Important Developments.
- 1545-1600 Tea/Coffee Break
- 1600-1700 **Business Session:**
- Chairperson* : Ms. Asoka P. Munasinghe, Senior Assistant Secretary of Food and Coops, Sri Lanka.
- * Country Statements (continued)
- 1930 Reception/Dinner hosted by the Cooperative Union of the Philippines.
- 21 Nov. Thursday**
- 0900-1030 **Business Session :**
- Chairperson* : Prof. Edna E. Aberilla, Chairperson, CDA, Philippines.
- * Preparation for Ministers' Conference-Indonesia: Introduction (Mr. Daman Prakash).
 - * Formulation of Strategies and Action Plan in the Context of Preparations for the 1992 Ministers' Conference (Dr. R.C. Dwivedi).

1030-1100	Tea/Coffee Break
1100-1300	<p>Business Session: <i>Chairman</i> : Mr. Wayne Ryan, Director, Dept. of Primary Industries and Energy, Australia.</p> <ul style="list-style-type: none"> * Formulation of Strategies and Action Plan in the Context of Preparations for the 1992 Ministers' Conference (contd.).
1300-1400	Lunch hosted by the Coop Development Authority.
1400-1500	<p>Business Session: <i>Chairman</i> : Mr. Anan Chamnankit, Chairman, Cooperative League of Thailand.</p> <ul style="list-style-type: none"> * Proposal on the Creation of a Regional Cooperative Development Fund to carry out the Implementation of Ministers' Conference Recommendations and holding further Conferences, etc. (Mr. Daman Prakash).
1500-1530	Tea/Coffee Break
1530	<p>Meeting of the Drafting Committee</p> <p>Other delegates free</p>
22 Nov. Friday	
1000-1230	<p>Business Session: <i>Chairman</i> : Prof. Dr. Wagiono Ismangil, Secretary-General, Dept. of Cooperatives, Indonesia.</p> <ul style="list-style-type: none"> * Adoption of Recommendations * Concluding Remarks - Mr. Karl Fogelstrom * Vote of Thanks on behalf of participants - Mr. K.B. Matalau, Chairman, Fiji Cooperative Union Limited. * Vote of Thanks and Adjournment - General A.S. Lozada, Secretary-General, CUP.
1230-1330	Lunch hosted by the ICA ROAP.
1400	City Tour organised by the Cooperative Union of the Philippines.
23 Nov. Saturday	
	Departure of Participants

Inaugural Speech Delivered by Hon'ble Franklin M. Drilon, Executive Secretary of the Government of the Philippines, at the ICA Regional Consultation held in Manila, 20-22 November 1991.

On behalf of President Corazon C. Aquino, I would like to extend my greetings to all the participants in this Regional Consultative Conference. To the foreign delegates especially, I hope you can find time to visit our countryside and see for yourself our cooperativism in action.

I also would like to take this opportunity to thank the International Cooperative Alliance Regional Director for Asia and the Pacific for his invitation for me to attend the second Cooperative Ministers' Conference in Jakarta, Indonesia, this coming February.

In any case, if I cannot make it, and if the Secretary-General of the Cooperative Union of the Philippines, Mr. Arcadio Lozada, joins the delegation as he did during the first Ministerial Conference, I am sure he will from the same region in the Philippines so he understands, more or less, my attitudes and sentiments. Needless to say, I wish the Indonesia Conference to be a success just as I hope that this Manila Consultation will produce substantive inputs to the said Conference.

I also understand that the Meeting in Jakarta will follow-up on the same subject taken up at the Sydney Conference last year which is Cooperative-Government Collaborative Strategies for the Development of Cooperatives during the 1990s. I believe the Philippines will be able to make a very meaningful report on the implementation of the recommendations of the earlier conference, especially insofar as efforts of the national government are concerned.

Role of Government

One such recommendation of the Sydney Conference that struck me was the incorporation of the role and importance of cooperatives in the Constitution of the respective countries.

This, we are proud to say, we have already done. Section 15 of Article XII of the 1987 Philippine Constitution provides that the State shall "create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development". For the first time in the history of cooperativism in the country, the Constitution recognizes cooperatives as

judicial entities separate and distinct from and on equal footing with corporations, partnerships and single proprietorships.

To give substance to this Constitutional mandate, Republic Act 6938, otherwise known as the Cooperative Code of the Philippines, was signed into law by President Aquino on 10 March 1990. The Code consolidated various Cooperative Laws such as Presidential Decree (PD) 175 for all types of cooperatives, PD 269 for electric cooperatives, PD 775 for sugar cooperatives and Executive Order 898 for transport cooperatives. Through such consolidation, we hope to achieve unity of purpose and direction towards the development of cooperatives in accordance with Filipino culture and experience, as well as universally-accepted Cooperative Principles.

This, in itself, is an implementation of another recommendation of the Sydney Conference which is the enactment of a progressive Cooperative Law in conformity with Cooperative Principles.

A twin law to the Cooperative Code is Republic Act 6939 which created the Cooperative Development Authority (CDA). This Act mandates CDA to promote the growth of cooperatives as a practical vehicle for promoting self-reliance and people empowerment towards the attainment of economic development spread out and social justice.

Under these laws, the cooperative is given a free hand in its promotional and developmental expansion within its province, using its own or outside resources. The CDA's role is only subsidiary. The cooperative can request the assistance of the CDA for management and skills training activities and/or possible arrangement of loans from both local and foreign sources. In no case, however, shall the CDA interfere with the affairs of the cooperative, except in case of mediation between members and other court cases and violation of administrative issuances and cooperative laws.

Through the CDA, the registration of agricultural and non-agricultural cooperatives is now under one agency to enable faster integration of the Cooperative Movement. As of 30 September 1991, the Authority has registered a total number of 6,096 primary cooperatives, broken down as follows: 202 credit cooperatives, 44 consumers cooperatives; 81 producers cooperatives, 72 marketing cooperatives, 43 service cooperatives, 5631 multipurpose cooperatives, and the rest unions or federations of cooperatives.

The Government's role, therefore, under the subsidiary principle, should be that of providing the environment where individual initiative can flourish. In effect, this would strengthen the voluntary and autonomous character of cooperatives. Again, this stance is in consonance with the Sydney Declaration's definition of the role of Government as a facilitator through policy initiatives which should nurse and nurture the cooperatives to play their full role as people's organisations.

The autonomous nature of cooperatives is respected even in the passing of the recently signed local Government code. Despite the transfer of taxing powers to local government units, cooperatives shall remain tax exempt as provided for under Articles 61-62 of the Cooperative Code. Significantly, under Article 447 of the LGC, cooperatives are given preference in the operation of public utilities.

Beyond these basic measures, the President has time and again express her wholehearted support of cooperatives as a manifestation of her advocacy of people empowerment. Those of you who follow her regular television programme “Magtanong Sa Pangulo” might have noticed that she featured a number of times various cooperative members from all over the country.

Last October 29, she attended a cooperatives trade fair in Nalolos, Bulacan, where she announced the issuance of an administrative order transferring post-harvest facilities of the National Food Authority to the federation of agri-business cooperatives to improve the efficiency of marketing farmers’ produce and enhance price stability.

The Government’s stance may be summed up by the President’s statement in that visit to Bulacan, “I believe the hope of the country is in cooperatives”.

The Role of Cooperatives

This affirms the belief of a man I saw the other day wearing a T shirt which said: “The cooperative is not the best way to farmers’ prosperity. It is the only way”.

It now becomes our responsibility as policy-makers and implementors to make this shared belief by our President and the common man happen.

Time was when cooperatives were viewed merely as voluntary or self-help organisations whose main objective was to provide limited resources to farmers and individuals. This perception limited the role of cooperatives as a vehicle in improving the lives of our poor rural, folks, particularly the farmers.

Today, cooperatives are recognised as critical structures for social justice and economic development. They are considered potent instruments needed to achieve an equitable distribution of vital resources. They have also become vehicles for people empowerment because it is through cooperatives that people can actively participate in identifying appropriate solutions to their social, economic and political problems.

We must therefore bring to the fore this newly realized potential role of cooperatives as agents of change and development. As it is, there is still a continuing marginalisation of cooperatives not only in the Philippines but also in many developing countries. Despite significant inroads made by self-help organisations, cooperatives still have to address the endemic problems of poverty and underdevelopment prevailing in the economies of the third world.

That is why I am happy to note that we have this International Cooperative Alliance to coordinate cooperative development efforts within the Asia-Pacific Region, to insure that cooperatives follow established and internationally accepted Principles of Cooperation, and to lead them to move towards integration in the mainstream economy instead of being mere rural institutions.

First, let us embark on a comprehensive advocacy campaign and information dissemination on cooperatives. Many political leaders may not have come up with specific programmes and projects because they probably lack understanding of how cooperatives work towards social equity and economic development. We must, therefore, make them aware of the Cooperative Movement's role in society, the potentials for national development, and the issues and problems of the Movement.

For existing and prospective members of cooperatives, there is a need to translate the Cooperatives Code and related Laws to a language they can easily comprehend. If this can be done in local dialects, so much the better for the general public, there is need to establish better media relations and publicize cooperative development success stories. This way, you will be able to widen your base of support and membership.

Second, let us strengthen training and education of cooperative members and leaders. Lack of education and training, information and practical know-how on the principles, nature and operation of cooperative organisations can lead to poor management. This can also be a safeguard against unscrupulous officers as well as a preventive measure against the improper use of credit by borrowers who may be tempted to utilise funds for non-prescribed purposes.

New technologies including new and tested methods of production and processes should be passed on to cooperative groups through training programmes based on needs and capabilities of the beneficiaries. Management and entrepreneurship development capacity within the Movement should also be enhanced.

Third and last, as we approach election time, let us encourage political parties to integrate cooperatives development in their platforms and agenda. If this is not possible, let us remind our cooperatives to discern among the candidates who will promote their interests most and to support those candidates. This is the only means to insure that, once elected, these political leaders shall be committed to your cause.

Conclusion

There is no denying the fact that the Cooperative Movement has gone beyond being a mere source of employment and livelihood to a force to reckon with for the overall social and economic development of the country. As we synchronize our objectives and operations with those of other countries to further strengthen

the Movement, we can also tap the cooperative model as a strategy towards people participation in issues affecting the nation without losing its ideological ground.

I hope I have not presented you with a difficult challenge or diverted your attention from the goals of this Consultation.

It is just that if we look back at the history of the Philippines, the spirit of cooperation had long been practiced by our ancestors through Bayanihan. It was a tradition weakened by the colonizers but now that we live in a democracy once again and the spirit of cooperation has acquired a new meaning as a tool for national development, perhaps it is about time that we invoke it once more and utilise it to its full potential.

The President said the cooperative is the hope of the country. The man in the street said it is the only way to prosperity. Let you and I do our best to prove them right and, together, we shall not fail.

Thank you.

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